

GARDEN SILK MILLS LIMITED

Date: 22nd August, 2016

Department of Corporate Services,
Bombay Stock Exchange Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400001
Scrip Code: 500155

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra Kurla Complex,
Bandra (East),
Mumbai 400051
Stock Code: GARDENSILK(EQ)

Sub.: Notice of AGM.

Dear Sir,

Pursuant to Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith a copy of Notice of AGM scheduled to be held on 14th September, 2016.

Kindly take the same on your record.

Thanking you,

Yours faithfully,

For Garden Silk Mills Limited



Kamlesh B. Vyas
Company Secretary & Compliance Officer



*Garden**

Registered Office : Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat - 395 010. Phone : (0261) 2311197-98, 2311513/615 Fax : (0261) 2311029/502

Mumbai Office: Manek Mahal, 90 Veer Nariman Road, Mumbai - 400 020. Phone : (022) 22873117-19, 22046473, 22040895 Fax : (022) 22048112

CIN : L17111GJ1979PLC003463 | Website : www.gardenvareli.com

NOTICE

Notice is hereby given that the Thirty-seventh Annual General Meeting of the Members of Garden Silk Mills Limited will be held on **Wednesday, 14th September, 2016 at 11:00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following businesses:-

ORDINARY BUSINESS:

1 Adoption of Financial Statement:

To receive, consider and adopt:

- (a) the Audited Financial Statement of the Company for the year ended 31st March, 2016, together with the Reports of the Board of Directors and Auditors thereon; and
- (b) The Audited Consolidated Financial Statement of the Company for the year ended 31st March, 2016, together with the Report of Auditors thereon.

2 Appointment of a Director

To appoint a Director in place of Shri Suhail P. Shah (DIN 00719002), Director, who retires by rotation and, being eligible, offers himself for re-appointment.

3 Ratification of appointment of Auditors

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(1) and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), appointment of M/s Natvarlal Vepari & Co. Chartered Accountants, (Registration No.123626W) which has been approved at the Annual General Meeting held on 30th July, 2014 for a term of 3 (Three) years i.e. from the conclusion of 35th Annual General Meeting until the conclusion of the 38th Annual General Meeting, be and is hereby ratified for financial year 2016-17 and the Board of Directors of the Company be and is hereby authorised to fix remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

SPECIAL BUSINESS:

4 Appointment of Shri Deepak N. Shah as an Independent Director

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 Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (the act) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, Shri Deepak N. Shah (DIN 07356807), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 5th December, 2015 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act

proposing his candidature for the office of Director of the Company, be and is hereby appointed an Independent Director of the Company for a term commencing with effect from 14th September, 2016 to 13th September, 2021, not liable to retire by rotation.

5 Re-appointment of Shri Praful A. Shah as Chairman & Managing Director of the Company

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (“the Act”), and subject to the requisite approval of the Central Government and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded to re-appointment and payment of remuneration of Shri Praful A. Shah (DIN: 00218143) as Chairman & Managing Director of the Company, for a period of 3 (three) years with effect from 1st September, 2016, upon the terms and conditions as set out in the Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Praful A. Shah, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Praful A. Shah.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling without any further reference or approval of the members of the Company in general meeting.

RESOLVED FURTHER THAT where in any financial year during the term of office of Shri Praful A. Shah, the Company has no profits or its profits are inadequate, Shri Praful A. Shah shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions.”

6 Appointment of Shri Alok P. Shah as Whole-time Director designated as Executive Director, CFO and Chief Operating Officer (COO)

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (“the Act”), and subject to the requisite approval of the Central Government and such other authorities as may be

necessary, consent of the members of the Company be and is hereby accorded to appointment and payment of remuneration of Shri Alok P. Shah (DIN: 00218180) as a Whole-time Director designated as Executive Director (ED), Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the Company, for a period of 3 (three) years with effect from 1st June, 2016, upon the terms and conditions as set out in the Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Alok P. Shah, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Alok P. Shah.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling provided under the Act without any further reference or approval of the members of the Company in general meeting.

RESOLVED FURTHER THAT where in any financial year during the term of office of Shri Alok P. Shah, the Company has no profits or its profits are inadequate, Shri Alok P. Shah shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions."

7 Revision in terms of remuneration of Shri Suhail P. Shah, Whole-time Director designated as Executive Director of the Company.

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

"RESOLVED THAT in partial modification of the Resolution No. 6 passed by the members at the 36th Annual General Meeting held on 9th September 2015 for the re-appointment and terms of remuneration of Shri Suhail P. Shah, Executive Director of the Company and pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"), and subject to the requisite approval of the Central Government and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded to the revision in terms of appointment and remuneration of Shri Suhail P. Shah (DIN: 00719002) as a Whole-time Director designated as Executive Director of the Company, with effect from 1st June 2016 upto the remaining period of his current tenure ending on 30th November 2018, upon the terms and conditions as set out in the Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Suhail P. Shah, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to

include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Suhail P. Shah.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board be and is hereby authorized to vary or increase the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling without any further reference or approval of the members of the Company in general meeting.

RESOLVED FURTHER THAT where in any financial year during the term of office of Shri Suhail P. Shah, the Company has no profits or its profits are inadequate, Shri Suhail P. Shah shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions.”

8 Ratification of Cost Auditor's Remuneration

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 148 and all other applicable provisions of the Companies Act, 2013 and read with the Companies (Audit and auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and other applicable provisions, if any, payment of remuneration of ₹ 1,50,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to M/s Manubhai & Associates, Cost Accountants, Surat, who were appointed as Cost Auditors by the Board of Directors in their meeting held on 28th May, 2016 for carrying out Cost Audit of the Company for financial year 2016-17, be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**By Order of the Board of Directors,
FOR GARDEN SILK MILLS LIMITED**

**Kamlesh B. Vyas
Company Secretary**

Mumbai, 28th May, 2016

NOTES:

1. **A member entitled to attend and vote at the annual general meeting ("meeting") is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy cannot vote on e-voting.**

The instrument appointing a proxy, in order to be effective, should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the Meeting. A proxy form is annexed to this Notice.

A person can act as proxy on behalf of members not exceeding (50) fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at the ensuing Annual General Meeting (AGM) is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Register Books of the Company will remain closed from Tuesday, 8th September, 2016 to Wednesday, 14th September, 2016 (both days inclusive).
4. 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 the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
5. In terms of Section 152 of the Act and the Articles of Association of the Company, Shri Suhail P. Shah (holding DIN: 00719002), Director retires by rotation and being eligible, offers himself for re-appointment. The Board of Directors commends the aforesaid re-appointment. As per explanation to Section 152(6)(e) of the Act, total number of Directors for the purpose of determining Directors liable to retire by rotation shall not include Independent Directors, whether appointed under the Act or any other law for the time being in force.
6. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of their Board Resolution together with the respective specimen signature of the representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
8. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
9. Members are requested to furnish their Bank Account details, change of address and all other required details to the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited in respect of shares if held in physical form. In case of shares held in electronic form, these details should be furnished to the respective Depository Participants (DPs).
10. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.

