

GARDEN SILK MILLS LIMITED
Registered Office: Sahara Gate, Surat 395 010

POSTAL BALLOT FORM

Postal Ballot No:

- (1) Name(s) of member(s)/: Beneficial Owners
(Including Joint-holders if any)
- (2) Registered address of the Sole /
First named member/Beneficial Owner.
- (3) Registered Folio No. /
DP ID No.* / Client ID No.*:
(*Applicable to investors holding
Shares in dematerialised form)
- (4) Number of Shares held :
- (5) I/We hereby exercise my/our vote in respect of the following special resolution(s) and ordinary resolution(s) to be passed through Postal Ballot for the business stated in the accompanying Notice dated 3rd May, 2011 by sending my/our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the appropriate box below:

Item No.	Brief particulars of the resolutions purposed	No. of Shares	Please (✓) in the appropriate box below	
			I/We assent to the Resolution	I/We dissent to the Resolution
1.	Special Resolution under Section 17 of the Companies Act, 1956 to seek the Shareholders' / Members' approval for alteration of the Objects as contained in Clause III of Memorandum of Association of the Company.			
2	Special Resolution under Section 149(2A) of the Companies Act, 1956 to seek the Shareholders' / Members' approval for commencement of new business from the other object clause of the Memorandum of Association of the Company.			
3	Increase in borrowing limits from Rs.1500 crore to Rs.2000 crore pursuant to Section 293(1)(d) of the Companies Act, 1956			
4	Creation of further mortgage and/or charge and hypothecation to provide security under Section 293(1)(a) of the Companies Act, 1956 for the increased borrowings aggregating to Rs.2000 crore			

Place:

Date:

(Signature of the Shareholder / Member)

#E-mail : # Tel No.:.....
(#Optional)

Note: Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS FOR VOTING

1. A Shareholder/Member desiring to exercise his/her vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed envelope. Postage will be borne and paid by the Company. However, envelope containing Postal Ballot Form, if deposited in person or sent by courier at the expense of the Shareholder will also be accepted.
2. Please convey your assent/dissent in this Postal Ballot Form. The assent or dissent received in any other Form shall not be considered valid.
3. The self-addressed envelope bears the name and address of the Scrutinizer appointed by the Board of Directors of the Company.
4. This Postal Ballot Form should be completed and signed by the Shareholder/Member. In case of joint-holding, this Form should be completed and signed as per the specimen signature registered with the Company/Depository Participants by the first named Shareholder/Member and in his/her absent, by the next named Shareholder/Member.
5. The votes should be cast either in favour or against by putting tick mark (✓) in the column provided for assent or dissent. Unsigned Postal Ballot Form will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.
6. Duly completed Postal Ballot Form should be received by the Scrutinizer not later than the close of working hours on Monday, 20th June, 2011. Postal Ballot Form received after this date will be treated as it no reply from the Shareholder/ Member has been received.
7. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution/Authority together with attested specimen signature(s) of the authorised signatory(ies).
8. A Shareholder/Member need not use all his/her votes nor he/she needs to cast all his/her votes in the same way.
9. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Shareholders/Members on the date of dispatch of the notice.
10. A member may request for a duplicate Postal Ballot Form, if so required. However the duly filed in duplicate Postal Ballot Form should reach the Scrutinizer not later than the time specified above i.e. Monday, 20th June, 2011.
11. Shareholders/Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed postage prepaid envelope addressed to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
12. The Scrutinizer will submit his report as soon as possible after the last date of receipt for Postal Ballot but not later than Friday, 24th June, 2011. The Chairman / any Director of the Company shall announce the results of the postal ballot at the Registered Office of the Company at Garden Mills Complex, Sahara Gate, Surat on Saturday, 25th June, 2011 at 4:00 p.m.



POSTAL BALLOT

Notice pursuant to Section 192A (2) of the Companies Act, 1956.

TO THE MEMBERS OF THE COMPANY,

Notice is hereby given, pursuant to Section 192A of the Companies Act, 1956 ['the Act'] read with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 ['the Rules'] that consent of the Shareholders/Members of Garden Silk Mills Limited is sought for the resolutions proposed by way of Postal Ballot and the Board of Directors of the Company ['the Board'] proposes the same for the approval by members.

The Explanatory Statement pursuant to Section 192A (2) and Section 173(2) of the Act stating all material facts and the reasons for the proposed Resolutions is appended hereto for your consideration.

