



SURAT TEXTILE MILLS LIMITED

ANNUAL REPORT
2012-2013

Company Information

Board of Directors

Mr. Sanjay S. Shah	Managing Director
Mr. M. R. Momaya	Non-Executive Director
Mr. Y. C. Papaiya	Non-Executive Director
Mr. Harish Bharucha	Non-Executive Director

Company Secretary

Mr. Jigar K. Vyas

Registered Office

Garden Mills' Complex,
Sahara Gate,
Surat 395 010.

Statutory Auditors

Messrs Natvarlal Vepari & Co.,
Chartered Accountants, Surat.

Cost Auditors

P. M. Nanabhoy & Co.,
Cost Accountants, Mumbai.

Bankers

Bank of Baroda

Registrars & Share Transfer Agents

Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad 500 081
Tel. No. 040-23420815 to 24
Fax No. 040-23420814
e-mail: einward.ris@karvy.com
http:// www.karvy.com

Manufacturing Facilities

Vareli Complex,
Village Vareli , Taluka Palsana,
Dist. Surat 394327
Tel: (02622) 271241-47

Village Jolwa, Taluka Palsana,
Dist. Surat 394 305
Tel: (02622) 271287-89

Survey No.285, Village Khadoli,
Silvassa-Khanvel Road,
Silvassa (DNH).
Tel. No.(0260) 2699009

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(“Surat Textile Mills Limited” formerly known as “Garden Cottons & Yarns Ltd.”)

**67th Annual General Meeting on Monday, 24th June, 2013 at 11.00 a.m. at the
Registered Office of the company.**

NOTICE

NOTICE is hereby given that the Sixty-seventh Annual General Meeting of the Members of **SURAT TEXTILE MILLS LIMITED** will be held on **Monday, 24th June, 2013 at 11.00 a.m.** at the Registered Office of the Company at Garden Mills' Complex, Sahara Gate, Surat 395010, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013 and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. M. R. Momaya, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

Jigar K. Vyas
Company Secretary

Surat, 3rd May, 2013.

Notes:

1. A member entitled to attend and vote at the Sixty-seventh Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote instead of himself –herself and the proxy need not be a Member of the Company.
2. The instrument appointing a proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18th June, 2013 to Monday, 24th June, 2013 (both days inclusive).
4. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Share Transfer Agent M/s Karvy Computershare Private Limited, for consolidation into a single folio.
5. The unclaimed dividend upto the financial year ended March 31, 1995 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders, who have so far not claimed their dividend for the financial year ended 31st March, 1995 may claim their dividend from the Registrar of Companies – Gujarat by submitting an application in the prescribed form.
6. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, unclaimed dividend for the financial year 1995-96 have been transferred to the Investor Education and Protection Fund (the IEPF) established by the Central Government. The Company did not declare any dividends on equity shares for the financial years 1996-97 and onwards. Please note that once the unclaimed dividend is transferred to the aforesaid Fund of the Central Government, no claim shall lie in respect thereof.
7. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company / Registrars and Transfer Agent, M/s. Karvy Computershare Private Limited
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding share in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s Karvy Computershare Private Limited.
10. Non-Resident Indian Members are requested to inform to the Registrars and Transfer Agents of the Company, M/s Karvy Computershare Private Limited of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
11. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.
12. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form-2B, prescribed by the Government for the purpose, can be obtained from the Share Department or the Share Transfer Agent of the Company.
13. As a part of Green Initiatives in the Corporate Governance, The Ministry of Corporate Affairs vide its Circular Nos.17 & 18 dated April 21, 2011 and April 29, 2011 respectively, clarified that a company would have complied with Section 53 of the Companies Act, 1956, if the service of the document has been made through electronic mode, provided the company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the company.

Accordingly, the members are requested to intimate their e-mail address to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited to their dedicated E-mail I.D. i.e., "stm.cs@karvy.com" and to the DP in respect of shares held in physical mode and demat mode respectively, in case the members wish to avail the aforesaid facility.
14. Disclosure pursuant to Clause 49 IV G (i) of the Listing Agreement relating to the Directors seeking reappointment / appointment at the meeting is attached hereto.
15. The Annual Report of the Company for the year 2012-13, circulated to the Members of the Company is available on the Company's website www.surattextilemillsLtd.com

NOTICE (Contd.)

16. The Ministry of Corporate Affairs, (MCA) Government of India, through its Circular Nos.17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011, respectively, has allowed companies to send documents viz. Notices of meetings, Annual Report and other shareholder communication to their shareholders electronically as part of its Green Initiatives in corporate governance.

The Company supports the measures in the Green Initiative. Members are also requested to join the Company in this initiative by registering their Email ID with the Company or its RTA.

By Order of the Board
Jigar K. Vyas
Company Secretary

Surat, 3rd May, 2013.

Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr. M. R. Momaya
Date of Birth	19.03.1932
Date of Appointment on the Board	23.10.2000
Qualifications	Engineer
Expertise in functional areas	He was associated with one of the most reputed textile Company of Surat for about 36 years. He is presently rendering his services as Consultant Engineer
Directorship held in other companies	1. Como Textiles Private Ltd. 2. Amalfi Textiles Private Ltd. 3. Sorrento Textiles Private Ltd. 4. Porus Textiles & Trading Pvt. Ltd.
Chairmanships / Memberships of Committee	Nil
No. of shares held in the Company	Nil
Relationship between directors Inter-se	Nil

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors present the Sixty-seventh Annual Report together with the audited accounts of the Company for the year ended 31st March 2013.

Financial Results

	(₹ in Lacs)	
	2012-13	2011-12
Revenue from Operations (Net)	21776.61	18841.79
Other Income	416.59	2896.21
Profit before interest, depreciation and tax	1511.57	3190.92
Finance Costs	22.86	285.36
Profit before Depreciation and Tax	1488.71	2905.56
Depreciation	148.60	154.54
Profit before Tax	1340.11	2751.02
Provision for Tax	582.89	772.99
Profit for the year	757.22	1978.03

Dividend

In order to strengthen the reserves of the Company, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2012-13.

Overview and Review of Operations

Overall, the year was extremely challenging for your Company. In a challenging environment your Company has delivered broad-based competitive growth and margin improvement.

Your Company achieved a gross turnover of ₹242.57 crores as compared to ₹207.62 crores in the previous year, an increase of about 17%. The sale of Polyester Chips increased by 28% at ₹156.76 Crore as compared to ₹122.59 Crore during the previous year. The sale of Yarn (including spun yarn) for the year 2012-13 was lower at ₹72.57 Crore as compared to ₹83.81 Crore in the previous year, primarily due to lower demand growth and competitive pressure. Earnings before interest tax and depreciation (excluding other income) was higher at ₹10.95 crore as against 2.95 crore in the previous year.

In quantity terms, the sale of chips was higher at 15159 MT as compared to 13227 MT in the previous year. The total sale of yarn was lower at 4434 MT as compared to 5906 MT in the previous year.

Your Company achieved higher production of chips during the year at 18304 MT as compared to 15653 MT achieved in the previous year. The production of PFY during the year was lower at 4322 MT as compared to 5884 MT achieved in the previous year. The lower production was primarily on account of subdued market conditions, demand recession and price fluctuations in raw materials during the year.

During the year under review your Company discontinued the manufacturing activity at its Silvassa plant which had become unviable due to competitive market conditions and the prevailing circumstances. Consequent to the closure of business operations at the said location, the Company has disposed off the fixed assets of the said division.

Your Company also sold part of its property under development held under stock in trade which contributed to the Operating Income of the Company.

Apart from investing surplus funds in business the Company continued to pursue related business opportunities during the year, by building up its stock in trade of art and artifacts and actively pursuing its construction business activity.

Overview of Economy

The growth in GDP during 2012-13 is estimated at 5% as compared to a growth rate of 6.25% in 2011-12. According to Central Statistical Organization (CSO). In 2002-03, the GDP had grown at 4% since then the Indian Economy has been expanding at over 6%, the highest rate being 9.6% in 2006-07.

Manufacturing growth in 2012-13 is also expected to drop to 1.9% in this fiscal, from 2.7% last year.

The Indian economy is expected to rebound in 2014, boosted by lower inflation and interest rate cuts from the Reserve Bank of India. Some temporary factors like easing commodity prices are helping inflation to decline.

The Indian economy is approaching an inflation point, with GDP growth having bottomed out and corporate earnings having stabilized, it is expected that economic momentum and earnings will improve from current levels.

Industry Scenario

The year was characterized by global slowdown, weak retail demand at home, rising input cost coupled with lower growth in industrial production continuing high rate of inflation and depreciation of the rupee.

The growth in sales / earning was primarily driven by higher volume and price realization during the year. Margins came under pressure due to excess supply and slower domestic demand growth.

There was an overall drop in PTA and MEG prices declined by 9% and 10% respectively. The global textile industry faced subdued demand during the past year due to volatile economic situations in the US and Europe and geo-political disturbances in Africa and the Middle East regions.

Prices of Polyester products declined during the year as buyers turned cautious given the slow downstream demand and opted to cut losses by controlling inventory.

During FY 2012-13, the downstream polyester demand remained depressed, amidst subdued global markets due to high polyester inventories, lower margins and steep decline in the feed stock prices.