11. For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by way of attendance slip, which is annexed to this Notice. Members are requested to bring their Attendance Slip, fill up and sign the same at the place provided and hand it over at the entrance of the venue.
12. Members are requested to send all communications relating to shares to the Registrar & Share Transfer Agent of the Company at the following address:

By Post / Courier / Hand Delivery

Karvy Computershare Private Limited
 Karvy Selenium, Tower - B, Plot 31-32, Gachibowli
 Financial District, Nanakramguda,
 Hyderabad 500032
 Toll Free No. (India) : 1800 345 4001
 Phone No. 040 67162222
 Fax No. 040 - 23420814
 Email: einward.ris@karvy.com

If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).

13. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report for 2015-16 including Financial Statements, Board's report etc. and this Notice of the 37th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting with Attendance Slip and Proxy Form is being sent by electronic mode to all those Members whose email addresses are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a physical copy of the same. For Members, who have not registered their e-mail addresses, physical copies of the Notice convening the Thirty-seventh AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the modes permitted under the Companies Act, 2013.
14. Members may also note that the Notice of the 37th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.gardenvareli.com for their download.
15. To support the "Green Initiative", the Members who have not registered their e-mail addresses are requested to register the same with Registrars and Share Transfer Agent/Depositories.
16. Pursuant to the provisions of Section 124 and 125 of the Act (corresponding to Sections 205A to 205C of the Companies Act, 1956), all unclaimed/unpaid monies by way of dividend transferred to the "Unpaid Dividend Account" of the Company that remains unclaimed/ un-encashed for a period of 7 (seven) years from the respective date of such transfer, has to be transferred by the Company to "The Investor Education and Protection Fund" ("IEPF").
17. The details of Dividends' paid by the Company and the corresponding due dates for transfer of such unclaimed/unencashed dividend to the aforementioned Fund constituted by the Central Government are furnished hereunder:

Dividend for the year	Date of Declaration of Dividend	Due Date of transfer to the Investor Education and Protection Fund
2008-09	30.09.2009	29.09.2016
2009-10	31.08.2010	30.08.2017
2010-11	20.09.2011	19.09.2018

Members who have not encashed/claimed the dividend warrant(s) so far in respect of the above financial years, are therefore, requested to make their claims to Karvy Computershare Private Limited well in advance of the above

due dates. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

18. Voting through electronic means

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members the 'remote e-voting' facility to exercise their rights to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting services.
- II. The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting shall be able to exercise their rights to vote at the meeting through ballot paper in case they have not casted their vote by remote e-voting.
- III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM **but shall not be entitled to cast their vote again at the AGM.**
- IV. In terms of requirements of the Companies Act, 2013 and the relevant Rules, voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, 8th September, 2016.
- V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Thursday, 8th September, 2016 only shall be entitled to avail the facility of remote e-voting as well as vote in the Seventieth Annual General Meeting.
- VI. Any person who acquires shares of the Company and become a member of the Company after dispatch of the Notice of the Thirty-seventh Annual General Meeting and holding shares as on the cut-off date i.e. Thursday, 8th September, 2016, may obtain the User ID and password by writing to the Karvy on the email Id - varghese1@karvy.com or to Shri P. A. Varghese, Contact No. 040-33215424, at [Unit: Garden Silk Mills Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in A below to cast the vote.
- VII. The remote e-voting period commences on Saturday, 10th September, 2016 (10.00 a.m.) and ends on Tuesday, 13th September, 2016 (5.00 p.m.) during this period, the members of the Company, holding shares either in physical form or dematerialised form, as on the cut-off date of 8th September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by KARVY upon expiry of the aforementioned period.
- VIII. Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.
- IX. A person who is not a member as on cut-off date should treat this Notice for information purpose only.
- X. **The process and manner for remote e-voting are as under:**
 - A. **For Members whose e-mail addresses are registered with the Company / Depositories:** Those members whose valid e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from Karvy.

- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./ DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Garden Silk Mills Limited.
- (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
- (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
- (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: k_dalal@rediffmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. For Members whose e-mail addresses are not registered with the Company / Depositories: receive the physical copy of the Notice of Annual General Meeting:

- i. Such members (including those Members who have requested for a physical copy) will receive a physical copy of the Notice of AGM. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

ii.

E-Voting Even Number	USER ID	PASSWORD

- iii. Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
- XI. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.
- XII. The Board of Directors have appointed Shri Kunjal Dalal, Proprietor of K. Dalal & Co., Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the Thirty-seventh Annual General Meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
- XIII. The Scrutinizer, after scrutinizing the votes cast at the Thirty-seventh Annual General Meeting and through remote e-voting will, not later than three days of conclusion of the Thirty-seventh Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman / Managing Director.
- XIV. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.gardenvareli.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- XV. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Thirty-seventh Annual General Meeting i.e. 14th September, 2016.

**By Order of the Board of Directors,
FOR GARDEN SILK MILLS LIMITED**

**Kamlesh B. Vyas
Company Secretary**

Mumbai, 28th May, 2016

ANNEXURE TO THE NOTICE

Explanatory Statement in respect of the special business pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")

Item No. 3:

This statement is provided though strictly not required as per Section 102 of the Act. Pursuant to Section 139(1) of the Act, M/s Natvarlal Vepari & Co., Chartered Accountants, Surat (Firm Registration No.123626W) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 30th July, 2014 for a term of 3 (Three) years i.e. from the conclusion of 35th Annual General Meeting until the conclusion of the 38th Annual General Meeting.

Further, pursuant to Section 139(1) of the Act, the Members of the Company are required to ratify their re-appointment as Statutory Auditors of the Company, at every Annual General Meeting. Accordingly, ratification of the Members is being sought for the proposal contained in the Resolution set out at Item No.3 of the accompanying Notice.

None of the Directors or Key Managerial Person (KMP) of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.3 of the accompanying Notice,

The Board recommends the resolution set forth in Item No.3 for the approval of the Members.

Item No.4

Shri Deepak N. Shah was appointed by the Board of Directors of the Company as an Additional Director on the Board of your Company w.e.f. 5th December, 2015, pursuant to Section 161(1) of the Companies Act, 2013. Shri Deepak Shah holds office upto the date of the ensuing Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from a member along with requisite amount proposing the candidature of Shri Deepak N. Shah as a Director of the Company.

