

NOTICE

NOTICE is hereby given that the **40TH ANNUAL GENERAL MEETING** of the members of Garden Silk Mills Limited will be held on **Wednesday, 25th September, 2019 at 11:00 a.m.** at the registered office of the Company at Tulsī Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019 and the Reports of Board of Directors and the Auditors' thereon.
- 2 To appoint a Director in place of Shri Suhail P. Shah (DIN: 00719002), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3 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 pursuant to the recommendation of the Nomination and Remuneration Committee, and subject to other requisite approval as required under the applicable provisions of the Companies Act 2013 and rules made thereunder, consent of the members of the Company be and is hereby accorded for re-appointment and payment of remuneration to 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, 2019, 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 and power 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 from time to time, the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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 in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Praful A. Shah, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, by making requisite compliances prescribed in the said schedule.

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), severally and jointly, 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 the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

4 Re-appointment of Shri Alok P. Shah as Wholetime Director designated as Executive Director, Chief Financial Officer (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 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 pursuant to the recommendation of the Nomination and Remuneration Committee, and subject

to other requisite approval as required under the applicable provisions of Companies Act, 2013 and rules made thereunder, consent of the members of the Company be and is hereby accorded for re-appointment and payment of remuneration to Shri Alok P. Shah (DIN: 00218180) as Wholetime Director designed at 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, 2019, 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 and power 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 from time to time, the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

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 in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Alok P. Shah, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, by making requisite compliances prescribed in the said schedule.

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), severally and jointly, 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 the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit."

5 **Ratification of Remuneration of Cost Auditors for the financial year ending 31 March 2020**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s Smit Desai & Associates, Cost Accountants, (Firm Registration Number 001876), appointed by the Board of Directors of the Company, on the recommendation of Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020, be paid the 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 (including Committee(s) of the Board), and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Notes:

1. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013 ('the Act') in respect of the Special Business under Item Nos.3 to 5 of the accompanying Notice is annexed hereto. Notes given in the Notice to the extent applicable also forms part of explanatory statement
2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company.**

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. 11.00 a.m. on Wednesday, 25th September, 2019. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away by Companies Amendment Act, 2017 vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of the appointment of Auditors, who were appointed in the Annual General Meeting held on 20th September, 2017.
4. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 20th September, 2019 to Wednesday, 25th September, 2019 (both days inclusive).
6. 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.
7. A brief resume of each of the Directors proposed to be re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanship of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standards – 2 on General Meetings, are provided in **Annexure 1** and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
8. Corporate members are required to send a certified true copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representatives to attend and vote on their behalf at the Meeting.
9. Members, Proxies and Authorised Representatives are requested to bring to the Meeting, the Attendance Slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No. Duplicate Attendance Slip or copies of the Report and Accounts will not be made available at the Annual General Meeting ('AGM') venue.
10. Relevant documents referred to in the accompanying Notice and the Explanatory Statement, are open for inspection by the members at the Registered Office of the Company during normal business hours on all working days except Saturday up to the date of this AGM and also at the AGM.
11. Members are requested to intimate changes, if any, pertaining to their names, postal address, email address, telephone / mobile numbers, Permanent Account No. (PAN) mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account numbers, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent, M/s Karvy Fintech Private Limited (KARVY) in case the shares are held by them in physical form.
12. 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 PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company/Registrar & Transfer Agent of the Company / Company.
13. All correspondence including share transfer documents should be addressed to the Registrar & Share Transfer Agent of the Company viz. Karvy Fintech 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).
14. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, Electronic copy of the Notice of the 40th AGM as well as Annual Report of the Company for the financial year 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depositories, unless any Members has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2018-19 is also be available on the Company's website viz. www.gardenvareli.com.
15. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Transfer Agent for assistance in this regard.