The prices of MEG and PTA went down in first quarter. Despite of capacity additions in fibre and filament and no new PTA and MEG capacities, prices did not show much improvement. The average price of PTA and MEG were of US\$ 1098 and US\$ 1043 due to lower demand.

Opportunities, Threats and Challenges

Large fluctuations in crude oil prices and the consequent impact on raw material and polyester prices hurt growth. Large volatility in the international markets especially on the downside will have adverse temporary effects on the polyester industry.

Capacity additions by new and existing players may have a temporary effect on your Company's margins.

The substantial expansion in production capacity of PFY by the major producers and with the rationalization of import duty structure, the PFY prices are expected to remain under pressure.

The Company perceives threat from imports and consequent pressure on domestic prices, apart from the increase in cost of raw materials and other inputs due to spurt in crude oil prices.

The Company is facing challenge in terms of higher production cost due to high power cost and other inputs. It is expected that with the better working capital management, the Company would be able to generate better cash flows.

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

A sluggish downstream demand could impact the Company's business. Inconsistent raw material supply and price volatility could impact production.

Business Outlook

We expect your company will outperform the industry in terms of sales and profit growth over the medium term. In our opinion in the absence of a severe slowdown in the economy, the sluggishness would be temporary, especially for the POY industry, for which the global economic forecast for the next couple of years is healthy.

Witnessing the increased consumer need for polyester a number of players are expanding / increasing polyester polymer and yarn capacity market. While utilization rates in the industry may temporarily fall as a consequence, your Company is confident of maintaining healthy operating rates owing to its special position in the market.

The introduction of GST should see a level playing field between your Company and other companies who are tax-exempt. This should further improve margins for your Company other things being same.

While there are near-term concerns around slowing market growth and inflationary pressures on consumers, we are confident of the medium-to-long term growth prospects of textile sector and remain focused on delivering consistent and competitive growth with sustainable operating margin improvement.

At the operating level, despite competitive business environment and sluggish demand growth, your Company posted better performance. The pricing and demand scenario is expected to remain muted in the near term and may result in pressure on the margins.

Internal Control

Your Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of Company's financial and non-financial resources. Regular internal audit and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

Risk Management

Your Company is exposed to the risk of price fluctuation on major raw materials – PTA and MEG. While in regular course of business price fluctuations are passed on to the customers, sudden price reductions can result in freezing up of sales and consequent inventory losses.

The Company mitigates the impact of price risk on finished goods with Company's strong reputation for quality, product differentiation and service to the customers with better marketing network. Capacity additions by new and existing players may have a temporary effect on your Company's margins.

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk, compliance risks and people risks.

The Company is exposed to risks attached to various statutes and regulations including the Competition Act, 2002. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

Health, Safety and Environmental Measures

The Company continues to focus on maintenance and performance improvement of related pollution control facilities like effluent treatment plant and waste disposal facility at its manufacturing locations. The Company recognizes protection and management of environment as one of its highest priorities and every effort is made to conserve and protect the environment.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statement" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results might differ materially from those either expressed or implied.

Directorate

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri M. R. Momaya, Director, retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Fixed Deposits

The Company has not accepted or renewed any deposits during the year. There are no outstanding and overdue deposits as at 31st March, 2013.

Energy, Technology and Foreign Exchange

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required, to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 is annexed herewith and forms part of this report.

Human Resources and Industrial Relations

Your Company recognizes human resources as the backbone of its long term success. Your Company maintains a cordial relationship with its employees. It emphasis on safe work practices and productivity improvement is unrelenting.

Your Company also associates itself with several social causes and empowers its employees to contribute to the society and carries out regular CSR activities reaching out to the less privileged.

Particulars of Employees

None of the employees of the Company are in receipt of remuneration prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Insurance

The properties and insurable assets and interests of your Company, like building, plant and machinery and stocks, among others, are adequately insured.

Auditors

Messrs Natvarlal Vepari & Co., Chartered Accountants, the Statutory Auditors of the Company shall retire at the conclusion of forthcoming Annual General Meeting, and have confirmed their eligibility for re-appointment in accordance with Section 224(1B) of the Companies Act, 1956. The Board proposes the re-appointment of Messrs Natvarlal Vepari & Co., Chartered Accountants, Surat, as Statutory Auditors of your Company based on the recommendation of the Audit Committee, to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Resolution seeking your approval on the item is included in the Notice convening the Annual General Meeting.

The observation made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Cost Auditors

In terms of the provisions of Section 233B of the Companies Act, 1956, the Board of Directors of your Company have on the recommendation of the Audit Committee, appointed M/s P.M. Nanabhoy & Co., Cost Accountant as Cost Auditors, Mumbai to conduct the cost audit of your

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Company for the financial year ending 31st March, 2014, subject the approval of the Central Government.

The Audit Committee has received a certificate from the cost auditors, certifying their independence and arm's length relationship with your Company. In accordance with the Cost Audit (Report) Rules, 2001, the report was filed on 31.12.2012 vide SRN No. S19715051 with Ministry of Corporate Affairs, New Delhi.

Cash Flow Analysis

The Cash Flow Statement for the year under reference in terms of clause 32 of the Listing Agreement with the stock exchanges forms part of the Annual Report.

Directors' responsibility statement:

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) such accounting policies have been selected and applied consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2013 and of the profits of the Company for that period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding of the assets of

the Company and for preventing and detecting fraud and other irregularities; and

- (iv) the statement of accounts for the year ended on 31st March, 2013 have been prepared on a going concern basis.

Corporate Governance

Your Company has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance along with the Auditors' Certificate on compliance with the Corporate Governance as stipulated in Clause 49 is set out in this Annual Report and forms part of this report.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the Company and their Certificate is annexed to the Report on Corporate Governance.

Appreciation

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, government agencies, banks, shareholders, customers, employees and other related organizations, who through their continued support and co-operation, have helped your Company's progress.

By Order of the Board of Directors

Sanjay S. Shah
Managing Director

Surat, 3rd May, 2013.

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)**ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

I. CONSERVATION OF ENERGY:

- a. Energy Conservation measures taken:
- The Company makes an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production.
 - Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants.
 - Energy Audit is also being carried out by external agencies.
- b. Impact of above measures for reduction of energy consumption and consequent impact on the cost of production:
- Reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production.
- c. Total energy consumption and energy consumption per unit of production as per Form "A" as per annexure to the Rules.

FORM "A"

Form for Disclosure of Particulars with respect to Conservation of Energy.

	2012-13	2011-12
A Power And Fuel Consumption		
1. Electricity		
a. Purchased Unit in lacs	114.41	154.17
Total amount ₹ in Lacs.	731.90	1347.44
Rate / Unit ₹	6.24	8.74
b. Own Generation		
i. Through Diesel Generator		
Units in lacs	NIL	NIL
Units per Ltr. of Diesel Oil	NIL	NIL
Unit per SCM of Gas	NIL	NIL
Consumption		
Cost/Unit ₹	NIL	NIL
ii. Through Steam turbine/Generator		
Units	NIL	NIL
Units per Ltr. Of fuel oil / gas	NIL	NIL
Cost/Unit ₹	NIL	NIL
2. Coal/Lignite for Generation of Steam		
Quantity (M.T.)	NIL	NIL
Total Cost ₹ in lacs	NIL	NIL
Average rate ₹/M.T.	NIL	NIL
3. Furnace Oil		
Quantity (K.Ltrs.)	69	81
Total Amount ₹ in Lacs.	25.25	32.99
Average rate ₹/ Ltr.	36.59	40.73
4. Others/Internal generation		
Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit ₹	NIL	NIL
B Consumption Per Unit of Production		
Product Details	SPUN YARN	SPUN YARN
Unit	Kg.	Kg.
Electricity (Unit) *	5.35	5.37
Product Details	PFY	PFY
Unit	Kg.	Kg.
Electricity (Unit) *	1.03	1.56
Product Details	CHIPS	CHIPS

	2012-13	2011-12
Unit	Kg.	Kg.
Electricity (Unit) *	0.21	0.23
Furnace Oil	NIL	NIL
Coal / Lignite (Kg.)	NIL	NIL
Others	NIL	NIL

* The variation in consumption of Electricity per unit of production is due to changes in product mix.

II. TECHNOLOGY ABSORPTION

Efforts made in Technology absorption as per Form - B

- a) Research & Development (R & D)
1. Specific areas in which R & D carried out by the Company:
 - Productivity enhancement and development of new products.
 - The Company has quality control department to check the quality of different products manufactured.
 2. Benefits derived as a result of the above efforts:
 - Reduction in operating and maintenance costs.
 - Improvement in quality, customer satisfaction and enlargement of market base.
 3. Future Plan of Action
 - Management is committed to strengthen quality control department, further to improve its competitiveness in times to come with productivity enhancement and development of new products.
 4. Expenditure on R & D:
 - The Company, from time to time exposes itself to better technology and keeps itself abreast of technological improvements.

(i) Capital expenses	Nil
(ii) Recurring expenses	Nil
(iii) Total	Nil
(iv) Total R & D expenditure as a % of total turnover	Not Applicable.