Shri Deepak Shah, aged about 65 years is a Fellow Member (FCA) of the Institute of Chartered Accountants of India (ICAI). Shri Shah as a Practicing Chartered Accountant holds more than 3 decades of experience in Corporate Audit, Taxation, Internal Audit and MIS related services.

Shri Deepak Shah does not have inter-se relationship with any other Director of the Company and he is not holding any shares of the Company.

In terms of Section 149, 152 and other applicable provisions of the Companies Act, 2013, Shri Deepak Shah being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto 13th September, 2021.

The Company had received from Deepak Shah an Intimation in Form DIR 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013 and a declaration to the effect that he meets the criteria of independence as provided under Sub Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Shri Deepak Shah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for appointment of Shri Deepak Shah as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days, excluding Saturday and at the venue of the meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Deepak Shah as an Independent Director.

This Explanatory Statement may also be regarded as a disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Deepak Shah does not hold any directorship and the membership of Committees of the Board of any listed entities.

None of the Directors or Key Managerial Person (KMP) of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the accompanying Notice, except Shri Deepak Shah, himself as a Director of the Company.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

Item No. 5

At the 34th Annual General Meeting of the Company held on 11th September, 2013, the Members had approved the re-appointment of Shri Praful A. Shah as Whole-time Director designated as Chairman & Managing Director of the Company for a period of three years with effect from 1st September, 2013, upon the terms and conditions including remuneration as specified in the explanatory statement annexed to the Notice of the said meeting. The current tenure of Shri Praful A. Shah as Chairman & Managing Director is ending on 31 August 2016. As per the provisions of the Companies Act 2013, Whole-time Director or Managing Director may be re-appointed in the last year of their tenure.

Shri Praful A. Shah has been associated with the Company for more than four decades. He holds Master of Science degree in Mechanical Engineering from Stanford University, USA. Over the years, from a small power-looms shed, he has through his inspiration and with sincere dedication and hard work transformed "Garden" into one of the largest integrated Polyester Textile companies in India. During his tenure as Managing Director, he has provided dynamic and effective leadership to the Company's management team and, the Company has made great strides in business activities in terms of all financial parameters, including assets, sales and profits, and has established itself as one of the dominant player in the textile industry.

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company. Taking into consideration his experience, profile and the responsibilities shared by him and the industry benchmarks, it was proposed to re-appoint Shri Praful A. Shah as Chairman and Managing Director.

Accordingly, the Board of Directors of the Company (the 'Board'), at its meeting held on 28th May, 2016 has, subject to the approval of members, re-appointed Shri Praful A. Shah as Whole-time Director designated as Chairman & Managing Director of the Company for a further period of 3 (three) years from the expiry of his present term i.e. with effect from 1st September, 2016 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is therefore proposed to seek the members' approval for the above re-appointment of and remuneration payable to Shri Praful A. Shah. The salient features of the terms and conditions of and remuneration payable to Shri Praful A. Shah as set out in the draft agreement placed before this Meeting are as follows:

i) **Salary : Upto ₹ 11,00,000/- per month.**

With annual increment upto 15% every year as approved by the Board on the recommendation of Nomination and Remuneration Committee.

ii) **Perquisites and Allowances:**

- (a) In addition to the salary as above, Shri Praful A. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.
- (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Shri Praful A. Shah shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

- iv) The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.

v) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

vi) Minimum Remuneration:

In the event of inadequacy or absence of profits in any financial year during his tenure as Chairman & Managing Director, Shri Praful A. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.

vii) Other Terms and Conditions:

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Praful A. Shah satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Praful A. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Directors are of the view that the re-appointment of Shri Praful A. Shah as Chairman & Managing Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Praful A. Shah under Section 190 of the Act. The copy of draft Letter of Appointment is kept open for inspection by any member of the Company under Section 190 of the Act. Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act and also Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are given in Annexure A to this Explanatory Statement.

Except Shri Praful A. Shah, Shri Suhail P. Shah, Shri Alok P. Shah and their relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No.5 of the Notice for approval of the members.

ANNEXURE A TO THE EXPLANATORY STATEMENT

Statement as required under Section II of Part II of Schedule V to the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 giving details in respect of re-appointment of Shri Praful A. Shah as Chairman & Managing Director.

I General Information

(a) Nature of Industry

The Company belongs to the GARDEN VARELI Group. The Company is one of India's leading and most reputed companies. It is a vertically integrated textile company operating in the man-made textiles that manufactures and sale wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (grey) Fabric as well as Dyed and Printed Sarees and Dress Materials.

(b) Date of commencement of commercial production

The Company is an existing Company commenced since 1979. The Company was incorporated in the year 1979 as a Private Limited Company and commenced its operation. It was converted into Public Limited Company in the year 1987. The Company started its commercial production in the year 1979.

(c) Financial performance – as per the standalone audited financial results for the year ended 31st March 2016

	(₹ in Crore)
Total Revenue (Net)	2385.32
Earning Before Interest, Depreciation and Tax (EBIDTA)	102.82
Less: Finance Costs	177.25
Profit/(Loss) before Depreciation and Tax	(74.43)
Depreciation	66.82
Profit/(Loss) before tax	(141.25)
Provision for Tax	(0.64)
Profit/(Loss) after Tax	(140.61)

(d) Export performance and net foreign exchange collaborations:

	(₹ In crore)
FOB value of Exports – 2015-16	313.22
Net Foreign Exchange collaborations	NIL

(e) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

II Information about the Appointee

(a) Background details

Shri Praful A. Shah who graduated in Mechanical Engineering from Michigan and post-graduated in Mechanical Engineering from Stanford University, USA in 1965 is a promoter director designated as Chairman & Managing Director of the Company.

Shri Praful A. Shah, the founder Chairman of the Company has been instrumental in chartering the growth of the Company during its initial years of operations from its factory at Surat.

He has through his inspiration and with sincere dedication and hard work, transformed “Garden” into a household name, having its sprawling factory complexes in villages Vareli and Jolwa, Dist. Surat.

Garden Silk Mills Ltd. can now boast of being both a “designer” of yarns and fabrics – being one of the largest integrated polyester textile companies in India, having state-of-art technology at its plants on the outskirts of Surat.

(b) Past Remuneration – for the year 2015-16

(₹ in Lacs p.a.)			
Name of Director	Salary	Perquisites and Allowances	Total
Shri Praful A. Shah	132.60	11.08	143.68

(c) Recognition or awards:

Award for Outstanding Business Person for the year 2008-09 by The Southern Gujarat Chamber of Commerce & Industry.

