

GARDEN SILK MILLS LIMITED

Date: 21st August, 2017

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 20th September, 2017.

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For Garden Silk Mills Limited



Kamlesh B. Vyas
Company Secretary & Compliance Officer



Encl.: As above

*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 38th Annual General Meeting of the members of GARDEN SILK MILLS LIMITED will be held on **Wednesday, 20th September, 2017 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 Statements

To receive, consider and adopt:

- (a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Reports of the Board of Directors and Auditors thereon; and
- (b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2017, together with the Reports of the Auditors thereon.

2. Appointment of a Director

To appoint a Director in place of Shri Sanjay S. Shah (DIN 00024004), who retires by rotation and being eligible, offers himself for re-appointment.

3. Appointment of Statutory 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 the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, 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 such other applicable provisions, if any, Sharp & Tannan Associates, Chartered Accountants, (Firm Registration No.109983W), be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditors M/s Natvarlal Vepari & Co., Chartered Accountants, (Firm Registration No.123626W) Surat, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors based on the recommendation of the Audit Committee.

RESOLVED FURTHER THAT Sharp & Tannan Associates, Chartered Accountants, will hold office as the Statutory Auditors of the Company, for a period of 5 years that will begin from the conclusion of the 38th Annual General Meeting until the conclusion of the 43rd Annual General Meeting to be held in the year 2022, subject to the condition that their appointment as the Statutory Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act, 2013, as amended from time to time.

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. Re-appointment of Shri Sanjay S. Shah as Wholetime 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 Sanjay S. Shah (DIN: 00024004) as a Wholetime Director designated as Executive Director of the Company, for a period of 3 (three) years with effect from 1st July, 2017, 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 Sanjay S. 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 Sanjay S. 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 Sanjay S. Shah, the Company has no profits or its profits are inadequate, Shri Sanjay S. 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."

5. 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 the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditor, M/s Manubhai & Associates, Cost Accountants, (Firm Registration No.100756) appointed by the Board of Directors of the Company for conducting the audit of the Company's cost accounting records for the Financial Year 2017-18 be paid a remuneration as set out in the explanatory statement annexed to the notice convening this Meeting and the same is hereby ratified and approved.

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."

6. Appointment of Shri Ketan A. Jariwala 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 Ketan A. Jariwala (DIN 02095540), who was appointed by the Board of Directors to fill up the casual vacancy caused due to Shri Arunchandra N. Jariwala vacating his office as a Director of the Company before the expiry of his term of office in terms of Section 161(4) 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 30th May, 2017 to 29th May, 2022, not liable to retire by rotation."

**By Order of the Board of Directors
For Garden Silk Mills Limited**

**Kamlesh B. Vyas
Company Secretary**

Surat, 30th May, 2017

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the “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 however be deposited at the Registered Office of the Company not less than forty-eight 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 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. The holder of proxy shall prove his identity at the time of attending the Meeting.

2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Register Books of the Company will remain closed from Friday, 15th September, 2017 to Wednesday, 20th September, 2017 (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 Companies Act, 2013 and the Articles of Association of the Company, Shri Sanjay S. Shah (DIN: 00024004), 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 Companies Act, 2013, 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 the relevant Board Resolution together with the respective specimen signature(s) of the representative(s) authorised under the said Board 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 in respect of the Directors retiring by rotation / seeking appointment / re-appointment at the Meeting, are provided in the 'Annexure' to the Notice pursuant to the provisions of (1) Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (2) Secretarial Standards on General Meeting ('SS-2'), issued by the Institute of Company Secretaries of India. 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. 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 2016-17 including Financial Statements, Board's Report etc. and this Notice of the 38th 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 38th 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 38th Annual General Meeting and the Annual Report for 2016-17 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 Companies Act, 2013 (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	Last Date for Claiming Unpaid Dividend
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 and other applicable provisions, if any, of the Companies Act, 2013 read with 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 cast 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, 14th September, 2017.
- 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, 14th September, 2017 only shall be entitled to avail the facility of remote e-voting as well as vote in the 38th 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 38th Annual General Meeting and holding shares as on the cut-off date i.e. Thursday, 14th September, 2017, may obtain the User ID and password by writing to the Karvy on the email Id - evoting@karvy.com or to Smt. Shobha Anand, Contact No. 040-67162222, 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, 16th September, 2017 (10.00 a.m.) and ends on Tuesday, 19th September, 2017 (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 Thursday, 14th September, 2017, 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 38th 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 38th Annual General Meeting and through remote e-voting will, not later than three days of conclusion of the 38th 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 proposed in the Notice shall be deemed to be passed on the date of the Meeting that is Wednesday, 20th September, 2017.