Technology absorption, adaptation and innovation

1. The Company has not taken any new technology in particular or entered into any technology agreement during the period hence the information required as per Form D is not applicable.
2. The technology used by the Company is indigenously developed and no technology has been imported.

(i) Technology imported:	Nil
(ii) Year of import:	Not applicable.
(iii) Has the technology been fully absorbed:	Not applicable.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and exports plans:

Efforts were made to export the products of the Company in international market, however, due to subdued market conditions and the competitive pressure, the Company could not export its products during the year.
2. Total foreign exchange earnings and outgo : Nil.

By Order of the Board of Directors

Sanjay S. Shah
Managing Director

Surat, 3rd May, 2013.

REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms part of the report of the Board of Directors. The Company has complied with the applicable requirements of Code of Corporate Governance as prescribed in the Listing Agreement and in this regard the following details are provided for the information of stakeholders and public at large.

A. MANDATORY REQUIREMENTS

1. Company's Philosophy on Code of Governance

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasing long-term Shareholders value, keeping in view the needs and interests of all its Stakeholders. The Company's governance process and practice has ventured to achieve a transparency and professionalism in action as well as the implementation of policies and procedure to ensure ethical standards as well as responsible management.

2. Board of Directors

(a) Composition:

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the Listing Agreement and meets the composition criterion as laid down by SEBI. The management of the Company is entrusted in the hands of Key Management Personnel, and is headed by the Managing Director, who operates under the supervision and control of the Board.

As on 31st March, 2013, the Company's Board comprises four Directors including a Managing Director and three Non-executive Directors of which two Directors are Non-executive independent Directors. The Non-Executive Directors are having diverse backgrounds with considerable professional proficiency, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enables them to contribute effectively to the Company in their capacity as member of the Board.

Transactions with related parties are disclosed in Note No.28 of 'Notes to the Financial Statements' for the year ended 31st March, 2013. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2012-13.

The Senior Management have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

The details of the Board of Directors, their directorships in the other companies, their participation in the Board Meetings and the last Annual General Meeting of the Company is as under:

Name	Category	No. of Board Meetings attended	Attendance at the last AGM held on 30.07.12	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies
Shri Sanjay S. Shah	Managing Director	03	Yes	01	—
Smt. Shilpa P. Shah *	Wholetime Director	0	No	N.A.	—
Shri M.R. Momaya	Non-executive	05	Yes	N.A.	—
Shri Y.C. Papaiya	Non-executive, Independent	05	Yes	N.A.	—
Shri Harish Bharucha	Non-executive, Independent	05	Yes	01	—

* Resigned as member of the Board with effect from 30th May, 2012.

None of the above Directors are related inter-se.

(b) Directors' membership in Board / Committees of other Companies.

None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 1956. Also, the Committee Chairmanships / Memberships are within the limits laid down in Clause 49 of the Listing Agreement.

(c) Board Meetings.

The Meetings of the Board are generally held at the Registered Office of the company at Garden Mills Complex, Sahara Gate, Surat 395010. During the year under review, 5 Meetings were held on 8th May, 2012, 30th May, 2012, 7th August, 2012, 31st October, 2012 and 5th February, 2013. The gap between any two Board Meetings did not exceed four months.

(d) Board Meeting Procedures

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Managing Director and circulates the same in advance to the Members of the Board. Every Director is free to suggest inclusion of items of the agenda. The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held, when necessary. The minutes of the meetings is approved by the members of the Board at the next meeting. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

3 BOARD COMMITTEES:

The Board currently has 4 committees: (a) Audit Committee, (b) Share Transfer and Investors' Grievance Committee, (c) Remuneration Committee and (d) Management Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)**(a) Audit Committee****Constitution.**

The Audit Committee comprises of the following Directors.

1.	Shri Y. C. Papaiya	Chairman	Non-executive Independent
2.	Shri Harish Bharucha	Member	Non-executive Independent
3.	Shri M. R. Momaya	Member	Non-executive

Terms of reference.

The role and terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. All the members of the Audit Committee are financially literate and have accounting and financial expertise.

Meetings and attendance

The Audit Committee meetings are Chaired by Shri Y. C. Papaiya who has a vast experience in the area of finance. He is a chartered accountant. None of the members received directly or indirectly, any consulting, advisory or compensatory fees from the Company other than the sitting fee as a Director.

During the financial year 2012-13, the Audit Committee of the Company met four times on 30.05.2012, 07.08.2012, 31.10.2012 and 05.02.2013. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 30th May, 2012 reviewed the Annual Accounts for the year ended 31st March, 2012.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts and cost audit report etc. before submitting to the Board of Directors.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 30th July, 2012 and he ensured that necessary clarifications and explanations were provided to the members of the Company on issues regarding accounts and finance.

The members of the Audit Committee and attendance of each member of the Audit Committee at the meetings held during the year are as under.

Sr. No.	Name	Category	No. of Meeting Attended
1	Shri Y. C. Papaiya	Non-Executive, Independent	04
2	Shri Harish Bharucha	Non-Executive, Independent	04
3	Shri M. R. Momaya	Non-Executive	04

(b) Share Transfer and Investors' Grievance Committee

The Shareholders/Investors Grievance Committee reviews complaints received and action taken by the Company in this regard. In addition, the Committee oversee investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services. As on 31st March, 2013, the Transfer and Shareholders' / Investors' Grievance Committee comprised of Shri Y. C. Papaiya, Shri Harish Bharucha. The Company Secretary has been designated as the compliance officer.

During the Financial Year 2012-13, 25 meetings were held to approve the transfer of shares. 79 complaints were received during the year under review. All the complaints have been solved to the satisfaction of the shareholders. There were no pending transfers as on 31st March, 2013.

Other Committees of Board (Non-Mandatory)

In addition to the above-referred Committees, which are mandatory under the Corporate Governance Code, the board of Directors has constituted Remuneration Committee and Management Committee of Directors.

(c) Remuneration Committee

The Company has a Remuneration Committee to review and recommend payment of annual salaries, commission and other employment conditions of the Executive Directors comprising Managing Director and Wholtime Directors. The Committee periodically reviews and recommends suitable revision in the remuneration package of Executive Directors to the Board. One meeting of Remuneration Committee took place on 30th May, 2012 during 2012-13.

The Company has paid sitting fees to Non-Executive directors for attending meetings of the Board, Audit Committee and Share Transfer Committee meetings. The aggregate amount of sitting fees paid during the financial year 2012-13 was ₹83,000/-.

Besides the above payment, there is no other material pecuniary relationship or transaction by the Company with Non-Executive Directors.

Details of remuneration paid/payable to Directors for the year ended 31st March, 2013

Name of Director	Salary & Perquisites	Sitting fees	Commission
Shri Sanjay S. Shah	₹5,03,714/-	Nil	Nil
Smt. Shilpa P. Shah *	₹67,407/-	Nil	Nil
Shri M. R. Momaya **	₹50,000/-	₹9,000/-	Nil
Total			

* Resigned as member of the Board with effect from 30th May, 2012.

** Resigned from the office of Managing Director with effect from 1st May, 2012 and continued a member of the Board of Directors of the Company.

REPORT ON CORPORATE GOVERNANCE (Contd.)

(d) Other Committees of Directors

Management Committee of the Board

The Board of Directors has constituted Management Committee of Directors to approve routine and specific matters delegated by the Board. The composition of the Committee of Directors comprises Shri Y. C. Papaiya, Chairman and Shri Harish Bharucha as Member. During the year 2012-13 the Committee met on 10.09.2012, 02.01.2013 and 04.02.013 to discuss the matters coming within the Committee's purview.

MD/CFO Certification

The Managing Director and Chief Financial Officer (CFO) of the Company have certified to the Board of Directors the accuracy of financial statement and adequacy of internal controls for financial reporting purposes, as required under Clause 49(V) of the Listing Agreement, for the year ended 31st March, 2013.

Appointment/Re-appointment of Directors

Mr. M. R. Momaya is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

4 General Body Meetings

- (a) The date time and location of the Annual General Meeting held during the preceding 3 years and the Special Resolution(s) passed thereat are as under:

Year	Location	Date	Time	No. of Special Resolutions passed at AGM
2009-10	Garden Mills Complex, Sahara Gate, Surat.	28th July, 2010	10.30 a.m.	One.
2010-11	Garden Mills Complex, Sahara Gate, Surat.	24th August, 2011	10.30 a.m.	None.
2011-12	Garden Mills Complex, Sahara Gate, Surat.	30th July, 2012	10.30 a.m.	None.

5. COMPANY POLICIES:

Code of Conduct:

The Company's Board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company. All Board members and senior management personnel have affirmed compliance with the code of conduction during the year 2012-13. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

Preventing Conflict of Interests

Members of Board and Senior Management Team while discharging their duties, avoid their conflict of interest in the decision making process. The members of Board refrain themselves from any discussions and voting in transactions where they have concern or interest.

Insider Trading Code

The company has adopted a 'Code of Conduct for Prevention of Insider Trading ("the Code") in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with effect from October 1, 2002.