16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar and Transfer Agent, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
17. Members desirous of obtaining any information concerning account and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the AGM.
18. To support the “Green Initiative”, Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Registrars and Transfer Agent in case the shares are held by them in physical form, for receiving all communications from the Company electronically.
19. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company’s Registrar and Transfer Agents. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participants.
20. Pursuant to provisions of Sections 205A(5) and 205C of the Companies Act, 1956, all unclaimed and unpaid dividends for the financial year from 1994-95 to 2010-11 has been transferred to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 18th September, 2018 (date of the previous Annual General Meeting) on the website of the Company www.gardenvareli.com. The same details have also been uploaded on the website of the IEPF Authority and same can be accessed through the link: www.iepf.gov.in.

21. As per Section 124(C) of the Act and the requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2018-19, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer to an IEPF Demat Account.
22. In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Karvy, RTA along with the requisite documents enumerated in the Form IEPF-5.
23. A route map showing directions to the venue of the 40th AGM is given at the end of this Notice as per the requirements of the Secretarial Standards-2 on “General Meetings”.

24. **Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members the facility to cast their vote by electronic means through the remote e-voting platform provided by Karvy Fintech Private Limited (Karvy) on all resolutions set out in this Notice. Resolutions passed by the members through ballot papers or e-voting is / are deemed to have been passed as is they have been passed at the AGM.

25. A separate section containing the complete details of the instructions for e-voting forms part of this notice.

Registered Office:

Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road,
Dumbhal, Surat 395010.

By Order of the Board of Directors
For Garden Silk Mills Limited
Kamlesh B. Vyas
Company Secretary & Compliance Officer

Place: Mumbai

Date: 30th May, 2019

ANNEXURE TO THE NOTICE

Explanatory Statement

As required under Section 102(1) of the Companies Act, 2013 ("the Act"), the following explanatory statement set out all material facts relating to business mentioned under Item No.3, 4 and 5 of the accompanying Notice:

Item No.3

At the 37th Annual General Meeting of the Company held on 14th September, 2016, the shareholders of the Company had approved the reappointment of Shri Praful A. Shah as Chairman and Managing Director of the Company for a period of three years with effect from 1st September, 2016, 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 2019. As per the provisions of the Act, Wholetime Director or Managing Director may be re-appointed not later than one year before the end of expiry of his term.

As per section 197 of the Act, in case a company has no profits or inadequate profit, the Company shall pay remuneration to managerial personnel in the manner as prescribed under Schedule V of the Act with the approval of member by passing Ordinary or Special Resolution as the case may be. Further, if the Company has defaulted in payment of dues to any bank or public financial institution, prior approval of the bank or public financial institution concerned or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval of members in the general meeting.

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 4th February, 2019 has, subject to the approval of lenders and members, re-appointed Shri Praful A. Shah as Wholetime 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, 2019 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013.

It is therefore proposed to seek the members' approval for the above re-appointment 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 ₹ 10,00,000/- per month.**
- 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 100% 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 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 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 and the functions of the Wholetime Director will be under the overall authority of the Managing Director.

(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.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration shall be placed for the approval of the Shareholders in the Annual General Meeting.

The Company has written to Bank of Baroda (lead banker of consortium of lenders / lender) seeking their approval for payment of remuneration to Shri Praful A. Shah as required under section 197(1) read with Schedule V of the Act. The approval from lender is expected to be received on or before the date of Annual General Meeting.

The aggregate remuneration payable to Shri Praful A. Shah shall be upto ₹ 240 Lacs per annum for the tenure of 3 years with effect from 1st September, 2019, subject to the approval of lenders and shareholders as per the provisions of the Act.

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 draft agreement between the Company and Shri Praful A. Shah is available for inspection by the Members of the Company at its Registered Office of the Company on all working days except Sunday and public holiday, between 10:00 hours and 12:00 hours up to the date of meeting.

Brief profile of Shri Praful A. Shah and information in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of re-appointment of Shri Praful A. Shah is mentioned in the annexure which forms part of this notice.

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.

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.

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 the resolution set out at Item No.3 of the Notice.

The Board of Directors recommends resolution set out at item No.3 of the Notice for the approval of members as a Special Resolution.

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

(1) 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.

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

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 commercial production in the year 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 as the Company is an existing Company.