**By Order of the Board of Directors
For Garden Silk Mills Limited**

**Kamlesh B. Vyas
Company Secretary**

Surat, 30th May, 2017

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

Item No. 3:

Pursuant to Section 139 of the Companies Act, 2013 Natvarlal Vepari & Co., (Firm Registration No.123626W), Chartered Accountants, Surat were appointed as Statutory Auditors of the Company at the 35th Annual General Meeting of the Company held on 30th July, 2014, to hold office from the conclusion of the 35th Annual General Meeting until the conclusion of the 38th Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointment by the Members at every Annual General Meeting.

The term of appointment of Natvarlal Vepari & Co., as Statutory Auditors, ends at the conclusion of the 38th Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors of the Company hereby propose to appoint Sharp & Tannan Associates, Chartered Accountants, (Firm Registration No.109983W), as the Statutory Auditors of the Company in place of retiring auditors M/s Natvarlal Vepari & Co. Chartered Accountants, (Firm Registration No.123626W), Surat to hold office from the conclusion of the 38th Annual General Meeting until the conclusion of 43rd Annual General Meeting of the Company to be held in the year 2022, subject to the condition that their appointment as the Statutory Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act, 2013, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee.

Sharp & Tannan Associates, Chartered Accountants, has furnished a certificate giving their consent to be appointed as the Statutory Auditors, and stating that their appointment if made, at the forthcoming Annual General Meeting, would be in accordance with the conditions laid down under Section 139 and 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

Accordingly the Board recommends the Ordinary Resolution for approval of the Shareholders of the Company, as laid down in item No.3.

Item No.4

At the 32nd Annual General Meeting of the Company held on 20th September, 2011, the Members had approved the re-appointment of Shri Sanjay S. Shah as Wholetime Director designated as Executive Director of the Company for a period of five years with effect from 1st July, 2012, upon the terms and conditions including remuneration as specified in the explanatory statement annexed to the Notice of the said Meeting.

The Board of Directors of the Company (the 'Board'), at its Meeting held on 30th May, 2017 has, subject to the approval of members, re-appointed Shri Sanjay S. Shah as Wholetime Director designated as Executive 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 July, 2017 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Shri Sanjay Shah who is B.A. from Essex University, U.K. has expertise in the field of Yarn Preparatory and Weaving. He possesses wide experience in overall business management particularly with regard to textile industry and has more than three decades of experience in Senior Corporate Management. During these years, he has performed the functions exceedingly well by assisting the Company in HRD and Administrative matters also. With his efforts today the Company has been able to prosper with a well-qualified team in weaving segment.

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

Keeping in view his active involvement in the affairs of the Company, his expertise and vast experience in the textile industry and his contribution towards the growth of the Company, the Board of Directors of the Company at its Meeting held on 30th May, 2017, has decided to re-appoint him as Wholtime Director designated as an Executive Director with effect from 1st July, 2017.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Sanjay S. Shah as Wholtime Director designated as Executive Director, in terms of the applicable provisions of the Act.

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

i) Salary: Upto ₹ 5,00,000/- 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 Sanjay S. 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 Sanjay S. 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 Wholtime 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 Wholtime 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 Sanjay S. 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 Wholetime 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 Sanjay S. 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 Sanjay S. 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 Sanjay S. 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 re-appointment of Shri Sanjay S. Shah under Section 190 of the Act. The copy of draft Letter for his re-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 Regulation 36 of the SEBI (LODR) Regulations, 2015, are given in Annexure A to this Explanatory Statement.