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the insider Trading Regulations of 1992 which ordain new action steps by corporate and other market intermediaries for the purposes of prevention of Insider Trading. This Code is amended from time to time reflecting the changes brought in by SEBI in the Insider Trading Regulations. The said Code is applicable to all Directors and such Designated Employees who are reasonably expected to have access to unpublished price sensitive information relating to the Company.

6. AFFIRMATIONS AND DISCLOSURES:

Compliances with Governance Framework.

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of constitution of the Remuneration Committee.

Related Party Transactions

There are no materially significant related party transactions made by the Company with its Promoters, Directors, Senior Management, their subsidiaries or relative etc; which may have potential conflict with the interests of the Company at large.

Transactions with related parties as per requirements of Accounting Standard (AS)18 – 'Related Party Disclosures' are disclosed in the Financial Statements in the Annual Report.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 211(3)(C) of the Companies Act, 1956. The significant accounting policies which are consistently applied are set out in the Note No.1 forming part of the Financial Statements.

Details of Non-Compliance:

The Company has complied with all requirements of Listing Agreement entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

REPORT ON CORPORATE GOVERNANCE (Contd.)**Reconciliation of Share Capital Audit**

A qualified practicing Company Secretary carries out reconciliation of share capital Audit, on half-yearly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

7. MEANS OF COMMUNICATION:

- (a) The Quarterly (Unaudited) Financial Results are sent to Stock Exchanges where the Company's shares are listed and are normally published in Indian Express (English), Baroda Edition, Dhabkar (Vernacular), Surat Edition.
- (b) Management Discussion and Analysis report forms part of the Directors Report.

8. EDIFAR/CFDS FILING:

As per the requirements of Clause 51/newly inserted Clause 52 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. have been electronically filed on the EDIFAR website, www.sebidifar.nic.in / Corporate Filing and Dissemination System (CFDS) portal, www.corpfilng.co.in.

9. GENERAL SHAREHOLDER INFORMATION:**(a) 67th Annual General Meeting:**

Date	:	Monday, 24th June, 2013.
Time	:	11:00 a.m.
Venue	:	Registered Office of the Company at Garden Mills Complex, Sahara Gate, Surat 395010.

(b) Financial Calendar (2013-14)

Results for the quarter ending June 30, 2013	:	July/August, 2013.
Results for the quarter ending September 30, 2013	:	October/November, 2013
Results for the quarter ending December 31, 2013	:	January/February, 2014
Results for the year ending March 31, 2014	:	April/May, 2014

(c) Book closure dates

:	Tuesday, 18th June, 2013 to
:	Monday, 24th June, 2013.
:	(Both days inclusive)

(d) Listing on Stock Exchanges

:	Stock Code
1. Ahmedabad Stock Exchange Limited, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad 380015.	: 58110
2. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 Demat ISIN for NSDL & CDSL.	: 30185(Physical Segment) : 530185 (Demat Segment) : INE 936A01025

(e) Annual Listing Fees: The Company has paid the Annual Listing fees to the above stock exchanges for the financial year 2013-2014.

(f) Market Price Data

The High/Low market price of the shares during the year 2012-13 at the Bombay Stock Exchange (BSE) are as under.

Month	High (₹)	Low (₹)
April, 2012	1.93	1.41
May, 2012	1.92	1.43
June, 2012	1.54	1.15
July, 2012	1.77	1.34
August, 2012	1.76	1.29
September, 2012	1.76	1.43
October, 2012	1.83	1.42
November, 2012	2.20	1.52
December, 2012	2.04	1.66
January, 2013	2.18	1.66
February, 2013	2.00	1.30
March, 2013	1.68	1.17

REPORT ON CORPORATE GOVERNANCE (Contd.)**(g) Registrar and Share Transfer Agents:**

Karvy Computershare Private Limited
Unit: Surat Textile Mills Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, <http://www.karvy.com>
Hyderabad 500081

Tel : 040-23420815 to 24
Fax : 040-23420814
e-mail : einward.ris@karvy.com

(h) Share Transfer System:

All the share related work is being undertaken by the company's Registrar & Transfer Agent. A Share Transfer Committee of two Directors has been constituted to approve the share transfer, transmission, split, consolidation etc. of shares. The transfers which are complete in all respects are taken up for approval at least once in a fortnight and the transferred securities dispatched to the transferee within 21 days. The details of transfer / transmission approved by the Board are noted by the Board at its next meeting.

(i) Distribution of shareholding as on 31st March 2013:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters.	179548059	80.85
2.	Indian Public.	22654372	10.20
3.	Banks, Financial Institutions & Insurance Companies.	17457307	7.86
4.	NRI's / Overseas Body Corporates	56044	0.03
5.	Bodies Corporate.	2344233	1.06
6.	Trusts	0	0.00
7	Others (NSDL+CDSL) Clearing Members	4425	0.00
	TOTAL.	222064440	100.00

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2013:

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	37881	98.06	11334339	5.10
5001 - 10000	402	1.05	3123523	1.41
10001 - 20000	164	0.42	2361425	1.07
20001 - 30000	66	0.17	1647421	0.74
30001 - 40000	30	0.08	1050610	0.47
40001 - 50000	23	0.06	1064764	0.48
50001 - 100000	39	0.10	2648273	1.19
100001 & above	24	0.06	198834085	89.54
Total	38629	100.00	222064440	100.00

(k) Depository Services:

The Equity Shares of your Company are traded in compulsory dematerialised form by all the investors. The company has entered into agreements with both the depositories viz., National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), enabling the investors to hold shares of the Company in electronic form through the depository of their choice.

(l) Dematerialisation of Shares:

219235834 Equity Shares aggregating to 98.73% of the total Equity Capital is held in dematerialized form as on 31.03.2013 of which 95.28% (211583950 Equity Shares) of total equity capital is held with NSDL and 3.45% (7651884 Equity Shares) of total equity capital is held with CDSL as on 31.03.2013.

(m) Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form can be obtained from the Company's Registrar and Transfer Agent.

REPORT ON CORPORATE GOVERNANCE (Contd.)**(n) Address for Correspondence:**

For Transfer / Dematerialisation of Shares, Payment of Dividend on Shares and any other query relating to the shares of the Company.

- | | | |
|-------|-------------------------------|--|
| (i) | For Shares held in | Karvy Computershare Private Limited
Unit: Surat Textile Mills Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad 500081
Tel.No.: 040-23420815 to 24
Fax No.: 040-23420814
e-mail : einward.ris@karvy.com
http://www.karvy.com |
| (ii) | For Shares held in Demat Form | Respective Depository Participants of the shareholders. |
| (iii) | Annual Report | Secretarial Department,
Garden Mills Complex,
Sahara Gate,
Surat 395010. |

(o) Eliminate Duplicate Mailing

If you hold the Equity Shares of the Company in more than one Folio in your name or with the same address as other shareholders of the Company, you may authorize the Company to discontinue mailing of multiple Annual Reports.

Audit Qualifications

There are no Audit qualifications in the Company's financial statement for the year under reference.

Maintenance of Non-Executive Chairman's Office

The Company has a Managing Director who looks after the day to day management, hence no requirement of separate office. There is no fixed tenure for Independent Directors.

Training of Board Members

New Board Member is given formal induction and orientation with respect to Company's vision, strategic direction, corporate governance practices, financial matters and business operation. The Board Members are also provided with the necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Mechanism for evaluating Non-Executive Board Members

Presently, the Company has not adopted any mechanism for evaluating the performance of Non-Executive Board Members.

Whistle Blower Policy:

Presently, the Company does not have a Whistle Blower Policy. No personnel of the Company has been denied access to the Audit Committee.

Compliance Certificate of the Auditors:

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to this Report.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges along with the Annual Report of the Company

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel which is available on the company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2013, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Place: Surat
Date: 3rd May, 2013

Sanjay S. Shah
Managing Director

CEO/CFO CERTIFICATION

The Board of Directors,
Surat Textile Mills Limited,

Re: Financial Statements for the year 2012-13

We certify that:

1. We have reviewed the financial statement, read with the cash flow statement of Surat Textile Mills Limited ('the Company') for the year ended 31st March, 2013 and to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statement and other financial information included in this report present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
4. We have disclosed to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of the internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies;
5. We have indicated to the Auditors and the Audit Committee:
 - (a) significant changes in the Company's internal control over financial reporting during the year.
 - (b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - (c) instances of significant fraud of which we have become aware and involvement therein if any of management or other employees having a significant role in the Company's internal control system over financial reporting.

For Surat Textile Mills Limited

Sanjay S. Shah
Managing Director

CEO /CFO CERTIFICATION

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the Financial Year ended 31st March, 2013, the Company has complied with the requirements of the said sub-clause.