(4) Financial performance based on given indicators – for the year ended 31st March 2019

	(₹ in Crore)
Total Revenue (Net)	3480.73
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	190.63
Less: Finance Costs	204.10
Profit/(Loss) before Depreciation and Tax	(13.47)
Depreciation and Amortization	(72.84)
Profit/(Loss) before exceptional items	(86.31)
Exceptional items	3.46
Profit/(Loss) after Tax	(89.77)

(5) **Export performance and net foreign exchange collaborations:**

	(₹ In crore)
Income from Export Sales – 2018-19	1094.80
Net Foreign Exchange collaborations	NIL

(6) **Foreign Investments and collaboration, if any:**

The Company has neither made any foreign investments nor entered into any collaboration during the last financial year.

II Information about Shri Praful A. Shah

(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 Limited 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:** ₹ 239.59 Lacs for the year 2018-19

The said remuneration is excluding of Provident Fund and Superannuation. The remuneration has been paid in compliance with the Companies Act, 2013.

(c) **Recognition and 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 4th February, 2019 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, 2019 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 Praful A. Shah as Chairman & Managing Director of the Company for a period of 3 years with effect from 1st September 2019 has been fully set out in the Special Resolution at item No.3.

(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, knowledge, skills and responsibilities shouldered by Shri Praful A. Shah, the remuneration paid and proposed is commensurate with the remuneration packages paid to their similar counterparts in other Companies.

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

Besides the remuneration proposed, Shri Praful A. Shah does not have any pecuniary relationship with the Company. Shri Alok P. Shah, Executive Director and CFO and Shri Suhail P. Shah, Executive Director are son of Shri Praful A. Shah.

Shri Praful A. Shah belongs to the Promoter Group and holds 2789190 equity shares in the share capital of the Company.

III Other Information

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

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:**

The Company has embarked on a series of operational measures i.e. expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premier producer and wider distribution network for its products are also expected to enable the Company to position itself during adversities. The Company has also planned to address the issue of productivity and improve operating margin by further reducing the costs.

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

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.

It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

IV Disclosures:

- (a) Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.
- (b) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2018-19: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report.

Item No.4

At the 37th Annual General Meeting of the Company held on 14th September, 2016, the shareholders of the Company had approved the appointment of Shri Alok P. Shah as Wholetime Director designated as Executive Director, Chief Financial Officer (CFO) and Chief Operating Officer (COO) of the Company for a period of three years with effect from 1st June, 2016, 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 Alok P. Shah as Wholetime Director designated as Executive Director, CFO and COO is ending on 31 May 2019. As per the provisions of the Act, Wholetime Director or Managing Director may be re-appointed not later than one year before the end of expiry of his term.

As per section 197 of the Act, in case a company has no profits or inadequate profit, the Company shall pay remuneration to managerial personnel in the manner as prescribed under Schedule V of the Act with the approval of member by passing Ordinary or Special Resolution as the case may be. Further, if the Company has defaulted in payment of dues to any bank or public financial institution, prior approval of the bank or public financial institution concerned or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval of members in the general meeting.

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 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 4th February, 2019 has, subject to the approval of members, appointed Shri Alok P. Shah as Wholetime 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, 2019 up to 31st May, 2022 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013.

It is therefore proposed to seek the members' approval for the aforesaid re-appointment 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: Upto ₹ 10,00,000/- per month.

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 100% 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 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 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) **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 Wholetime 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.

Further, pursuant to the provisions of Sections 117(3), 197, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration shall be placed for the approval of the Shareholders in the Annual General Meeting.

The Company has written to Bank of Baroda (lead banker of consortium of lenders / lender) seeking their approval for payment of remuneration to Shri Alok P. Shah as required under section 197(1) read with Schedule V of the Act. The approval from lender is expected to be received on or before the date of Annual General Meeting.

The aggregate remuneration payable to Shri Alok P. Shah shall be upto ₹ 240 Lacs per annum for the tenure of 3 years with effect from 1st June, 2019, subject to the approval of lenders and shareholders as per the provisions of the Act.