(d) Job Profile and his Suitability

Shri Praful A. Shah has been associated with the Company for more than 4 decades. During his tenure as Managing Director he has provided dynamic and effective leadership to the Company’s management team and, the Company has made great strides in business activities and established as one of the dominant players in the Indian textile industry. The Company today has a modern continuous polymerization plant for making polyester PET chips as well as POY/FDY; texturising, draw twisting, draw winding and draw warping plants to cater to the individual needs of weavers; one of the most modern weaving and yarn-processing facilities; and also churns out hundreds of print design ideas that its department conceives every month.

In consideration of the performance of Shri Praful A. Shah as Chairman and Managing Director of the Company over the years, the Board of Directors of the Company in their meeting held on 28th May, 2016 approved his re-appointment and the remuneration as recommended by the Nomination and Remuneration Committee of Shri Praful A. Shah for a period 3 years from 1st September, 2016 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government, if required.

(e) Proposed Remuneration: as stated in Resolutions at Item No., the approval of shareholders by a special resolution is sought for payment of remuneration for a period of 3 years w.e.f. 1st September, 2016

(₹ in Lacs p.a.)			
Name of Director	Salary*	Perquisites and Allowances	Total
Shri Praful A. Shah	132.00	165.00	297.00

* With annual increment upto 15% every year as approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Praful A. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2016 is 24302230 Equity Shares of ₹ 10 each which constitutes 57.75% of the paid-up share capital of the Company. Shri Praful A, Chairman & Managing Director of the Company is the father of Shri Alok P. Shah, ED, CFO & COO and Shri Suhail P. Shah, Executive Director of the Company. No other managerial personnel have any relationship with Shri Praful A. Shah.

III Other Information

(a) Reasons for inadequacy of profits

At a Standalone level, the gross revenue from operations of your Company for FY 2016 declined by about 9.2% at ₹ 2567.31 crore from ₹ 2846.89 crore in the Previous Year. This was primarily due to a fall in prices across polyester chain in tandem with the fall in crude oil prices. The fall in selling prices is directly related to the fall in raw material prices, which in turn corresponded to the fall in crude oil prices; however, the price of finished goods declined at faster rate compared with the prices of related raw materials.

The weaving industry was affected by under-invoiced Chinese imports into the country estimated to be over 50,000 MT per month. Our grey (woven) fabric division suffered as a consequence; however, it was able to maintain profitability due to increased specialties and margins.

The operating margins of the Company have been relatively weak over the last few years. This has been due to large volatility in prices of raw materials and finished goods, sluggish domestic demand growth (especially rural), weak global conditions, large capacity additions by industry players and dumping of goods from China.

In view of above facts, the overall financial performance of the Company was subdued leading to negative PAT.

(b) Steps taken or proposed to be taken for improvement:

Import of raw materials has been minimised owing to better negotiations with local PTA suppliers who have undertaken capacity expansions. Another large PTA plant is expected to come on-stream in the current financial year further improving the supply conditions for PTA in India and boosting global competitiveness for polyester companies.

The Company has emerged as a leader in specialty chips for polyester film industry as well as in cationic, fine denier, melange, mother yarn, nylon and spandex-based yarns.

Two divisions at CP and Spinning location at Jolva have been merged for administrative purposes to reduce cost of manpower, stores and procurement. The draw warping department at Vareli has been shifted to form a single department at Jolva which will reduce energy and overhead costs. The sizing division is also being shifted from Vareli to Jolva to reduce energy costs. The benefits of these efforts will take shape in the ongoing fiscal year.

In finished fabrics segment the Company is exploring the new areas like servicing garment industry by supplying bulk quantity with consistent quality and further tapping unexplored export markets like the Middle East, Far East, UK, Canada etc., particularly for our high-value natural (cotton, viscose) products.

(c) Expected increase in productivity and profits in measurable terms.

The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity in the past and will be continued in future.

We remain a price leader for the majority of our products. Our product mix is possibly the best in the industry. Plant efficiency levels are excellent. Low coal and commodity prices have also helped us achieve record low operating costs in some of our key divisions.

With the improvement in overall economic scenario and business environment, stable input costs and commodity prices coupled with domestic demand growth in the Company's products and the steps proposed to be taken by the Company for rationalisation of manufacturing expenses and other initiatives, the Company expects improvement in performance over the medium to long-term.

Introduction of GST will further provide a level playing field thereby removing a competitive disadvantage of the Company. There will be equalisation in tax treatment between cotton and polyester products which would help demand.

IV Disclosures:

The remuneration package along with the corresponding details of Shri Praful A. Shah, Chairman & Managing Director of the Company have been fully described in the respective Resolution and/or Explanatory Statement. The remuneration paid to all the Directors for the year 2015-16 has been disclosed in the Report on Corporate Governance in the annual report. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by an agreement / contract with a notice period of three months.

Item No. 6

Shri Alok P. Shah (DIN: 00218180) is discharging his duty as Joint Managing Director and Chief Financial Officer (CFO) of the Company on the basis of his experience over the years in the related sector. The Directors were of the view that considering his experience, leadership qualities and excellent operational capability, the role of Shri Alok P. Shah be modified which will further contribute to the growth of the Company. Further, he has been actively involved in the business policy and operational decisions of the Company. It was therefore decided to re-align the role of Shri Alok P. Shah in the Company. Accordingly, Shri Alok P. Shah has resigned from the position of Joint Managing Director with effect from 31st May 2016 and it is recommended to appoint him as Whole-time Director designated as Executive Director (ED), Chief Financial Officer (CFO) and Chief Operating Officer (COO) with effect from 1st June 2016 for a period of 3 years.

Shri Alok P. Shah is a graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA. Shri Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance, operations & management etc. Shri Alok P. Shah has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures.

Taking into consideration his change of role and his profile and experience, the responsibilities shared by him and the industry benchmarks, the Board of Directors of the Company (the 'Board'), at its meeting held on 28th May, 2016 has, subject to the approval of members, appointed Shri Alok P. Shah as Whole-time Director designated as Executive Director (ED), Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the Company for a period of 3 (three) years i.e. with effect from 1st June, 2016 upto 31st May, 2019 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is therefore proposed to seek the members' approval for the aforesaid appointment of and remuneration payable to Shri Alok P. Shah. The salient features of the terms and conditions of and remuneration payable to Shri Alok P. Shah as set out in the draft agreement placed before this Meeting are as follows:

i) Salary: Up to ₹ 10,00,000/- per month.