Place: Surat
Date: 3rd May, 2013

Sanjay S. Shah
Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Surat Textile Mills Limited

We have examined the compliance of conditions of Corporate Governance by **Surat Textile Mills Limited** ("the Company"), for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For NATVARLAL VEPARI & CO.
Chartered Accountants
Firm Registration Number: 123626W

R. N. VEPARI
Partner
Membership No.: 6728

Surat, 3rd May, 2013

INDEPENDENT AUDITOR'S REPORT

To The Members of
Surat Textile Mills Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Surat Textiles Mills Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, The Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) ***On the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, Mr. M. R. Momaya and Mr. Y. C. Papaiya who are directors of the company as on 31st March, 2013 are disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.***
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For NATVARLAL VEPARI & CO.
Chartered Accountants
(Registration No. 123626W)

R. N. VEPARI
Partner

Membership No.: 6728

Surat: 3rd May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 6 of the Auditors' report of even date to the member of the Surat Textiles Mills Ltd., on the Financial Statements for the year ended 31st March, 2013)

- (1) (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information in most cases of such assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year and going concern status of the Company is not affected.
- (2) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventories. There were no material discrepancies noticed on physical verification of inventories as compared to book records.
- (3) (a) According to the information and explanations given to us, the Company has not taken or granted any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The other clauses (iii)(b) to (iii)(d) of the Order, are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the Order.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (5) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under this section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (6) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (9) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Investors Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date of becoming payable.
- (10) In our opinion,
- (a) the Company does not have any accumulated losses as at 31st March, 2013;
- (b) the Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date during the year. The Company did not have any outstanding loans from financial institution during the year.
- (12) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (16) The Company did not raise new term loans during the year. The terms loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
- (17) On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (19) The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
- (20) The Company has not raised any money by public issues during the year.
- (21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For NATVARLAL VEPARI & CO.
Chartered Accountants
(Registration No. 123626W)

R. N. VEPARI
Partner
Membership No.: 6728

Surat: 3rd May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

		(₹ in Lacs)	
	Notes	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,220.64	2,220.64
Reserves and Surplus	3	5,472.58	4,715.36
		<u>7,693.22</u>	<u>6,936.00</u>
Non-Current liabilities			
Long-term Borrowings	4	56.84	75.90
Other Long-term Liabilities	5	144.26	173.70
Long-term Provisions	6	138.51	111.31
		<u>339.61</u>	<u>360.91</u>
Current Liabilities			
Trade Payables	7	1,875.80	559.33
Other Current Liabilities	8	620.60	673.30
Short-term Provisions	9	1,450.11	1,014.45
		<u>3,946.51</u>	<u>2,247.08</u>
TOTAL		<u>11,979.34</u>	<u>9,543.99</u>
ASSETS			
Non-Current Assets			
Fixed assets	10		
Tangible Assets		1,978.76	2,088.41
Capital Work-in-Progress		0.00	6.55
		<u>1,978.76</u>	<u>2,094.96</u>
Non-Current Investments	11	1,291.55	1,465.21
Deferred Tax Assets (Net)	12	459.32	599.39
Long-term Loans and Advances	13	1,335.95	139.38
		<u>5,065.58</u>	<u>4,298.94</u>
Current Assets			
Inventories	14	4,850.95	4,223.46
Trade Receivables	15	383.83	146.76
Cash and Bank Balances	16	731.46	211.63
Short-term Loans and Advances	17	947.52	547.04
Other Current Assets	18	0.00	116.16
		<u>6,913.76</u>	<u>5,245.05</u>
TOTAL		<u>11,979.34</u>	<u>9,543.99</u>

Accounting policies

1

Accompanying Notes are an integral part of the Financial Statements.

As per our attached report of even date

For NATVARLAL VEPARI & CO.

Firm Registration Number: 123626W

Chartered Accountants

R. N. VEPARI

Partner

Membership No.6728

Surat, 3rd May, 2013

For and on behalf of the Board

SANJAY S. SHAH

Managing Director

Y. C. PAPAIYA

Director

JIGAR K. VYAS

Company Secretary

Surat, 3rd May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		(₹ in Lacs)	
	Notes	2012-13	2011-12
Income:			
Revenue from Operations (Net)	19	21,776.61	18,841.79
Other Income	20	416.59	2,896.21
Total Revenue		22,193.20	21,738.00
Expenses:			
Cost of Materials Consumed	21	16,256.19	14,098.10
Purchases of Stock-in-Trade	22	486.96	285.00
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	23	(387.42)	330.24
Employee Benefits Expense	24	536.71	529.12
Finance Costs	25	22.86	285.36
Depreciation and Amortisation		148.60	154.54
Other Expenses	26	3,789.19	3,304.62
Total Expenses		20,853.09	18,986.98
Profit Before Tax		1,340.11	2,751.02
Tax Expenses:			
Current Tax		442.82	532.53
Deferred Tax		140.07	240.46
Profit for the year		757.22	1,978.03
Earnings Per Equity Share (Face Value ₹1 each)			
Basic and Diluted (in ₹)	27	0.34	0.89
Accounting policies	1		

Accompanying Notes are an integral part of the Financial Statements.

As per our attached report of even date
For NATVARLAL VEPARI & CO.
 Firm Registration Number: 123626W
 Chartered Accountants

R. N. VEPARI
 Partner
 Membership No.6728

Surat, 3rd May, 2013

For and on behalf of the Board
SANJAY S. SHAH
 Managing Director

Y. C. PAPAIIYA
 Director

JIGAR K. VYAS
 Company Secretary
 Surat, 3rd May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	(₹ in Lacs)	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	1,340.11	2,751.02
Adjustments for:		
Depreciation and Amortisation	148.60	154.54
Finance Costs	22.86	285.36
Interest Income	(23.80)	(29.60)
Net gain on sale of current investments	(10.09)	0.00
Debit balances written off	0.00	0.02
Credit balances written off	(0.77)	0.00
Dividend Income	(0.74)	(14.47)
Foreign Exchange Gain	(1.40)	0.00
Provision for diminution in value of Investments	873.63	0.00
Share of Loss in Partnership Firm	0.03	0.00
Net surplus on disposal of fixed assets	(379.79)	(2,809.80)
	<u>628.53</u>	(2,413.95)
Operating Profit before Working Capital Changes	1,968.64	337.07
(Increase) / Decrease in Trade and other Receivables	(842.08)	99.67
(Increase) / decrease in Inventories	(627.49)	328.84
(Decrease) / Increase in Trade and Other Payable	<u>1,260.52</u>	(262.76)
	<u>(209.05)</u>	165.75
Cash Generated from Operations	1,759.59	502.82
Direct Taxes (Paid) / Refund.	(1.23)	17.18
Net Cash Flow from Operating Activities (A)	1,758.36	520.00
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,025.74)	(413.90)
Sale of Fixed Assets	499.51	3,045.41
Purchase of Investments	(2,181.35)	0.00
Sale of Investments	2,191.44	0.00
Dividend Income	0.74	14.47
Investment In Partnership Firm	(700.00)	0.00
Net Cash Inflow from Investing Activities (B)	(1,215.40)	2,645.98
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	0.00	102.00
Repayment of Long Term Borrowings	(17.25)	(2,908.85)
Interest Paid	(7.28)	(251.19)
Foreign Exchange Gain	1.40	0.00
Net Cash Outflow from Financing Activities (C)	(23.13)	(3,058.04)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	519.83	107.94
Cash and Cash Equivalents at the beginning of the year	211.63	103.69
Cash and Cash Equivalents at the end of the year	731.46	211.63

Note 1

Accounting policies
Accompanying Notes are an integral part of the Financial Statements

As per our attached report of even date
For NATVARLAL VEPARI & CO.
 Firm Registration Number: 123626W
Chartered Accountants

R. N. VEPARI
Partner
 Membership No.6728

Surat, 3rd May, 2013

For and on behalf of the Board
SANJAY S. SHAH
Managing Director

Y. C. PAPAIIYA
Director

JIGAR K. VYAS
Company Secretary
 Surat, 3rd May, 2013

NOTES TO THE FINANCIAL STATEMENTS

Note 1 : Significant Accounting Policies:

(a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and the provisions of The Companies Act, 1956. The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. Accounting policies not referred to otherwise are consistent with the generally accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period and the disclosures relating to contingent liabilities as of the date of the financial statements. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

(c) Fixed Assets

Fixed Assets are recorded at cost of acquisition or construction, net of CENVAT \ VAT and include amounts added /reduced on revaluation, less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets up to the date of commissioning of the assets and other incidental expenses incurred up to that date. Fixed Assets acquired and put to use for project purpose are capitalised Project under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

(d) Method of Depreciation and Amortisation

Depreciation is provided in accordance with the provision of Section 205(2) read with Section 350 of the Companies Act, 1956 except:

- (i) Depreciation on fixed assets purchased up to 1984 is provided as per written down value method at the rates prescribed by Schedule XIV to the Companies Act, 1956, as amended from time to time.
- (ii) Depreciation on fixed assets purchased during the year 1985 and 1986 is provided as per straight-line method at the rates corresponding to the rates applicable under Income-tax Rules at that time.
- (iii) Depreciation on assets purchased during the year 1987 and onwards has been provided as per straight-line method at the rates and on the basis prescribed by Schedule XIV to the Companies Act, 1956 as amended from time to time.
- (iv) On assets impaired, depreciation has been provided as per (i), (ii) and (iii) above until 31st March, 2004. However, wherever the assets are impaired or significantly impaired and the written down value of those assets have been brought down to a level based on the provision for impairment of assets made as per Accounting Standards (AS) 28 on "Impairment of Assets" issued by The Institute of Chartered Accountants of India, depreciation has been worked out after reassessing the useful life of the assets from the brought down level and accordingly charged considering brought down level as a base.