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

Accordingly the Board recommends the Special Resolution for approval of the Shareholders of the Company, as laid down in item No.4.

ANNEXURE A TO THE EXPLANATORY STATEMENT

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 Sanjay S. Shah as Wholetime Director designated as Executive Director.

I General Information

(1) Nature of industry:

The Company is engaged in the business of Textiles.

(2) Date or expected date of commencement of commercial production:

The Company was incorporated on 23rd July, 1979 as a private limited Company under the name of Vareli Weaves Private Limited. The name of the Company was changed to Garden Silk Mills Limited with effect from 17th July, 1987. The Company commenced commercial production since 1979.

(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not applicable.

(4) Financial performance – as per the standalone audited financial results for the year ended 31st March 2017

	(₹ in Crore)
Total Revenue from Operations (Gross)	2645.74
Earning Before Interest, Tax and Depreciation (EBITDA)	154.35
Profit/(Loss) before Depreciation and Tax	(20.54)
Profit/(Loss) after Tax	(94.86)

(5) Export performance and net foreign exchange collaborations:

	(₹ in Crore)
FOB value of Exports – 2016-17	208.61
Net Foreign Exchange collaborations	0.00

(6) Foreign Investments or collaborators

The Company does not have any foreign investments or collaborators.

II Information about the Appointee

(a) Background details

Shri Sanjay Shah who is B.A. from Essex University, U.K. has expertise in the field of Yarn Preparatory and Weaving. He possesses wide experience in overall business management particularly with regard to textile industry and has more than two decades of experience in Senior Corporate Management.

(b) Past Remuneration: ₹ 55.45 Lacs per annum for the year 2016-17

(c) Recognition or awards: Nil

(d) Job Profile and his Suitability

Shri Sanjay S. 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 these years, he has performed the functions exceedingly well by assisting the Company in HRD and Administrative matters also. With his efforts today the Company has been able to prosper with a well-qualified team in weaving segment.

In consideration of the performance of Shri Sanjay S. Shah as Executive Director of the Company over the years, the Board of Directors of the Company in their Meeting held on 30th May 2017 approved the terms of his re-appointment and the remuneration as recommended by the Nomination and Remuneration Committee of Shri Sanjay S. Shah for a period of three years with effect from 1st July 2017 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: Details of the remuneration which is proposed to be paid to Shri Sanjay S. Shah as Wholtime Director designated as Executive Director of the Company for a period of three years with effect from 1st July 2017 has been fully set out in the Special Resolution at item No.4.

- (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 Sanjay S. Shah is a promoter group shareholder. The total promoter holding directly and indirectly along with body corporates in the Company as on 31st March, 2017 is 24302230 Equity Shares of ₹ 10 each which constitutes 57.75% of the paid-up share capital of the Company. None of the Directors and key managerial personnel has any relationship with Shri Sanjay S. Shah.

III Other Information

- (a) **Reasons for inadequacy of profits**

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.

At a standalone level, the gross revenue from operations of your Company for FY 2017 increased by about 3.05% to ₹ 2645.74 crore from ₹ 2567.31 crore in the previous year.

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. The effect of a debt burden is also one of the reasons for the Company not being able to show its performance with its potential.

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.

Over the next two years we expect business conditions to improve for your Company owing to higher utilisation levels and better margins. This is partly owing to moderate industry growth in volume in the next two years at around 6.5% p.a. (PCI). Yet, while the supply overhang will remain for some time to come, the major reason we are hopeful about the Company's prospects are the breakthroughs we are hoping to make in the specialty chip, yarn and fabric businesses.

- (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.

IV Disclosures:

The remuneration package along with the corresponding details of Shri Sanjay S. 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 2016-17 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 Sanjay S. Shah shall be liable to retire by rotation.