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 draft agreement between the Company and Shri Alok P. Shah is available for inspection by the Members of the Company at its Registered Office of the Company on all working days except Sunday and public holiday, between 10:00 hours and 12:00 hours up to the date of meeting.

Brief profile of Shri Alok P. Shah and information in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of re-appointment of Shri Alok P. Shah is mentioned in the annexure which forms part of this notice.

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.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Alok P. Shah under Section 190 of the Act.

Except Shri Alok P. Shah, Shri Praful A. Shah, Shri Suhail 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 the resolution set out at Item No.4 of the Notice.

The Board of Directors recommends resolution set out at item No.4 of the Notice for the approval of members as a Special Resolution.

Annexure B 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 Alok P. Shah as Wholetime Director designated as Executive Director, CFO and COO.

I General Information

(1) 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.

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

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 commercial production in the year 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 as the Company is an existing Company.

(4) Financial performance based on given indicators – for the year ended 31st March 2019

	(₹ in Crore)
Total Revenue (Net)	3480.73
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	190.63
Less: Finance Costs	204.10
Profit/(Loss) before Depreciation and Tax	(13.47)
Depreciation and Amortization	(72.84)
Profit/(Loss) before exceptional items	(86.31)
Exceptional items	3.46
Profit/(Loss) after Tax	(89.77)

(5) Export performance and net foreign exchange collaborations:

	(₹ in Crore)
Income from Export Sales – 2018-19	1094.80
Net Foreign Exchange collaborations	NIL

(6) Foreign Investments and collaboration, if any:

The Company has neither made any foreign investments nor entered into any collaboration during the last financial year.

II Information about Shri Alok P. Shah

(a) Background details

Shri Alok P. Shah is an Electrical Engineer from Stanford University, USA. He has an 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: ₹ 239.59 Lacs for the year 2018-19

The said remuneration is excluding of Provident Fund and Superannuation. The remuneration has been paid in compliance with the Companies Act, 2013.

(c) **Recognition and 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 Executive Director, Chief Financial Officer (CFO) and Chief Operating Officer (COO).

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 4th February, 2019 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, 2019 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 Alok P. Shah as Wholetime Director designated as Executive Director, CFO and COO of the Company for a period of 3 years with effect from 1st June 2019 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, knowledge, skills and responsibilities shouldered by Shri Alok P. Shah, the remuneration paid and proposed is commensurate with the remuneration packages paid to their similar counterparts in other Companies.

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

Besides the remuneration proposed, Shri Alok P. Shah does not have any pecuniary relationship with the Company. Shri Alok P. Shah, Executive Director and CFO and Shri Suhail P. Shah, Executive Director are sons of Shri Praful A. Shah.

Shri Praful A. Shah belongs to the Promoter Group and holds 754671 equity shares in the share capital of the Company.

III Other Information

(a) Reasons for inadequacy of profits

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:

The Company has embarked on a series of operational measures i.e. expected to result in the improvement in the present position. The inherent strengths of the Company, especially its reputation as a premier producer and wider distribution network for its products are also expected to enable the Company to position itself during adversities. The Company has also planned to address the issue of productivity and improve operating margin by further reducing the costs.

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

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.

It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

IV Disclosures:

- (a) Remuneration package of the managerial person: Fully described in the explanatory statement as stated above.
- (b) Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2018-19: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report.

Item No.5:

The Board of Directors at its Meeting held on 30th May, 2019, upon the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding ₹ 2,00,000/- (Rupees Two Lacs only), plus applicable taxes and reimbursement of out of pocket expenses, for the financial year ending 31st March, 2020 payable to the Cost Auditor M/s. Smit Desai & 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 read with Rule 14 of the Companies (Audit and Auditors), Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors 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 Auditor for the financial year ending 31st March, 2020.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item No.5 of this Notice.

The Board recommends the Ordinary Resolution set out at item No.5 of this Notice for approval by the members.