(e) Investments

Investments are classified into Current and Long-term Investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in the value of Long-term investments is made only if such a decline is other than temporary.

(f) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date in respect of Cash Generating Unit if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount exceeds its recoverable amount. The recoverable amount is the greater of the asset's selling price and value in use.

(g) Valuation of Inventories

Inventories are valued in accordance with the requirements of revised Accounting Standard (AS) 2 on "valuation of inventories" issued by The Institute of Chartered Accountants of India (ICAI). Mode of working of cost is weighted average while any item of inventory is valued at Net Realisable Value if the same is less than cost. Inventories are specifically identified, wherever possible in respect of traded goods.

Inventory valuation is determined on the following basis :

- (i) Raw Materials, Stock in Process, Finished goods, Stock in Trade and Stores Spares & Chemicals are valued at cost or Net realisable value whichever is lower.
- (ii) Waste is valued at net realisable value.
- (iii) By product is valued at net realisable value.
- (iv) Property under Development is valued at revalued cost of land and construction thereon at cost.
- (v) Land at Varelji is valued at book cost.

(h) Revenue Recognition

Revenue from operations includes sale value of goods, net of sales returns, discounts, rate difference and Sales Tax / Value Added Tax (VAT). Sales also include, sales of scrap, waste, reject etc. and profits from property held as stock in trade.

(i) Accounting for Excise Duty / Service Tax and Sales Tax / Value Added Tax

- (i) Excise Duty / Service tax has been accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses and the same has been treated as part of the cost of respective stock as per the revised Guidance Note on Accounting treatment for Excise Duty. However, this has no effect on the Profit for the year. Amount of Excise Duty

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

shown as deduction from Sales is the total Excise Duty for the year except the duty related to difference between Closing Stock & Opening Stock. Excise duty related to the difference between Closing Stock & Opening Stock is recognised separately in the Profit & Loss Account.

- (ii) The CENVAT benefits attributable to acquisition of fixed assets is netted off against the cost of fixed assets in accordance with the guidance note issued by the Institute of Chartered Accountants of India.
- (j) **Cenvat.**
- (i) The purchase cost of raw materials and other expenses have been considered net of cenvat available on inputs.
- (ii) The cenvat benefits attributable to acquisition / construction of fixed assets is netted off against the cost of fixed assets in accordance with the guidance note issued by The Institute of Chartered Accountants of India.
- (k) **Expenses**
- All material known liabilities are provided for, on the basis of available information / estimates.
- (l) **Employee Benefits :**
- (i) Short Term Employee Benefits
- All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary ex-gratia are recognised in the period in which employee renders the related services.
- (ii) For Defined Contribution Plans (PF, FPF and ESI)
- Contributions to Defined Contribution Plans are recognized as expenses in the Profit and Loss Account as they are incurred.
- (iii) For Defined Benefit Plans
- As per requirement defined in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India, the entity has relied on the Actuarial valuation undertaken by the certified actuary for the present value of obligation and the same is unfunded.
- (m) **Borrowing Cost**
- Interest and other borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other interest and borrowing costs are charged to revenue.
- (n) **Provision for Current and Deferred Tax**
- Provision for current tax is made on the basis of the assessable income at the tax rate which is applicable to the relevant assessment year as per the Income Tax Act, 1961. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.
- Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of their realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of their realisation. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed to reassessment.
- (o) **Foreign Currency Transactions**
- (i) Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- (ii) At each Balance Sheet date, unrealized gains or losses on foreign currency transactions on account of increase or decrease in rupee liability / asset as a result of exchange difference between the Balance sheet date rate and the transaction Date rate to items of assets and liabilities are recognised in the Statement of Profit and Loss and accordingly, related assets or liabilities are adjusted.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 2 : Share Capital		
Authorised Share Capital		
75,00,00,000 (75,00,00,000)		
Equity Shares of ₹1/- each	7,500.00	7,500.00
Issued, Subscribed and Paid up		
22,20,64,440 (22,20,64,440)		
Equity Shares of ₹ 1/- each fully paid up	2,220.64	2,220.64

2.1 Reconciliation of Shares Outstanding

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Balance at the beginning of the year	222064440	2,220.64	222064440	2,220.64
Shares issued during the year	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2,220.64	222064440	2,220.64

2.2 The details of Shareholders holding more than 5% of Paid-up Equity Share Capital

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% held	No. of Shares	% held
Shri Praful A. Shah (Individual)	25117205	11.31%	25117205	11.31%
Vareli Trading Company Ltd.	77500000	34.90%	77500000	34.90%
IDBI Bank Ltd.	15456807	6.96%	15456807	6.96%
Garden Silk Mills Limited	14500000	6.53%	14500000	6.53%

2.3 Rights, Preferences and Restrictions attached to Shares**Equity Shares:**

The Company has one class of shares referred to as equity shares having a par value of ₹1 each. Each shareholder is entitled to one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 3 : Reserves and Surplus		
Surplus in Statement of Profit and Loss		
Balance as per last Balance Sheet	4,715.36	2,737.33
Add: Profit for the Year	757.22	1,978.03
TOTAL	5,472.58	4,715.36

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 4 : Long-Term Borrowings		
Secured		
Long-Term Maturities of Term Loan from a Bank	56.84	75.90
TOTAL	56.84	75.90

NOTES TO THE FINANCIAL STATEMENTS (Contd.)**Nature of Security and terms of repayment for Long Term secured borrowings:**

- 4.1 Term loan from a bank amounting to ₹ 75.90 Lacs (₹ 56.84 Lacs due after one year; ₹ 19.06 Lacs due within one year) represents loan from HDFC Bank Ltd. under Vehicle Finance Scheme is secured by an exclusive charge by way of hypothecation of specific vehicle purchased under the arrangement. The loan is repayable in 60 monthly installments commencing from 13.10.2011. Last installment is due on 07.09.2016. Rate of interest is 10% per annum.

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 5 : Other Long-Term Liabilities		
Trade Deposits	144.26	173.70
TOTAL	144.26	173.70

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 6 : Long-Term Provisions		
Provision for employee benefits	138.51	111.31
TOTAL	138.51	111.31

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 7 : Trade Payables		
Acceptances:		
Under usance Letter of Credit	0.00	249.96
Sundry creditors:		
Micro, Small and Medium Enterprises	0.65	1.84
Others	1,875.15	307.53
TOTAL	1,875.80	559.33

- 7.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Principal amount due and remaining unpaid	0.00	0.00
Interest due on above and the unpaid interest	0.00	0.00
Interest paid	0.00	0.00
Payment made beyond the appointed day during the year	0.00	0.00
Interest due and payable for the period of delay	0.00	0.00
Interest accrued and remaining unpaid	0.00	0.00
Amount of further interest remaining due and payable in succeeding years	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 8 : Other Current Liabilities		
Current maturities of long term debt	19.06	17.25
Interest accrued but not due on borrowings	0.00	5.97
Creditors for Capital Expenditure	0.83	8.89
Advance Received (Refer 8.1)	123.04	251.70
Other Payables	477.67	389.49
TOTAL	620.60	673.30

8.1 includes advance received against sale of fixed assets: ₹ Nil (Previous Year ₹165.65 lacs)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 9 : Short-Term Provisions		
Provision for employee benefits.	13.48	14.30
Provision for taxation	1,315.75	874.16
Other Provisions (Refer 9.1)	120.88	125.99
TOTAL	1,450.11	1,014.45

9.1 The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2012 of ₹125.99 Lacs as per the estimated pattern of dispatches. During the year, ₹125.99 Lacs was utilised for clearance of goods. Provision recognised under this class for the year is ₹120.88 Lacs, which is outstanding as on 31st March, 2013. Actual outflow is expected in the next financial year.

Note 10 : Fixed Assets

PARTICULARS	(₹ in Lacs)									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/12	Additions during the Year	Adjustment during the Year	Total	As at 01/04/12	For the Year	Adjustment during the Year	Total	As at 31/03/2013	As at 31/03/2012
1	2	3	4	5	6	7	8	9	10	11
Tangible Assets										
Land	1,102.00	0.00	0.00	1,102.00	123.84	0.00	0.00	123.84	978.16	978.16
Building	2,316.25	0.00	0.00	2,316.25	1,925.03	26.57	0.00	1,951.60	364.65	391.22
Plant & Machinery	14,220.28	52.88	234.70	14,038.46	13,802.80	99.93	231.96	13,670.77	367.69	417.48
Furniture & Equipment	18.19	1.62	1.64	18.17	17.41	0.35	1.64	16.12	2.05	0.78
Office Equipment	201.34	0.00	1.52	199.82	36.58	8.89	0.93	44.54	155.28	164.76
Vehicles	148.01	0.00	14.08	133.93	12.00	12.86	1.86	23.00	110.93	136.01
Total	18,006.07	54.50	251.94	17,808.63	15,917.66	148.60	236.39	15,829.87	1,978.76	2,088.41
Previous Year	18,542.20	397.14	933.27	18,006.07	16,486.37	154.54	723.25	15,917.66	2,088.41	
Capital Work-in-Progress									0.00	6.55

