

# GARDEN SILK MILLS LIMITED

2nd January 2021

## BSE Limited

25th Floor, New Trading Ring,  
Rotunda Building, P.J. Towers,  
Dalal Street, Fort,  
Mumbai: 400001  
Scrip Code – 500155

## National Stock Exchange of India Limited

"Exchange Plaza",  
Fifth Floor, Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai 400051  
Trading Symbol: GARDENSILK(EQ)

**Sub.:** Approval of Resolution Plan of Garden Silk Mills Limited ("Company") pursuant to the order of the Hon'ble National Company Law Tribunal (NCLT) under section 31 of the Insolvency and Bankruptcy Code, 2016 (IBC)

**Ref.:** Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended ("LODR Regulations")

Sir's/Madam,

This is in reference to and in furtherance of our earlier intimation dated 30th September, 2020 conveying approval of Resolution Plan submitted by Resolution Applicant ("RA") by the Committee of Creditors ("COC") of Garden Silk Mills Limited ("GSML" or "Company") in terms of the provision of Insolvency and Bankruptcy Code, 2016 ("IBC") and e-filing of the same with the NCLT Ahmedabad Bench on 28th September, 2020 for its subsequent approval thereupon.

In this regard, we hereby inform you that the Company (through its Resolution Professional, Mr Kuresh Khambati) has been informed by their legal counsel (Vaish Associates, Advocates) that pursuant to the Interlocutory Application No. 661 of 2020 filed for approval of the Resolution Plan before the Hon'ble NCLT Ahmedabad Bench ("NCLT"), the Hon'ble NCLT was pleased to approve the Resolution Plan submitted to the said Adjudicating Authority by MCPI Private Limited ("Resolution Applicant"). The said Interlocutory Application No. 661 of 2020 was listed for 'Pronouncement of Orders' on 1<sup>st</sup> January 2021, wherein the Hon'ble NCLT was pleased to orally pronounce its order of approval of the Resolution Plan on that date. A copy of the written order approving the Resolution Plan of the Resolution Applicant, is yet to be uploaded on the website of the Hon'ble NCLT. The email received from the legal counsel is reproduced herein below:

### Quote

"Dear Sir,

The matter was listed at serial no 27 and 28 today for pronouncement of orders when we had requested counsel Mr Navin Pahwa to appear as per your instructions. The undersigned was also present.

The Hon'ble NCLT was pleased to approve the Resolution Plan submitted by MCPI Private Limited

We will forward you a copy of the order as soon as it is uploaded.

### Unquote

*Garden\**



# GARDEN SILK MILLS LIMITED

***While we wait for the copy of the aforesaid Order to be uploaded on the NCLT Website/ made available to us, we hereby, basis the aforesaid email, inform you that:***

The Resolution Plan provides that any action proposed to be undertaken by the Resolution Applicant for the implementation of the Resolution Plan, will be undertaken by MCPI Polyester Private Limited ("SPV"), a wholly owned subsidiary of the Resolution Applicant, as set out in the Resolution Plan.

The Resolution Plan, as approved by the NCLT, shall be binding on the Company and all other stakeholders of Company including but not limited to employees, members, creditors, guarantors, Governmental Authorities, Resolution Professional and all other stakeholders who are involved in the Resolution Plan and/or otherwise concerned or connected with the Corporate Debtor, as per the provision of the Insolvency and Bankruptcy Code, 2016 ("Code"), as amended.

## **Salient Features of the Resolution Plan:**

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Approval of Resolution Plan under the Insolvency & Bankruptcy Code, 2016 by the Hon'ble Adjudicating Authority, National Company Law Tribunal, Ahmedabad Bench, the salient features of the Resolution Plan are reproduced hereinbelow:

### **STEP 1: DELISTING OF EQUITY SHARES OF THE COMPANY**

Quote

As an integral part of the Resolution Plan and with effect from the date of the delisting prescribed by the BSE Limited and National Stock Exchange of India Limited, the equity shares of the Corporate Debtor, shall be delisted from BSE Limited and National Stock Exchange of India Limited in accordance with the order of the NCLT read with Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009. Upon such delisting of stake of public shareholders and promoters, the Corporate Debtor shall stand converted to an unlisted public limited company. For the avoidance of doubt, it is clarified that delisting would merely result in change of the listing status of Corporate Debtor to that of an unlisted company and that there would be no change in the shareholding pattern of the Corporate Debtor upon delisting.