The Board of Directors at its meeting held on 3rd May, 2011 has appointed Mr. Kunjal Dalal, a Practicing Company Secretary of M/s K. Dalal & Co. Surat as Scrutinizer for conducting the voting through Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on accompanying Postal Ballot Form and return the said Postal Ballot Form (no other form or photocopy thereof is permitted) duly completed in all respect, in the enclosed self addressed postage pre-paid envelope so as to reach the Scrutinizer **on or before the close of working hours on Monday, the 20th June, 2011**. Responses received from Members after 20th June, 2011 shall be treated as if no response is received, in terms of Rule 5(f) of the Rules.

The Scrutinizer, after completion of the scrutiny, will submit his report to the Chairman of the Company. The results of the voting by Postal Ballot shall be declared by the Chairman or in his absence by any Director or any officer of the Company authorized by the Chairman on Saturday, 25th June, 2011 at 4:00 P.M. at the Registered Office of the Company at Garden Mills Complex, Sahara Gate, Surat 395010.

The results will also be forwarded to the stock exchanges where the shares of the company are listed and shall also be intimated through a press release in newspapers.

In the event, the proposed Resolutions are approved by the requisite majority of shareholders/members by means of the Postal Ballot, the date of declaration of the result shall be deemed to be date of passing of the said Resolutions.

Shareholders who wish to remain present at the time of announcement of results of Postal Ballot process may do so at the aforesaid venue and appointed time.

By Order of the Board of Directors

Place: Surat
Date: 3rd May, 2011

Kamlesh B. Vyas
Company Secretary

Encl: (1) Resolutions along with explanatory statement.,
(2) Postal Ballot Form and self-addressed postage pre-paid envelope.

PROPOSED RESOLUTIONS:

1. ALTERATION OF OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY.

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution by according assent or dissent thereto.

"RESOLVED THAT pursuant to the provisions of section 17 and other applicable provisions, if any, of the Companies Act, 1956 (including the statutory modifications or re-enactment thereof for the time being in force) and subject to such approvals, permissions and sanctions as may be required,

(A) the Main Objects Clause III(A) (Objects Clause) of the Memorandum of Association of the Company be and is hereby altered as under:

- I. the following new Clause III(A)1 be and is hereby substituted in place of the existing Clause III(A)1
- 1 To carry on the business of manufacturing, cleaning, spinning, bleaching, knitting, dyeing, colouring, weaving, printing, ginning, pressing, processing, purchasing, buying, selling, exchanging, twisting, exporting, importing, job-working, outsourcing, insourcing, marketing, give or take on loan, trading, dealing in all types of chips and yarn, fibres and intermediaries, textiles, fabrics including cotton, grey yarn, flex, hemp, jute, linen, synthetic, art silk, wool, silk, grey cloth/fabric, readymade garments and made-ups, synthetic yarn, rayon yarn, partially oriented yarn, draw textured yarn, polyester filament yarn, polyester staple fibre and such other fibre, fibres and fibrous materials, hosiery and knitted material or allied products, by-products, waste resultants, substances or substitutes for all or any of them, or yarn or yarns, for textile or other use, as may be practicable and to deal with all related products thereto.
- II. the existing Clauses III(A) 2, 3, 4 and 5 be and are hereby deleted.

(B) the Objects incidental or ancillary to the attainment of the Main Objects i.e. Clause III(B) (Ancillary Objects Clause) of the Memorandum of Association of the Company be and is hereby altered by inserting the following two new Clauses III(B)23A and 23B after the existing Ancillary Objects Clause III(B)23:

23A. To carry on the business of setting up power plants for generation, accumulation, transmission, distribution, captive consumption, purchase, supply, sale, transfer of electricity or any other type of power based on hydro, thermal, wind, gas, oil, waste heat and/or any other fuel base & technology, and in particular to construct, lay down, establish all necessary infrastructure relating to power generation / transmission / distribution including all civil and allied works, with or without technical and/or financial collaboration in India and / or abroad.

23B. To buy, sell, invest in, import, export, exchange, procure, participate in auctions, directly or indirectly, and deal with textile and art pieces, coins, epigraph, paintings, sculptures, drawings, works of art, art and artifacts and architecture, work of craftsmanship, antiques, photographs, landscapes, portraits, still life pictures, modern and contemporary art, any article, object or thing detached from a building or cave; any article, object or thing illustrative of science, art, crafts, literature, religion, customs, morals or politics in bygone ages, any article, object or thing of historical interest.

(C) the Other Objects i.e. Clause III(C) of the Memorandum of Association of the Company be and is hereby altered by inserting new clause III (C) 42 as under:

42 To carry on in India or elsewhere the business of real estate, properties, builders, colonizers, contractors, consultants, constructors and brokers of all types of properties, buildings and structures and to develop, erect, install, alter, add, establish, renovate, recondition, protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialize, turn account fabricate, handle and control, all such buildings and structures, and to purchase, sale, or deal in all types of movables or immovable properties for development, investment or for resale to earn rent and to act as buyer, seller, agent, distributor, stockiest, or otherwise and to construct, execute, carry out, equip, maintain, improve, develop and civil and constructional work.