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1-2-5 of Secretarial Standards-2 on General Meetings)

Name of the Director	Shri Suhail P. Shah	Shri Alok P. Shah	Shri Praful A. Shah
Director Identification Number	00719002	00218180	00218143
Date of Birth	01/09/1974	11/09/1970	14/12/1938
Nationality	Indian	Indian	Indian
Brief Resume – Age and Qualification	45 years Ph.D. Theoretical Physical Chemistry M.S. Physical Chemistry A.B. Chemistry and Physics	49 years Graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA.	81 years Graduate in Mechanical Engineering from Michigan and post-graduated in Mechanical Engineering from Stanford University, USA.
Date of first appointment on the board	30/10/2006	19/10/2001	23/07/1979
Expertise in Specific Functional Areas	To his credit various research accomplishments, computational skills and research operations of more than 15 years	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.	Industrialist having rich business experience of more than four decades.
Directorship held in other Public Limited Companies	Bijlee Textiles Ltd. Palomar Textiles Ltd. Prabhat Silk Mills Ltd. Rosekamal Textile Ltd. Vareli Trading Company Ltd.	Bijlee Textiles Ltd. Palomar Textiles Ltd. Prabhat Silk Mills Ltd. Rosekamal Textile Ltd. Vareli Trading Company Ltd.	Bijlee Textiles Ltd. Palomar Textiles Ltd. Prabhat Silk Mills Ltd. Rosekamal Textile Ltd. Vareli Trading Company Ltd.
Memberships/ Chairmanships of committees across public companies (include only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil	Nil
No. of shares held in the Company	496685	754671	2789190
Disclosure of relationship	Shri Suhail P. Shah is related to Shri Praful A. Shah and Shri Alok 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.	Shri Praful A. Shah is related to Shri Alok P. Shah and Shri Suhail P. Shah, Directors of the Company.

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel, in respect of above director, please refer to the corporate governance report which is a part of this Annual Report.

INSTRUCTIONS FOR REMOTE E-VOTING

The instructions for shareholders voting electronically are as under:

- I. The remote e-voting period commences on Saturday, 21st September, 2019 (10.00 a.m. IST) and ends on Tuesday, 24th September, 2019 (5.00 p.m. IST). During this period, Members holding shares either in physical form or dematerialised form, as on Thursday, 19th September, 2019 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast the vote again.
- II. **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. User ID and initial password as provided above.
 - ii. Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
 - III. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

Other instructions

1. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, Thursday, 19th September, 2019. 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, 19th September, 2019 only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through poll paper.
2. The facility for voting through ballot paper shall also be made available at the AGM and the Members attending the AGM, who have not already cast their votes by remote e-voting, may exercise their rights to vote at the AGM.
3. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
4. Any person, who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Thursday, 19th September, 2019, may obtain the User ID / login ID and password by sending a request at evoting@karvy.com or to Ms. Shobha Anand, Contact No. 040-67162222, at [Unit: Garden Silk Mills Limited] Karvy Fintech Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. However, if he/she is already registered with KARVY for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
5. The Board of Directors has appointed Shri Kunjal Dalal (Membership No.FCS 3530 CP No.3863), Proprietor of K. Dalal & Co., Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
6. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
7. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.gardenvareli.com within 48 hours of conclusion of the 40th AGM of the Company. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited where the shares of the Company are listed. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the 40th Annual General Meeting i.e. 25th September, 2019.

Registered Office:

Tulsi Krupa Arcade, 1st Floor,
Puna-Kumbharia Road,
Dumbhal, Surat 395010.

By Order of the Board of Directors
For Garden Silk Mills Limited
Kamlesh B. Vyas
Company Secretary & Compliance Officer

Place: Mumbai

Date: 30th May, 2019

Garden Silk Mills Limited

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010.
CIN: L17111GJ1979PLC003463; **Website:** www.gardenvareli.com
Tel.No. (0261) 2311197 / 2311615 **Fax No. :** (0261) 2311029

40TH ANNUAL GENERAL MEETING Wednesday, 25th September, 2019

ATTENDANCE SLIP

(Please fill attendance slip and hand it over at the entrance of the meeting hall)

DP ID *	
Client ID *	

Folio No.	
No. of Shares held	

Name and address of the Shareholder:

I hereby record my presence at the **40th Annual General Meeting** of the members of the Company held on **Wednesday, 25th September, 2019 at 11 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

Signature of Shareholder/Proxy

* Applicable for the member(s) holding shares in electronic Form.