Item No.5:

The Board of Directors, on the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding ₹ 1,50,000 (Rupees One Lac Fifty thousand only) for the financial year 2017-18 payable to the Cost Auditors M/s Manubhai & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for the aforesaid financial year.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors), Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors of the Company has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in this resolution.

Accordingly the Board recommends the Ordinary Resolution for approval of the Shareholders of the Company, as laid down in item No.5.

Item No.6:

Shri Ketan A. Jariwala was appointed by the Board of Directors of the Company with effect from 30th May, 2017, to fill up the casual vacancy caused due to Shri Arunchandra N. Jariwala, an Independent Director vacating his office as a Director of the Company before the expiry of his term of office in terms of Section 161(4) of the Companies Act, 2013.

Shri Arunchandra N. Jariwala was appointed at the 35th Annual General Meeting held on 30th July, 2014 to hold office for 5 consecutive years from 1st April, 2014 to 31st March, 2019 and that he was not liable to retire by rotation.

Section 161(4) of the Companies Act, 2013 provides that in the case of a public Company, if the office of any director appointed by the Company in general Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the Company, be filled by the Board of Directors at a Meeting of the Board.

The proviso to Section 161(4) of the Companies Act, 2013 states that any person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office if it had not been vacated.

Schedule IV of the Companies Act 2013 prescribes manner of appointment of Independent Director (ID). As per paragraph IV(2) of Schedule IV of Companies Act, 2013, the appointment of independent directors of the Company shall be approved at the Meeting of the shareholders.

Shri Ketan Jariwala, aged about 55 years is an industrialist and a technocrat engaged in the business of man-made textiles and having more than two decades of experience in the related industry. He is also associated with the activities related to Chamber of Commerce and Industries over the years.

Shri Ketan Jariwala 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 Ketan Jariwala being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto 29th May, 2022.

The Company had received from Shri Ketan Jariwala 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 Ketan Jariwala 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 Ketan Jariwala 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 Ketan Jariwala 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.

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.6 of the accompanying Notice, except Shri Ketan Jariwala, himself as a Director of the Company.

Accordingly the Board recommends the Ordinary Resolution for approval of the Shareholders of the Company, as laid down in item No.6.

**By Order of the Board of Directors
For Garden Silk Mills Limited**

**Kamlesh B. Vyas
Company Secretary**

Surat, 30th May, 2017

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

Name	Shri Sanjay S. Shah (DIN: 00024004)	Shri Ketan Jariwala (DIN: 02095540)
Date of Birth	19.02.1956	08.05.1962
Age	61 Years	55 Years
Nationality	Indian	Indian
Brief Resume – Qualification	B.A. (Essex University) U.K.	Diploma in Textile Technology (M.S. University, Baroda)
Date of Appointment/ Re-appointment	19/02/1990	30/05/2017
Expertise in Specific Functional Areas	Well known industrialist having more than 30 years of experience in the business of manmade textiles.	He is an industrialist and a technocrat engaged in the business of manmade textiles and having more than two decades of experience in the related industry.
Terms and conditions of appointment / re-appointment	As per the policy on Directors Appointment and Remuneration	As per the policy on Directors Appointment and Remuneration
Directorship held in other Public Limited / listed Companies	Kashah Investment Ltd.	Rosekamal Textiles Ltd. - Listed Bijlee Textiles Ltd. - Listed Surat Textile Mills Ltd. - Listed
Memberships/ Chairmanships of Committees other public companies (include only Audit Committee and Stakeholders Relationship Committee)	Nil	Surat Textile Mills Limited Audit Committee – Member and Stakeholders Relationship Committee - Member
No. of shares held in the Company	689660	Nil
Disclosure of relationship	He is not related to any of the Directors or Key Managerial Personnel of the Company	He is not related to any of the Directors or Key Managerial Personnel of the Company
Number of Board Meetings Attended	3	Appointed with effect from 30/05/2017

**By Order of the Board of Directors
For Garden Silk Mills Limited**

Surat, 30th May, 2017

**Kamlesh B. Vyas
Company Secretary**