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

2. COMMENCEMENT OF NEW BUSINESS.

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution by according assent or dissent thereto.

"RESOLVED THAT pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 (including the statutory modifications or re-enactment thereof for the time being in force), the Company hereby approves the commencement of the following "Other Object" clause in the Memorandum of Association of the Company:

42. To carry on in India or elsewhere the business of real estate, properties, builders, colonizers, contractors, consultants, constructors and brokers of all types of properties, buildings and structures and to develop, erect, install, alter, add, establish, renovate, recondition, protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialize, turn account fabricate, handle and control, all such buildings and structures, and to purchase, sale, or deal in all types of movables or immovable properties for development, investment or for resale to earn rent and to act as buyer, seller, agent, distributor, stockiest, or otherwise and to construct, execute, carry out, equip, maintain, improve, develop and civil and constructional work.

RESOLVED FURTHER THAT the Directors and the Company Secretary be and are hereby severally authorized to do all such acts, deeds and things as may be necessary, desirable or expedient to give effect to the above resolution."

3. Increase in borrowing limits from Rs.1500 crore to Rs.2000 crore pursuant to Section 293(1)(d) of the Companies Act, 1956

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution by according assent or dissent thereto.

"RESOLVED THAT in supersession of Ordinary Resolution No.11 passed by the members at the 28th Annual General Meeting held on 13th November, 2007 and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including the statutory modifications or re-enactment thereof for the time being in force) [the Act], consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for borrowings from time to time, any sum or sums of monies in any manner as may be required for the purposes of the businesses of the Company, with or without security and upon such terms and conditions as they may deem fit, notwithstanding that, the money or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained time to time from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board and remaining outstanding on account of principle shall not, at any one time, exceed the sum of Rs.2000 crores (Rupees Two Thousand crores)."

4 Creation of further mortgage and/or charge and hypothecation to provide security under Section 293(1)(a) of the Companies Act, 1956

To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution by according assent or dissent thereto.

"RESOLVED THAT in supersession of the Ordinary Resolution passed by the members on 27th November, 2007 in terms of the provisions of Section 192(A) of the Companies Act, 1956 (including the statutory modifications or re-enactment thereof for the time being in force) [the Act] read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, and pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Act, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for creating such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such moveable and immovable properties of the Company wheresoever situate, both present and future, on such terms, at such time, in such form and in such manner as the Board may deem fit together with power to take over the Management of the business and concerns of the Company in certain events in favour of all or any of the Financial/Investment institutions, bank or banks and Trustees for the holders of debentures/bonds/other instruments or securities/ debt instruments which may be issued on private placement basis or otherwise, and other secured lenders (hereinafter referred to as "the Lenders") to secure re-payment of any loans (both, rupee loans and foreign currency loans) and/or any other financial assistance and/or guarantee facilities already obtained or that may hereafter be obtained from any of the Lenders of the Company, and/or to secure redemption of debentures (whether partly / fully convertible or non-convertible) / secured premium notes / bonds / other securities / debt instruments and/or rupee / foreign currency convertible bonds and/or bonds with share warrants attached, already issued or that may hereafter be issued by the Company, together with all interests, compound additional interest, commitment charge, liquidated damages, premium on prepayment or on redemption, trustees' remuneration, costs, charges, expenses and all other monies including revaluation / devaluation / fluctuation in the rates of foreign currencies involved, payable by the Company to the Lenders concerned, in terms of their respective loan agreements / Heads of Agreements / Hypothecation Agreements / Trustees Agreement / Letter of Sanction / Memorandum of Terms and Conditions / Debenture Certificates entered into / to be entered into / issued / to be issued by the Company, provided that the total borrowings of the Company (exclusive of interest) whether by way of loans and/or any other financial assistance and/or guarantee facilities and/or issue of debentures / secured premium notes / other securities / debt instruments to be secured as aforesaid (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) shall not any time exceeds the limit of Rs.2000 crore (Rupees Two Thousand crore).

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgages and/or charges already created or to be created in future by the Company and as may be agreed to between the concerned parties;

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise, settle and execute with any of the Lenders jointly or severally, such documents, instruments and writings for borrowings and creating aforesaid mortgage / charge and to do all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient for implementing the aforesaid Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board to be in the best interest of the Company."