- (a) The Liquidation Value of the Corporate Debtor is not expected to be sufficient to cover debt of the Financial Creditors of the Corporate Debtor in full. Therefore, the Liquidation Value of the Equity shareholder is NIL and therefore, they will not be entitled to receive any payment and hence no offer will be made to any shareholder of the Corporate Debtor.
- (b) Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009 (as amended) provides the following:

*"Nothing in these regulations shall apply to any delisting of equity shares of a listed entity made pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, if such plan:*

- (i) *lays down any specific procedure to complete the delisting of such share; or*
- (ii) *provides an exit option to the existing public shareholders at a price specified in the resolution plan:*

**Garden\***



# GARDEN SILK MILLS LIMITED

*Provided that, exit to the shareholders should be at a price which shall not be less than the liquidation value as determined under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations 2016 after paying off dues in the order of priority as defined under section 53 of the Insolvency and Bankruptcy Code, 2016:*

*Provided further that, if the existing promoters or any other shareholders are proposed to be provided an opportunity to exit under the resolution plan at a price higher than the price determined in terms of the above proviso, the existing public shareholders shall also be provided an exit opportunity at a price which shall not be less than the price, by whatever name called, at which such promoters or other shareholders, directly or indirectly, are provided exit:*

*Provided also that, the details of delisting of such shares along with the justification for exit price in respect of delisting proposed shall be disclosed to the recognized stock exchanges within one day of resolution plan being approved under section 31 of the Insolvency and Bankruptcy Code, 2016."*

- (c) The Corporate Debtor shall accordingly, take the following steps for delisting of its equity shares in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended from time to time, read together with the Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2018 issued by the SEBI on May 31, 2018 ("Delisting Regulations"):
- (i) Upon approval of the Resolution Plan by the Adjudicating Authority, the Corporate Debtor shall intimate the stock exchanges of (a) the NCLT order approving the Resolution Plan which *inter alia* lays down a specific procedure for delisting of the equity shares of the Corporate Debtor; and (b) the Liquidation Value of the Equity shareholder is NIL and therefore, they will not be entitled to receive any payment and hence no offer will be made to any shareholder of the Corporate Debtor.
- (ii) The intimation shall be accompanied by a copy of the Resolution Plan as approved by the NCLT.
- (iii) The Corporate Debtor will simultaneously issue a public notice informing its shareholders about the delisting in one English newspaper having nationwide circulation and in one vernacular newspaper having statewide circulation in the registered office of the Corporate Debtor.
- (d) Stock Exchanges shall take all necessary actions to delist the equity shares of the Company in accordance with this Resolution Plan read with Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009 and shall pass necessary orders/ directions to this effect.

For avoidance of doubt, the approval of the NCLT to the Resolution Plan shall be deemed to be the consent of the Financial Creditor to the delisting and such delisting shall be in line with the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2018, and the aforesaid Approval shall be disclosed to the stock exchanges within 1 (one) day of the Approval Date.



*Garden\**



# GARDEN SILK MILLS LIMITED

The delisting of shares (a) shall be applicable to the shareholders of the Corporate Debtor; (b) shall be pursuant to the NCLT order approving the Resolution Plan and shall not require any other procedure as required under the Companies Act or other Applicable Law, including under Section 66 of the Companies Act or regulations of the SEBI; and (c) shall not require the consent of any of the creditors or shareholders of the Corporate Debtor (since the Resolution Plan upon being approved by the NCLT shall be binding on the Corporate Debtor and its stakeholders (including its creditors and shareholders)).