With annual increment upto 15% every year as approved by the Board on the recommendation of Nomination and Remuneration Committee.

ii) Perquisites and Allowances:

- (a) in addition to the salary as above, Shri Alok P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.
- (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Shri Alok P. Shah shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

- iv) The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.

v) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

vi) Minimum Remuneration:

In the event of inadequacy or absence of profits in any financial year during his tenure as ED, CFO & COO, Shri Alok P. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned

above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.

vii) Role and Responsibilities as COO

COO shall be subject to the superintendence, control and direction of the Managing Director and shall endeavour to:

- a) promote the interest and welfare of the Company and be responsible for the administration and functioning of the business of the Company;
- b) optimise the business (i.e. cost, quality, innovation and efficiency) and ensure revenue growth;
- c) oversee the execution of new and existing projects;
- d) prepare and develop short term and long term plans and budget based upon broad organisational goals and objectives and recommend their adoption to the Managing Director;
- e) appraise and evaluate the results of overall business operations regularly and systematically, and report these results to the Managing Director;
- f) direct the internal operations of the Company to achieve budgeted results and other financial criteria, and preserve the capital funds invested in the Company;
- g) establish performance goals, allocate resources, and assess policies for the management of the Company;
- h) develop, establish, and direct execution of operating policies to support overall company policies and objectives; and
- i) devote such time and effort as is reasonable to the performance of the aforementioned duties.

viii) Other Terms and Conditions:

- (i) The ED, CFO and COO will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.
- (ii) The ED, CFO and COO shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The ED, CFO and COO shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the ED, CFO and COO may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Alok P. Shah satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. Shri Alok P. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Directors are of the view that the appointment of Shri Alok P. Shah as ED, CFO and COO will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the remuneration.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Alok P. Shah under Section 190 of the Act. The copy of draft Letter of Appointment is kept open for inspection by any member of the Company under Section 190 of the Act. Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act and also Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are given in Annexure A to this Explanatory Statement.

Except Shri Alok P. Shah, Shri Praful A. Shah, Shri Suhai P. Shah and their relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval of the members.

Statement as required under Section II of Part II of Schedule V to the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 giving details in respect of re-appointment of Shri Alok P. Shah as Whole-time Director designated as Executive Director, Chief Financial Officer (CFO) and Chief Operating Officer (COO).

I General Information

(a) Nature of Industry

The Company belongs to the GARDEN VARELI Group. The Company is one of India's leading and most reputed companies. It is a vertically integrated textile company operating in the man-made textiles that manufactures and sale wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (grey) Fabric as well as Dyed and Printed Sarees and Dress Materials.

(b) Date of commencement of commercial production

The Company is an existing Company commenced since 1979. The Company was incorporated in the year 1979 as a Private Limited Company and commenced its operation. It was converted into Public Limited Company in the year 1987. The Company started its commercial production in the year 1979.

(c) Financial performance – as per the standalone audited financial results for the year ended 31st March 2016

	(₹ in Crore)
Total Revenue (Net)	2385.32
Earning Before Interest, Depreciation and Tax (EBIDTA)	102.82
Less: Finance Costs	177.25
Profit/(Loss) before Depreciation and Tax	(74.43)
Depreciation	66.82
Profit/(Loss) before tax	(141.25)
Provision for Tax	(0.64)
Profit/(Loss) after Tax	(140.61)

(d) Export performance and net foreign exchange collaborations:

	(₹ In crore)
FOB value of Exports - 2015-16	313.22
Net Foreign Exchange collaborations	NIL

(e) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

II Information about the Appointee

(a) Background details

Shri Alok P. Shah is an Electrical Engineer from Stanford University, USA. He has a M.B.A. Finance, General Management & Economics from University of Chicago.

Shri Alok P. Shah was inducted as member of the Board in the year 2001. He was appointed as Executive Director in November, 2004 with overall responsibility of the implementation of upcoming projects, business development, finance, management and corporate affairs. In addition, he continues to shoulder several other corporate responsibilities.

(b) Past Remuneration – for the year 2015-16

(₹ in Lacs p.a.)			
Name of Director	Salary	Perquisites and Allowances	Total
Shri Alok P. Shah	111.00	7.89	118.89

(c) Recognition or awards:

- Graduated with distinction from Stanford University and completed Masters (MBA) with High Honors from University of Chicago.
- Member of Tau Beta Pi Honors engineering society at Stanford,
- Member of Young Presidents Organisation
- Member of Young Entrepreneurs Organisation

(d) Job Profile and his Suitability

Shri Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance and management etc.

Shri Alok P. Shah has made outstanding contribution by advising the company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures. In appreciation of his dedicated efforts and contribution for the growth of the company he was elevated to the position of Joint Managing Director (JMD) in October, 2007 and Chief Financial Officer (CFO) in 2014.

The Company has in last few years implemented many value addition projects such as expansion of production capacity of downstream processes by installing Draw Texturised Yarn (DTY) Machines, Coal base Power Plants for generation of captive power etc. He has been actively involved in the overall design and viability analysis of all these projects. Shri Alok P. Shah initiated internal audit and BPR reviews across the company and has represented the Company to lending and rating institutions.

The Company today is a global leader in Polyester-Chips, and one of the leading differentiated producer in the Country. Shri Alok P. Shah has been actively involved in the policy decisions with respect to expansion programs of the Company.

Taking into consideration his change of role and his profile & experience over the years, the Board of Directors of the Company in their meeting held on 28th May, 2016 approved his appointment and the remuneration as recommended by the Nomination and Remuneration Committee of Shri Alok P. Shah for a period 3 years from 1st June, 2016 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government, if required.

- (e) Proposed Remuneration:** as stated in Resolutions at Item No.6, the approval of shareholders by a special resolution is sought for payment of remuneration for a period of 3 years w.e.f. 1st June, 2016

(₹ in Lacs p.a.)			
Name of Director	Salary *	Perquisites and Allowances	Total
Shri Alok P. Shah	120.00	150.00	270.00

* With annual increment upto 15% every year as approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Alok P. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2016 is 24302230 Equity Shares of ₹ 10 each which constitutes 57.75% of the paid-up share capital of the Company. Shri Alok Shah is the son of Shri Praful A. Shah, Chairman and Managing Director and brother of Shri Suhail P. Shah, Executive Director of the Company. No other managerial personnel have any relationship with Shri Alok P. Shah.

III Other Information

(a) Reasons for inadequacy of profits

At a Standalone level, the gross revenue from operations of your Company for FY 2016 declined by about 9.2% at ₹ 2567.31 crore from ₹ 2846.89 crore in the Previous Year. This was primarily due to a fall in prices across polyester chain in tandem with the fall in crude oil prices. The fall in selling prices is directly related to the fall in raw material prices, which in turn corresponded to the fall in crude oil prices; however, the price of finished goods declined at faster rate compared with the prices of related raw materials.