By Order of the Board of Directors

Place: Surat
Date: 3rd May, 2011

Kamlesh B. Vyas
Company Secretary

Explanatory Statement pursuant to Section 192A(2) and Section 173(2) of the Companies Act, 1956

Item No. 1 & 2

The Company was incorporated on 23rd July, 1979 under the name Vareli Weaves Private Limited. The name of the said company was changed to Garden Silk Mills Private Limited pursuant to Section 23(1) of the Companies Act, 1956 on 9th June, 1987. The name of the said company was changed to Garden Silk Mills Limited on 17th July, 1987. The Object Clauses of the Memorandum of Association were as per the business activities carried on by the Company during that period.

It is now proposed to consolidate the main object clauses of the Memorandum of Association of the Company; insert ancillary object clauses to realign the business activities of the Company.

Further, to enable effective utilization of surplus land in the best interest of the Company, it is proposed to insert other objects clause relating to real estate.

Pursuant to the provisions of the Section 17 of the Companies Act, 1956, any amendment/ alteration in the Object Clause of Memorandum of Association requires consent of the Members by way of Special Resolution in general meeting. Hence Special Resolution at Item No. 1 of the accompanying Notice.

Section 149(2A) inter alia requires approval of the members of the Company by way of special resolution for commencing Other Objects. Hence Special Resolution at Item No. 2 of the accompanying Notice seeking members' approval to enable commencement of real estate activities at an appropriate time.

Section 192A(4) of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and Article 113A of Articles of Association of the Company, provides that if a resolution is assented to by a requisite majority of the

shareholders by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

None of the Director of the Company is concerned or interested or deemed to be concerned or interested in the aforesaid resolution except to the extent of shares held by them in the Company.

The Board of Directors of your Company commends the Special Resolutions as set out in the accompanied Notice at item No.1 and 2 for approval of the Members by exercising the vote through the Postal Ballot.

A copy of the Memorandum of Association of the Company with the proposed alterations will be available for inspection at the registered office of the Company during 11.00 A.M. to 4.00 P.M. on all working days till 20th June, 2011.

Item Nos. 3 and 4

The Shareholders of the Company at the 28th Annual General Meeting held on 13th November, 2007 had accorded their consent to the Board of Directors pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to borrow in excess of the aggregate of the Company's Paid-up Capital and Free Reserves subject to a ceiling of Rs.1500 crore.

Further the Shareholders of the Company in terms of the provisions of Section 192(A) of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, approved the proposal and passed an Ordinary Resolution pursuant to Section 293(1)(a) of the Companies Act, 1956 ('the Act') to create such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company in favour of the financial institutions, banks, mutual funds, trusts, etc. to secure the borrowings of the aggregate value not exceeding Rs.1500 crore (Rupees One Thousand Five Hundred crore).

Keeping in view the business operations and the need to augment the long term resources of the Company, to part finance the expansion programmes, as also additional working capital requirement of the Company, it is likely that the Company may be required to borrow further money in one or more tranches from various sources on such terms and conditions as the Board may at its discretion deem fit, by way of private placement with financial institutions, banks, mutual funds and/or other bodies corporate as may be decided by the Board of Directors of the Company, which may exceed the limit conferred upon the Board of Directors.

It is therefore necessary to enhance the present borrowing limit. The Members' approval is therefore being sought by way of an Ordinary Resolution in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956 at item No.3 of the accompanying Notice. Even with the proposed borrowing, the debt equity ratio of the Company will be within a reasonable limit.

The proposed borrowings of the Company may, if necessary, be secured by way charge / mortgage/ hypothecation on the Company's assets / properties of the Company, both present and future, in favour of the secured lenders / trustees for the holders of the securities / debt instruments.

The present long term borrowings from financial institution and banks are secured by first mortgage on pari passu basis on all immovable properties (except those specifically excluded by lenders) both present and future and first charge by way of hypothecation of all movables (except book debts) both present and future subject to prior charges created/to be created in favour of Bankers for working capital borrowings.

As the documents to be executed between the secured lenders / trustees for the holders of the securities/debt instruments for the creation of such charges / mortgages / hypothecations from time to time to secure additional borrowings, may be regarded as disposal of the Company's properties / undertaking, with a power to take over the management of business and concern of the Company in certain events, consent of the shareholders of the Company is sought by way of an Ordinary Resolution in terms of the provisions of Section 293(1)(a) of the Companies Act, 1956 at item No.4 of the accompanying Notice.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

The Board of Directors of your Company commends the ordinary Resolutions as set out in the accompanied Notice at item No.3 and 4 for approval of the Members by exercising the vote through the Postal Ballot.

By Order of the Board of Directors

Place: Surat
Date: 3rd May, 2011

Kamlesh B. Vyas
Company Secretary