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 11 : Non-Current Investments		
(Valued at cost, unless stated otherwise)		
Quoted:		
In Equity Shares of Associate Company		
734778 (734778) Equity Shares of Garden Silk Mills Limited of ₹ 10 each fully paid up.	1,446.76	1,446.76
Other Investments in Equity Shares		
16600 (16600) Equity Shares of Dena Bank Ltd. of ₹ 10 each fully paid up	4.98	4.98
15900 (15900) Equity Shares of IDBI Ltd. of ₹ 10 each fully paid up	13.46	13.46
Investment in Government Securities - Unquoted		
National Saving Certificate	0.01	0.01
Investment in Partnership Firm		
M/s. Isha Enterprises	699.97	0.00
	<u>2,165.18</u>	<u>1,465.21</u>
Less : Provision for Diminution in value of Investments	873.63	0.00
TOTAL	<u>1,291.55</u>	<u>1,465.21</u>
Aggregate amount of quoted investments (Net)	591.57	1,465.20
Market Value of quoted investments	395.36	457.39
Aggregate Amount of unquoted investments	699.98	0.01
11.1 Diminution in value of Investments is in respect of Investment in Equity Shares of Garden Silk Mills Limited.		
11.2 Details of Investment in Partnership Firm:		
The Company is a partner in M/s.Isha Enterprises. The other partners are Armorax Business Centre Pvt. Ltd., Intro Scope Properties Pvt. Ltd. and Praful Amichand Shah. The share of each partners in the firm is 49%, 2%, 39% and 10% respectively. The total capital of the firm is ₹1501.00 Lacs.		
	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 12 : Deferred Tax Assets (Net)		
(a) Deferred Tax Liability	0.00	0.00
(b) Deferred Tax Asset on account of :		
Difference between book and tax written Down Value of Fixed Assets	121.24	109.57
Disallowances under the income Tax Act, 1961	19.46	32.45
Unabsorbed depreciation	1,696.59	2,255.55
Total	<u>1,837.29</u>	<u>2,397.57</u>
Net Deferred Tax Assets	<u>1,837.29</u>	<u>2,397.57</u>
Deferred Tax asset recognised at 25%	459.32	599.39
Current year (Credit)/ Charge	140.07	
12.1 The management is of the view that there is virtual certainty supported by evidence that only 25% of the above amount will result in absorption or unabsorbed depreciation in near-term to long-term. Accordingly, the deferred tax assets have been recognised to that extent.		
	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 13 : Long Term Loans and Advances		
Unsecured		
Considered good:		
Capital Advances	1,000.00	10.21
Trade Deposits	200.00	0.00
Security Deposits	125.41	120.47
Loans and advances to employees	10.54	8.70
TOTAL	<u>1,335.95</u>	<u>139.38</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 14 : Inventories		
Raw Materials	541.77	597.30
Raw Materials in transit	631.93	253.09
Work-in-progress	41.24	48.68
Finished goods	1,172.47	1,269.71
Stock in Trade (Art & Artifacts)	2,048.89	1,561.89
Stores, Spares and Chemicals	242.15	149.86
Property under Development (Includes Land at revalued cost)	84.10	254.53
Stock in trade (Land at Vareli)	88.40	88.40
TOTAL	4,850.95	4,223.46

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 15 : Trade Receivables		
Exceeding Six months		
Unsecured, Considered good	78.63	18.02
Considerd doubtful	77.21	77.21
	155.84	95.23
Less: Provision for doubtful debts	77.21	77.21
	78.63	18.02
Other receivables		
Unsecured, Considered good	305.20	128.74
TOTAL	383.83	146.76

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 16 : Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	15.10	4.44
Balances with banks		
in current accounts	315.23	191.64
Other Bank Balances		
Fixed Deposits with Banks - held as margin money		
Maturity less than 12 months	388.50	12.60
Maturity more than 12 months	12.63	2.95
TOTAL	731.46	211.63

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 17 : Short-Term Loans and Advances		
Unsecured		
Considered good:		
Loans to employees	13.48	9.27
Advance to Suppliers	756.96	371.76
Advance Recoverable in cash or in kind or for value to be received	150.24	132.08
Balance with Customs, Central Excise Authorities etc.	26.84	33.93
TOTAL	947.52	547.04

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2013	As at 31st March, 2012
Note 18 : Other Current Assets		
Fixed Assets held for sale	0.00	116.16
TOTAL	0.00	116.16

	(₹ in Lacs)	
	2012-13	2011-12
Note 19: Revenue from Operations (Net)		
Sale of Products	24,256.99	20,761.91
Less: Excise Duty	2,480.38	1,920.12
TOTAL	21,776.61	18,841.79

19.1 Particulars of Sale of Products		
Polyester Chips	15,676.20	12,258.82
Polyester filament Yarn	5,751.43	7,268.90
Spun Yarn	1,505.89	1,112.60
Shopping Complex	782.00	0.00
P.T.A.	380.28	19.45
Others	138.96	92.15
M.E.G.	18.60	9.99
Polygenta Oligomer	3.62	0.00
TOTAL	24,256.99	20,761.91

	(₹ in Lacs)	
	2012-13	2011-12
Note 20 : Other Income		
Interest Income		
Bank deposits	10.25	8.21
Loans and advances	1.97	1.26
Others	11.58	20.13
Dividend Income on		
Long Term Investments	0.74	14.47
Other non-operating income		
Rental income	0.00	42.34
Credit balances written off	0.77	0.00
Miscellaneous income	1.40	0.00
Net gain on sale of current investments	10.09	0.00
Net surplus on disposal of fixed assets	379.79	2,809.80
TOTAL	416.59	2,896.21

	(₹ in Lacs)			
	2012-13		2011-12	
Note 21 : Cost of Materials Consumed				
Raw Materials				
Imported	1.47%	238.61	0.00%	0.00
Indigenous	98.53%	16,017.58	100.00%	14,098.10
	100.00%	16,256.19	100.00%	14,098.10

	(₹ in Lacs)	
	2012-13	2011-12
21.1 Particulars of materials consumed		
M.E.G.	3,911.84	3,225.98
P.T.A.	10,210.97	8,009.69
Polygenta Oligomer	20.79	0.00
Polyester Chips	1,045.65	2,136.15
Spun Yarn	892.98	726.28
Cost of Shopping Complex Sold	173.96	0.00
TOTAL	16,256.19	14,098.10

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	2012-13	2011-12
Note 22 : Purchase of Stock-in-Trade		
Art & Artifacts	486.96	285.00
TOTAL	486.96	285.00

	(₹ in Lacs)	
	2012-13	2011-12
Note 23: Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade		
Opening Stock		
Stock in Process	48.68	61.90
Finished Goods & Stock-in-trade	2,831.61	3,189.64
	2,880.29	3,251.54
Closing Stock		
Stock in Process	41.24	48.68
Finished Goods & Stock-in-trade	3,221.36	2,831.61
	3,262.60	2,880.29
Add/(Less): Variation in excise duty on opening and closing stock of finished goods	(5.11)	(41.01)
TOTAL	(387.42)	330.24

	(₹ in Lacs)	
	2012-13	2011-12
Note 24 : Employee Benefits Expense		
Salaries and Wages	463.36	458.61
Contribution to Provident and Other Funds	42.05	42.61
Gratuity	19.76	14.69
Staff Welfare Expenses	11.54	13.21
TOTAL	536.71	529.12

24.1 The present value of obligation is determined based on actuarial valuation and remains unfunded. As per Accounting Standard 15 "Employee benefits" issued by the Institute of Chartered Accountants of India (ICA), the disclosures as defined in the Accounting Standards are given below:

	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave encashment (Unfunded)	Leave encashment (Unfunded)
Amount recognised in Balance Sheet				
(i) Present Value of Defined Benefit Obligation				
- Wholly Unfunded	120.13	107.20	31.86	18.41
(ii) Amount Reflected in the Balance Sheet				
- Liability	120.13	107.20	31.86	18.41
- Assets	0.00	0.00	0.00	0.00
Net Liability	120.13	107.20	31.86	18.41
Net expense recognized in the Statement of Profit and Loss				
Total, included in "Payments to and provision for Employees" (Refer Note 24)	19.76	14.69	33.63	15.41
Actuarial Assumptions				
Discount Rate (Per Annum)	8.10%	8.50%	8.10%	8.50%
Rate of Escalation in Salary (Per Annum)	8%	8%	8%	8%
Mortality Table (LIC)	1994-96	1994-96 (Ultimate)	1994-96	1994-96 (Ultimate)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	(₹ in Lacs)	
	2012-13	2011-12
Note 25 : Finance Costs		
Interest Expenses	17.09	266.90
Other borrowing costs	5.77	18.46
TOTAL	22.86	285.36

	(₹ in Lacs)	
	2012-13	2011-12
Note 26 : Other Expenses		
Manufacturing expenses		
Consumption of Stores, Spares and Chemicals	1,068.13	796.73
Packing Charges	93.15	107.86
Power and Fuel	1,274.98	1,867.19
Repairs to Plant and Machinery	41.01	35.25
Repairs to Buildings	11.35	2.55
Repairs - Others	1.39	1.36
Lease Rent	12.00	90.00
Selling and Distribution Expenses		
Commission & Discount	29.16	27.43
Other Selling and Distribution Expenses	73.73	59.29
Establishment Expenses		
Insurance	16.44	16.31
Rent	123.78	105.45
Rates and Taxes	11.82	9.79
Auditors' Remuneration	4.20	4.16
General Charges	154.39	181.23
Debit balances written off	0.00	0.02
Loss in Partnership firm	0.03	0.00
Diminution In Value of Investment	873.63	0.00
TOTAL	3,789.19	3,304.62