The weaving industry was affected by under-invoiced Chinese imports into the country estimated to be over 50,000 MT per month. Our grey (woven) fabric division suffered as a consequence; however, it was able to maintain profitability due to increased specialties and margins.

The operating margins of the Company have been relatively weak over the last few years. This has been due to large volatility in prices of raw materials and finished goods, sluggish domestic demand growth (especially rural), weak global conditions, large capacity additions by industry players and dumping of goods from China.

In view of above facts, the overall financial performance of the Company was subdued leading to negative PAT.

(b) Steps taken or proposed to be taken for improvement:

Import of raw materials has been minimised owing to better negotiations with local PTA suppliers who have undertaken capacity expansions. Another large PTA plant is expected to come on-stream in the current financial year further improving the supply conditions for PTA in India and boosting global competitiveness for polyester companies.

The Company has emerged as a leader in specialty chips for polyester film industry as well as in cationic, fine denier, melange, mother yarn, nylon and spandex-based yarns.

Two divisions at CP and Spinning location at Jolva have been merged for administrative purposes to reduce cost of manpower, stores and procurement. The draw warping department at Vareli has been shifted to form a single department at Jolva which will reduce energy and overhead costs. The sizing division is also being shifted from Vareli to Jolva to reduce energy costs. The benefits of these efforts will take shape in the ongoing fiscal year.

In finished fabrics segment the Company is exploring the new areas like servicing garment industry by supplying bulk quantity with consistent quality and further tapping unexplored export markets like the Middle East, Far East, UK, Canada etc., particularly for our high-value natural (cotton, viscose) products.

(c) Expected increase in productivity and profits in measurable terms.

The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity in the past and will be continued in future.

We remain a price leader for the majority of our products. Our product mix is possibly the best in the industry. Plant efficiency levels are excellent. Low coal and commodity prices have also helped us achieve record low operating costs in some of our key divisions.

With the improvement in overall economic scenario and business environment, stable input costs and commodity prices coupled with domestic demand growth in the Company's products and the steps proposed to be taken by the Company for rationalisation of manufacturing expenses and other initiatives, the Company expects improvement in performance over the medium to long-term.

Introduction of GST will further provide a level playing field thereby removing a competitive disadvantage of the Company. There will be equalisation in tax treatment between cotton and polyester products which would help demand.

IV Disclosures:

The remuneration package along with the corresponding details of Shri Alok P. Shah have been fully described in the respective Resolution and/or Explanatory Statement. The remuneration paid to all the Director for the year 2015-16 has been disclosed in the Report on Corporate Governance in the annual report. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by an agreement / contract with a notice period of three months. Shri Alok P. Shah shall be liable to retire by rotation.

ITEM NO.7

At the 36th Annual General Meeting of the Company held on 9th September, 2015, the Members had approved the re-appointment of Shri Suhail P. Shah as Wholetime Director designated as Executive Director of the Company for a period of three years with effect from 1st December, 2015, upon the terms and conditions including remuneration as specified in the explanatory statement annexed to the Notice of the said meeting.

Shri Suhail P. Shah holds a Post Graduate in Physical Chemistry from The University of Chicago and a Doctorate in Theoretical Physical Chemistry from The University of Chicago and has had a brilliant academic career. He has to his credit various research accomplishments, computational skills and publications at the international level. He has more than 10 years of experience in research with various universities of international repute.

During his tenure as Executive Director, Shri Suhail P. Shah has actively supported the Company and contributed valuable suggestions in identifying international suppliers, carrying out technical appraisal with them for finalising the Continuous Polymerisation (CP) Chips Project of the Company. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency with technology upgradation.

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company. Further, he has been actively involved as Executive Director of the Company in the business policy decisions of the Company.

It is therefore proposed to revise his remuneration and to seek the members' approval for the revision in the terms of appointment and remuneration payable to Shri Suhail P. Shah as Wholetime Director designated as Executive Director, with effect from 1st June 2016 for the remainder period of his term upto 30th November 2018, in terms of the applicable provisions of the Act.

The salient features of the terms and conditions of and remuneration payable to Shri Suhail P. Shah as set out in the draft agreement placed before this Meeting are as follows:

i) Salary: Upto ₹ 8,00,000/- per month.

With annual increment upto 15% every year as approved by the Board on the recommendation of Nomination and Remuneration Committee.

ii) Perquisites and Allowances:

- (a) in addition to the salary as above, Shri Suhail P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.
- (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Shri Suhail P. Shah shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

- iv)** The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.

v) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

vi) Minimum Remuneration:

In the event of inadequacy or absence of profits in any financial year during his tenure as Executive Director, Shri Suhail P. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned

above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.

vii) Other Terms and Conditions:

- (i) The Executive Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.
- (ii) The Executive Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Executive Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Executive Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Suhail P. Shah satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Suhail P. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Directors are of the view that the revision in the terms of appointment and remuneration of Shri Suhail P. Shah as Executive Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The above may be treated as a written memorandum setting out the terms of appointment and remuneration of Shri Suhail P. Shah under Section 190 of the Act. The copy of draft Letter in respect of revision in the terms of his appointment and remuneration is kept open for inspection by any member of the Company under Section 190 of the Act. Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act, are given in Annexure A to this Explanatory Statement.

Except Shri Suhail P. Shah, Shri Praful A. Shah, Shri Alok P. Shah and their relatives, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval of the members.

Statement as required under Section II of Part II of Schedule V to the Act giving details in respect of revision in the terms of appointment and remuneration of Shri Suhail P. Shah as Whole-time Director designated as Executive Director.

I General Information

(a) Nature of Industry

The Company belongs to the GARDEN VARELI Group. The Company is one of India's leading and most reputed companies. It is a vertically integrated textile company operating in the man-made textiles that manufactures and sale wide range of Polyester Chips, Polyester Filament Yarns (PFY), Preparatory Yarns, Woven (grey) Fabric as well as Dyed and Printed Sarees and Dress Materials.

(b) Date of commencement of commercial production

The Company is an existing Company commenced since 1979. The Company was incorporated in the year 1979 as a Private Limited Company and commenced its operation. It was converted into Public Limited Company in the year 1987. The Company started its commercial production in the year 1979.

