

GARDEN SILK MILLS LIMITED

Date: 1st June, 2017

National Stock Exchange of India Ltd.

"Exchange Plaza",

Bandra Kurla Complex,

Bandra (East),

Mumbai 400051

Stock Code: GARDENSILK(EQ)

Sub.: Outcome of Board Meeting

Ref.: Your communication dated 31st May, 2017.

Dear Sir/Madam,

With reference to your aforesaid communication seeking clarification from the company in the below given points, we submit our reply to the queries raised by your exchange as under.

1. Appointment of Shri Ketan Arunchandra Jariwala as a Director of the Company.

Shri Ketan A. Jariwala has been 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.

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

Brief profile

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.

2. Re-appointment of Shri Sanjay S. Shah as Whole-time Director of the Company.

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.

*Garden**

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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

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Brief profile

Mr. 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. 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 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 Rs.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.

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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 Wholetime 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 Wholetime 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.

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- (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.

Thanking you,

Yours faithfully,
For Garden Silk Mills Limited



Kamlesh B. Vyas
Company Secretary



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