Unquote

## **STEP 2: CAPITALISATION OF THE COMPANY**

The SPV shall infuse amounts in one or more tranches into the Company either by way of equity or debt or a combination of both, as may be deemed suitable in order to undertake the transactions contemplated in the Resolution Plan.

## **STEP 3: CAPITAL REDUCTION OF THE SHARES OF THE COMPANY**

Simultaneous upon issuance of the New Equity Shares as contemplated above, and upon implementation of Steps 1 and 2 above and as an integral part of the Resolution Plan the entire issued, subscribed and paid-up equity share capital of the Company(excluding the new equity shares allotted to the SPV) shall stand extinguished in full without payment of any consideration.

The approval of the Resolution Plan by the Hon'ble Adjudicating Authority shall be deemed to have waived all the procedural requirements in terms of Section 66 of CA 2013 and the NCLT (Procedure for Reduction of Share Capital), Rules 2016 and other Applicable laws including LODR (if then applicable).

The amount of reduction in the equity share capital of the Company shall be credited to the capital reserve of the Company. The Resolution Applicant and/or SPV will comply with all the procedural requirements, as required.

## **STEP 4: ASSIGNMENT OF FINANCIAL DEBT**

The entire Claims and Admitted Debt of the Financial Creditor shall stand sold, assigned, transferred and released to and unto the SPV as the Assignee, including the Debt Collateral, by virtue of the Resolution Plan and in exchange for the FC Consideration paid by the SPV to the Financial Creditor on the date of assignment. Upon payment of the Financial Creditors ("FC") Consideration, the entire Claims and Admitted Debt of FC along with Debt Collateral shall stand assigned to the SPV and no further amounts shall be payable or action or documentation (unless requested by the Resolution Applicant) shall be required for effectiveness of the Assignment.

The payment of the FC Consideration to the Financial Creditor shall constitute full, final and complete discharge of the obligation of the Resolution Applicant and/or SPV for the assignment to take effect.

## **STEP 5: MERGER OF SPV WITH THE COMPANY**

Immediately upon implementation of the aforesaid steps and as an integral part of the Resolution Plan, the SPV (transferor company) will merge with the Company (transferee company) as per scheme of amalgamation annexed to the Resolution Plan. Further, as an integral part of the Resolution Plan, the Company shall stand converted from a public limited company into a private limited company.

*Garden\**





# GARDEN SILK MILLS LIMITED

The Resolution Applicant will hold 100% of the total equity share capital of the Corporate Debtor (i.e. the amalgamated entity) upon effectiveness of the Capital Reduction and the Merger.

## STEP 6: CONVERSION OF CORPORATE DEBTOR INTO PRIVATE COMPANY

The Corporate Debtor shall stand converted from a public limited company into a private limited company and the Memorandum of Association and the Articles of Association of the Company shall be automatically, without any further act or deed, be substituted and replaced with the form of memorandum of association and articles of association (the "New Charter Documents").

It is clarified that the approval of the Adjudicating Authority pursuant to Section 31 of the IBC shall constitute adequate approval for the adoption of the New Charter Documents, in accordance with all provisions of Applicable law. Accordingly, no further approval or consent shall be necessary from any other Person/ Governmental Authority in relation to either of these actions under any agreement, the existing constitution documents of the Company or under any Applicable law.

Capitalized terms used but not defined herein shall have the meaning assigned to such term under the Resolution Plan.

The copy of NCLT Order will be submitted once it is uploaded on the NCLT website/ made available to us, for your records.

Kindly note that it shall also be simultaneously made available on the Company's website i.e. [www.gardenvareli.com](http://www.gardenvareli.com).

You are requested to take the above information on records and oblige.

Thanking you,

Yours faithfully,

For **GARDEN SILK MILLS LIMITED**



**Kamlesh B. Vyas**  
Company Secretary & Compliance Officer

*Garden\**