26.1 Value of Stores, Chemicals and Component Consumed

	2012-13		2011-12	
	%	₹ in Lacs	%	₹ in Lacs
Imported	86.37%	922.54	0.63%	5.01
Indigenous	13.63%	145.59	99.37%	791.72
	100.00%	1,068.13	100.00%	796.73

	(₹ in Lacs)	
	2012-13	2011-12
26.2 Value of Imports on CIF Basis in respect of		
Raw Materials	189.29	0.00
Stores, Spare parts, Components & Chemicals	418.19	3.47
Capital goods	0.00	96.48
26.3 Payment to Auditors		
Statutory Audit Fees	3.30	3.27
Tax Audit Fees	0.50	0.57
Cost Audit Fees	0.40	0.32
Total	4.20	4.16

Note 27 : Earnings Per Share (EPS)

	As at 31st March, 2013	As at 31st March, 2012
(i) Net Profit attributable to Equity Shareholders (₹ in Lacs)	757.22	1,978.03
(ii) Weighted average number of Equity Shares outstanding (Nos.)	222,064,440	222,064,440
Basic and Diluted EPS (₹)	0.34	0.89
Face Value of Shares (₹)	1.00	1.00

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Note 28 : Related Party Disclosures:

As per the Accounting Standard 18 on "Related Party Disclosures" (AS 18) issued by the Institute of Chartered Accountants of India (ICAI), the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties with whom transactions have taken place and relationships:

Sr. No.	Name of Related Party	Relationship
1	Garden Silk Mills Limited	Associate Company
2	M/s Isha Enterprises	Partnership Firm
3	(1) Shri M. R. Momaya * (2) Smt. Shilpa P. Shah ** (3) Shri Sanjay S. Shah *** * Whole time Director upto 01/05/2012 ** Resigned w.e.f. 30/05/2012 *** Appointed as Managing Director w.e.f. 30/05/2012	Key Management Personnel
4	Shri Alok P. Shah	Relatives of key Management Personnel where transactions have taken place.
5	Shri Rajen P. Shah	
6	Inita Power Company Ltd.	
7	Pashah Textiles Ltd.	
8	Amichand Textiles Ltd.	

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

(ii) Details of transactions with related parties during the year / previous year.

(₹ in Lacs)

Nature of Transactions	Associate Company	Partnership firm	Key Management Personnel	Others	Total
Sales	8,501.45 (9,458.41)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	8,501.45 (9,458.41)
Sale of Fixed Assets	0.00 (2,977.70)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (2,977.70)
Purchases	2,224.34 (3,455.68)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	2,224.34 (3,455.68)
Purchase of Art & Artifacts	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (285.00)	0.00 (285.00)
Purchase of Car	0.00 (1.35)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (1.35)
Electric Power & Fuel Charges	1,144.64 (1,893.21)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1,144.64 (1,893.21)
Lease Rent Paid	12.00 (90.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	12.00 (90.00)
Rent Paid	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	112.50 (105.00)	112.50 (105.00)
Interest on Secured Loan	0.00 (239.85)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (239.85)
Rent Income	0.00 (46.64)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (46.64)
Remuneration	0.00 (0.00)	0.00 (0.00)	6.21 (10.20)	13.65 (12.82)	19.86 (23.02)
Repayment of loan	0.00 (2,900.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (2,900.00)
Contribution towards Capital	0.00 (0.00)	700.00 (0.00)	0.00 (0.00)	0.00 (0.00)	700.00 (0.00)
Share of loss	0.00 (0.00)	0.03 (0.00)	0.00 (0.00)	0.00 (0.00)	0.03 (0.00)
Payments under Current Account	11,952.97 (12,672.02)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	11,952.97 (12,672.02)
Receipt under Current Account	18,226.11 (15,060.28)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	18,226.11 (15,060.28)
Balance at the beginning of the year					
Current Account Payables	34.61 Cr	0.00	0.00	0.00	34.61 Cr
			0.70		0.70
Balance at the end of the year					
Current Account	1187.28 Cr	0.00	0.00	0.00	1187.28 Cr
Capital Account		699.97			699.97
Payables	0.00		0.81	1.65	2.46

Note : Figures in bracket represents previous year's amount.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)**Note 29 : Segment Reporting:**

The Company has identified three reportable segments viz. Yarns, Construction and Art & Artifacts as per Accounting standard 17 of ICAI. During the year, there is revenue generation from Yarns and Construction segments consequentially The Segment wise information as required under the above standard is as under. There is no revenue generation from Art & Artifacts, consequentially segment assets being the only effectively reportable item for Art & Artifacts segment.

Particulars	(₹ In Lacs)							
	Year ended 31/03/2013 Yarns	Year ended 31/03/2012 Yarns	Year ended 31/03/2013 Construction	Year ended 31/03/2012 Construction	Year ended 31/03/2013 Art & Artifacts	Year ended 31/03/2012 Art & Artifacts	Year ended 31/03/2013 Total	Year ended 31/03/2012 Total
Revenue								
External Sale	20,994.61	18,841.79	782.00	0.00	0.00	0.00	21,776.61	18,841.79
Inter Segment Sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	20,994.61	18,841.79	782.00	0.00	0.00	0.00	21,776.61	18,841.79
RESULT								
Segment result	754.93	3,036.38	608.04	0.00	0.00	0.00	1,362.97	3,036.38
Unallocable Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unallocable Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit	754.93	3,036.38	608.04	0.00	0.00	0.00	1,362.97	3,036.38
Interest and financial charges (net)	22.86	285.36	0.00	0.00	0.00	0.00	22.86	285.36
Profit before taxes	732.07	2,751.02	608.04	0.00	0.00	0.00	1,340.11	2,751.02
Corporate taxes							582.89	772.99
Net Profit							757.22	1,978.03
Other Information								
Segment Assets	9,757.95	7,639.17	172.50	342.93	2,048.89	1,561.89	11,979.34	9,543.99
Segment Liabilities	4,163.38	2,522.25	122.74	85.74	0.00	0.00	4,286.12	2,607.99
Capital Employed	5,594.57	5,116.92	49.76	257.19	2,048.89	1,561.89	7,693.22	6,936.00
Capital Expenditure	54.50	397.14	0.00	0.00	0.00	0.00	54.50	397.14
Depreciation	148.60	154.54	0.00	0.00	0.00	0.00	148.60	154.54
Non Cash expenses other than depreciation:								
Diminution in value of Investments	873.63	0.00	0.00	0.00	0.00	0.00	873.63	0.00

Note 30 :

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date

For NATVARLAL VEPARI & CO.

Firm Registration Number: 123626W

Chartered Accountants

R. N. VEPARI

Partner

Membership No.6728

Surat, 3rd May, 2013

For and on behalf of the Board

SANJAY S. SHAH

Managing Director

Y. C. PAPAIIYA

Director

JIGAR K. VYAS

Company Secretary

Surat, 3rd May, 2013

SURAT TEXTILE MILLS LIMITED

Regd. Office: Garden Mills' Complex, Sahara Gate, Surat - 395 010.

**ANNUAL GENERAL MEETING
PROXY FORM**

I/We _____ of _____ being a member(s) of the above named Company, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy and to vote for me/us on my/our behalf at the **SIXTY-SEVEN ANNUAL GENERAL MEETING** to be held on Monday, the 24th day of June, 2013 at 11:00 a.m. or at any adjournment thereof.

Ledger Folio No. _____

DP ID * : _____

Client ID * _____

No. of Shares held _____

Signed this _____ day of _____, 2013.

* Applicable for the members holding shares in electronic form.

Please
Affix
₹ 0.15
Revenue
Stamp

(Signature of the Member)

Note: This form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

-----TEAR HERE-----

SURAT TEXTILE MILLS LIMITED

Regd. Office: Garden Mills' Complex, Sahara Gate, Surat - 395 010.

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the Member attending
(IN BLOCK LETTERS) : _____

Full Name of the first joint-holder
(IN BLOCK LETTERS) _____
(To be filled in if first named joint-holder does not attend the meeting)

Full Name of the Proxy
(IN BLOCK LETTERS) _____
(To be filled in if Proxy attends instead of the Member)

I hereby record my presence at the **SIXTY-SEVEN ANNUAL GENERAL MEETING** of the Company at Garden Mills' Complex, Sahara Gate, Surat - 395 010, on Monday, the 24th day of June, 2013 at 11:00 a.m.

Ledger Folio No. _____

DP ID * : _____

Client ID * _____

No. of Shares held _____

Member's / Proxy's Signature
(To be signed at the time of handing over this slip)

* Applicable for the members holding shares in electronic form.

BOOK-POST

If undelivered, please return to:

SURAT TEXTILE MILLS LIMITED
Garden Mills' Complex, Sahara Gate, Surat 395 010