(c) Financial performance – as per the standalone audited financial results for the year ended 31st March 2016

	(₹ in Crore)
Total Revenue (Net)	2385.32
Earning Before Interest, Depreciation and Tax (EBIDTA)	102.82
Less: Finance Costs	177.25
Profit/(Loss) before Depreciation and Tax	(74.43)
Depreciation	66.82
Profit/(Loss) before tax	(141.25)
Provision for Tax	(0.64)
Profit/(Loss) after Tax	(140.61)

(d) Export performance and net foreign exchange collaborations:

	(₹ In crore)
FOB value of Exports - 2015-16	313.22
Net Foreign Exchange collaborations	NIL

(e) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

II Information about the Appointee

(a) Background details

Shri Suhail P. Shah holds a Post Graduate in Physical Chemistry from The University of Chicago and a Doctorate in Theoretical Physical Chemistry from The University of Chicago.

Shri Suhail P. Shah was inducted as member of the Board in the year 2006. He was appointed as Executive Director in December, 2007 with overall responsibility of the implementation of upcoming projects, business development, finance, management and corporate affairs. In addition, he continues to shoulder several other corporate responsibilities.

(b) Past Remuneration - for the year 2015-16

	(₹ in Lacs p.a.)		
Name of Director	Salary	Perquisites and Allowances	Total
Shri Suhail P. Shah	132.80	1.08	133.88

(c) Recognition or awards:

- Harvard College Scholarship for academic achievement with high distinction
- Harvard College Dean's List, 1992-1996.
- Directed and supervised the engineering and commissioning of India's largest single continuous polymerization manufacturing plant in Jolwa, Dist. Surat, Gujarat.

- Has to his credit various research accomplishments, computational skills and publications at the international level.

(d) Job Profile and his Suitability

Shri Suhail P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance and management etc.

During his tenure as Executive Director Shri Suhail P. Shah has actively supported the Company and contributed valuable suggestions in identifying international suppliers, carrying out technical appraisal with them for finalising, and commissioning of the Continuous Polymerisation (CP) Chips Project of the Company. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency with technology upgradation.

Apart from enhancing Continuous Polymerisation (CP) capacity, the Company has installed additional Draw Warping and Air Texturising machines during last couple of years. The Company today is a global leader in Polyester-Chips, and one of the leading differentiated producer in the Country. Shri Suhail P. Shah has been actively involved in the policy decisions with respect to expansion programs of the Company.

In consideration of the performance of Shri Suhail P. Shah as Executive Director of the Company over the years, the Board of Directors of the Company in their meeting held on 28th May 2016 approved the revision in terms of his appointment and remuneration as recommended by the Nomination and Remuneration Committee of Shri Suhail P. Shah with effect from 1st June 2016 for remainder period of his upto 30th November 2018 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V of the Act and subject to the necessary approvals including Central Government, if required.

- (e) Proposed Remuneration:** as stated in Resolutions at Item No.7, the approval of shareholders by a special resolution is sought for payment of remuneration with effect from 1st June 2016 for remainder period of his term upto 30th November 2018.

(₹ in Lacs p.a.)			
Name of Director	Salary *	Perquisites and Allowances	Total
Shri Suhail P. Shah	96.00	120.00	216.00

* With annual increment upto 15% every year as approved by the Nomination and Remuneration Committee and the Board of Directors of the Company.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Suhail P. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2016 is 24556130 Equity Shares of ₹ 10 each which constitutes 58.35% of the paid-up share capital of the Company. Shri Suhail Shah, Executive Director of the Company is the son of Shri Praful A. Shah, Chairman and Managing Director and brother of Shri Alok P. Shah, ED, CFO & COO of the Company. No other managerial personnel have any relationship with Shri Suhail P. Shah.

III Other Information

(a) Reasons for inadequacy of profits

At a Standalone level, the gross revenue from operations of your Company for FY 2016 declined by about 9.2% at ₹ 2567.31 crore from ₹ 2846.89 crore in the Previous Year. This was primarily due to a fall in prices across polyester chain in tandem with the fall in crude oil prices. The fall in selling prices is directly related to the fall in raw material prices, which in turn corresponded to the fall in crude oil prices; however, the price of finished goods declined at faster rate compared with the prices of related raw materials.

The weaving industry was affected by under-invoiced Chinese imports into the country estimated to be over 50,000 MT per month. Our grey (woven) fabric division suffered as a consequence; however, it was able to maintain profitability due to increased specialties and margins.

The operating margins of the Company have been relatively weak over the last few years. This has been due to large volatility in prices of raw materials and finished goods, sluggish domestic demand growth (especially rural), weak global conditions, large capacity additions by industry players and dumping of goods from China.

In view of above facts, the overall financial performance of the Company was subdued leading to negative PAT.

(b) Steps taken or proposed to be taken for improvement:

Import of raw materials has been minimised owing to better negotiations with local PTA suppliers who have undertaken capacity expansions. Another large PTA plant is expected to come on-stream in the current financial year further improving the supply conditions for PTA in India and boosting global competitiveness for polyester companies.

The Company has emerged as a leader in specialty chips for polyester film industry as well as in cationic, fine denier, melange, mother yarn, nylon and spandex-based yarns.

Two divisions at CP and Spinning location at Jolva have been merged for administrative purposes to reduce cost of manpower, stores and procurement. The draw warping department at Vareli has been shifted to form a single department at Jolva which will reduce energy and overhead costs. The sizing division is also being shifted from Vareli to Jolva to reduce energy costs. The benefits of these efforts will take shape in the ongoing fiscal year.

In finished fabrics segment the Company is exploring the new areas like servicing garment industry by supplying bulk quantity with consistent quality and further tapping unexplored export markets like the Middle East, Far East, UK, Canada etc., particularly for our high-value natural (cotton, viscose) products.

(c) Expected increase in productivity and profits in measurable terms.

The continuous efforts for improving product-mix through product innovation through close collaboration between R&D, production and marketing departments has been a key driver for Garden's productivity in the past and will be continued in future.

We remain a price leader for the majority of our products. Our product mix is possibly the best in the industry. Plant efficiency levels are excellent. Low coal and commodity prices have also helped us achieve record low operating costs in some of our key divisions.

With the improvement in overall economic scenario and business environment, stable input costs and commodity prices coupled with domestic demand growth in the Company's products and the steps proposed to be taken by the Company for rationalisation of manufacturing expenses and other initiatives, the Company expects improvement in performance over the medium to long-term.

Introduction of GST will further provide a level playing field thereby removing a competitive disadvantage of the Company. There will be equalisation in tax treatment between cotton and polyester products which would help demand.

IV Disclosures:

The remuneration package along with the corresponding details of Shri Suhail P. Shah, Executive Director of the Company have been fully described in the respective Resolution and/or Explanatory Statement. The remuneration paid to the all Directors for the year 2015-16 has been disclosed in the Report on Corporate Governance in the annual report. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by an agreement / contract with a notice period of three months. Shri Suhail P. Shah shall be liable to retire by rotation.