Garden Silk Mills Limited

Regd. Office: Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010.
CIN: L17111GJ1979PLC003463; **Website:** www.gardenvareli.com
Tel.No. (0261) 2311197 / 2311615 **Fax No. :** (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			
Folio No./*Client ID		* DP ID	
No. of shares held			

*Applicable for the Members holding shares in Electronic Form.

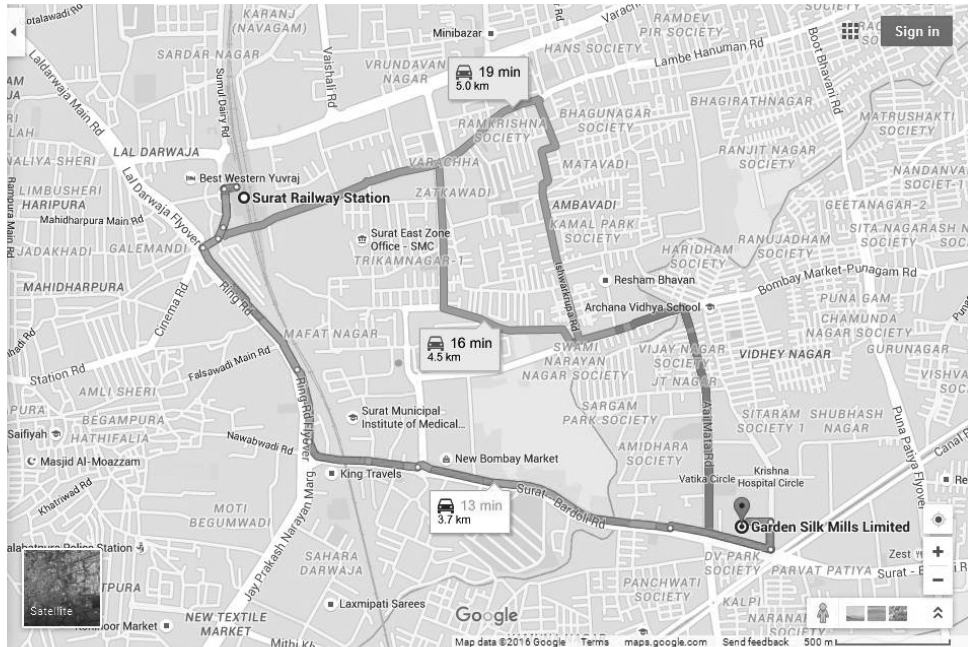
I/We, being the member(s) holding shares of **Garden Silk Mills Limited**, hereby appoint

1. of having e-mail ID-..... or failing him
2. of having e-mail ID-..... or failing him
3. of having e-mail ID-.....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **40th Annual General Meeting** of the members of the Company, to be held on **Wednesday, 25th September, 2019 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 below:

** I wish my above proxy to vote in the manner as indicated in the box below:

**ROUTE MAP TO THE VENUE OF 40TH ANNUAL GENERAL MEETING OF GARDEN SILK MILLS LIMITED
Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010**



Resolutions No.	Resolutions	For	Against
	Ordinary business		
1	Consideration and adoption of Audited Financial Statement for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.		
2	Appointment of Shri Suhail P. Shah (DIN: 00719002) a Director retiring by rotation.		
	Special business		
3	Re-appointment of Shri Praful A. Shah (DIN: 00218143) as Chairman & Managing Director of the Company		
4	Re-appointment of Shri Alok P. shah (DIN: 00218180) as Executive Director, CFO & COO of the Company		
5	Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2020.		

Signed this day of, 2019. Signature of the Shareholder: _____

Signature of First Proxy holder(s): _____ Signature of Second Proxy holder(s): _____

Affix a
Revenue
Stamp

Notes:

- This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- A proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.
- A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% 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 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.** This is only optional. Please 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.
- Appointing a proxy does not prevent member from attending the meeting in person if he / she so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