ITEM NO.8:

In pursuance of Section 148 of the Act and the Companies (Audit and Auditors), Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor on the recommendations of the Audit Committee. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of the Audit Committee at its meeting held on 28th May, 2016 the Board of Directors of the Company has approved the appointment and remuneration of M/s Manubhai & Associates, Cost Accountants, as Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2016-17, at a remuneration of ₹ 1,50,000 (Rupees One Lac Fifty thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes.

M/s Manubhai & Associates, have furnished consent letter to act as Cost Auditor of the Company and a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous year under the provisions of the Act.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the cost auditor for the Financial Year 2016-17.

None of the Directors or Key Managerial Person (KMP) of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.8 of the accompanying Notice,

The Board recommends the resolution set forth in Item No.8 for the approval of the Members.

**By Order of the Board of Directors,
FOR GARDEN SILK MILLS LIMITED**

**Kamlesh B. Vyas
Company Secretary**

Mumbai, 28th May, 2016

Particulars of the Directors seeking appointment / re-appointment at the ensuring Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the Director	Shri Suhail P. Shah	Shri Deepak N. Shah	Shri Praful A. Shah	Shri Alok P. Shah
Director Identification Number	00719002	07356807	00218143	00218180
Date of Birth	01/09/1974	23/10/1950	14/12/1938	11/09/1970
Nationality	Indian	Indian	Indian	Indian
Brief Resume - Age and Qualification	42 years Ph.D. Theoretical Physical Chemistry M.S. Physical Chemistry A.B. Chemistry and Physics	66 years Fellow Membership (FCA) of the Institute of Chartered Accountants of India (ICAI).	78 years Graduate in Mechanical Engineering from Michigan and post-graduated in Mechanical Engineering from Stanford University, USA.	46 years Graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA.
Date of Appointment/ Re-appointment	30/10/2006	05/12/2015	23/07/1979	19/10/2001
Expertise in Specific Functional Areas	To his credit various research accomplishments, computational skills and research operations of more than 15 years	Practicing chartered accountant holds more than 3 decades of experience in Corporate Audit, Taxation, Internal Audit and MIS related services.	Industrialist having rich business experience of more than four decades.	He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance & management etc. He has made outstanding contribution by advising the Company towards improvement of production and productivity, optimising the operational efficiency and cost reduction measures.
Directorship held in other Public Limited Companies	Prabhat Silk Mills Ltd. Palomar Textiles Ltd. Vareli Trading Co. Ltd. Globale Textile Market Holdings Ltd.	Nil	Palomar Textiles Ltd. Bijlee Textiles Ltd. Prabhat Silk Mills Ltd. Vareli Trading Co. Ltd. Globale Textile Market Holdings Ltd.	Palomar Textiles Ltd. Rosekamal Textile Ltd. Prabhat Silk Mills Ltd. Vareli Trading Co. Ltd. Globale Textile Market Holdings Ltd.
Memberships/ Chairmanships of committees across public companies (include only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Nil	Nil
No. of shares held in the Company	496685	Nil	2789190	754671
Disclosure of relationship	Shri Suhail P. Shah is related to Shri Praful A. Shah and Shri Alok P. Shah, Directors of the Company.	Shri Deepak N. Shah is not related to any of the Director of the Company.	Shri Praful A. Shah is related to Shri Alok P. Shah and Shri Suhail P. Shah, Directors of the Company.	Shri Alok P. Shah is related to Shri Praful A. Shah and Shri Suhail P. Shah, Directors of the Company.

**By Order of the Board of Directors,
FOR GARDEN SILK MILLS LIMITED**

Kamlesh B. Vyas
Company Secretary

Mumbai, 28th May, 2016

ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE

Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010





GARDEN SILK MILLS LIMITED

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
 CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com
 Phone: (0261) 2311197, 2311615 Fax: (0261) 2311029

ATTENDANCE SLIP

(Only shareholders or the Proxies will be allowed to attend the meeting)

DP ID *		L.F. No.	
Client ID *		No. of Shares held	

* Applicable for the Member(s) holding shares in Electronic Form.

I being a Member / Proxy for the Member of the Company hereby record my presence at the 37th Annual General Meeting of Garden Silk Mills Limited at **Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010** on Wednesday, 14th September, 2016 at 11.00 a.m.

Signature of the Shareholder: 1 2

Signature of the Proxyholder:

Notes

- Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue. For route map of meeting venue, please see overleaf.
- As per Section 118(10) of the Companies Act, 2013 read with the Secretarial Standards for General Meetings issued by Institute of Company Secretaries of India "No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting".



GARDEN SILK MILLS LIMITED

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
 CIN: L17111GJ1979PLC003463; Website: www.gardenvareli.com
 Phone: (0261) 2311197, 2311615 Fax: (0261) 2311029

PROXY FORM

[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			
E-mail id			
DP Id / Client Id*		Folio No.	

*Applicable for members holding shares in Electronic form.

I/We, being the member(s) holding shares of the Garden Silk Mills Limited, hereby appoint

- Name Address
 Signature, or failing him
- Name Address
 Signature, or failing him
- Name 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 Wednesday, 14th September, 2016 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Sr. No.	Resolution	Optional *	
		For	Against
	Ordinary business		
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors.		
2	Re-appointment of Shri Suhail P. Shah, who retires by rotation.		
3	Ratification of the appointment of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company.		
	Special business		
4	Ordinary Resolution: Appointment of Shri Deepak N. Shah as an Independent Director.		
5	Special Resolution: Re-appointment of Shri Praful A. Shah as Chairman & Managing Director of the Company.		
6	Special Resolution: Appointment of Shri Alok P. Shah as Whole-time Director designated as Executive Director, CFO and Chief Operating Officer (COO) of the Company.		
7	Special Resolution: Revision in remuneration of Shri Suhail P. Shah Wholetime Director of the Company.		
8	Ordinary Resolution: Ratification of remuneration to Cost Auditor.		

Signed this day of September, 2016,

Signature of the Shareholder(s):

Affix
Re 1/-
Revenue
Stamp

Notes:

1. This Instrument of proxy, in order to be effective, should be duly completed and signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. This form of Proxy shall be signed by the member or his duly authorised attorney, or if the member is a body corporate, it shall be duly sealed and signed by an officer or an attorney. The Proxy Form which is unstamped or inadequately stamped or where the stamp has not been cancelled or is undated or which does not state the name of the Proxy shall not be considered valid.
3. Proxy need not be a member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty (50) members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the company may appoint a single person as proxy, who shall not act as proxy for any other member.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting. If both member and proxy attend the meeting, the proxy shall stand automatically revoked.
5. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.