



STM

SURAT TEXTILE MILLS LIMITED

ANNUAL REPORT
2014-2015

CORPORATE INFORMATION

Board of Directors

Shri M. R. Momaya Managing Director
Shri Yogesh C. Papaiya Whole-time Director & CFO
Shri Sanjay S. Shah
Shri Harishchandra Bharucha
Shri Ketan Jariwala
Smt. Anita Mandrekar

* As on 28/05/2015

Company Secretary

Hanisha Arora

Registered Office

3rd Floor, Tulsi Krupa Arcade,
Near Aai Mata Chowk,
Puna-Kumbharia Road, Dumbhal,
Surat 395010.
CIN: L17119GJ1945PLC000214
Tel: (0261) 2311197, 2311615.
Fax: (0261) 2311029.
e-mail: stmlsecretary@gardenvareli.com
<http://www.surattextilemillsLtd.com>

Statutory Auditors

Natvarlal Vepari & Co.,
Chartered Accountants, Surat.

Cost Auditors

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

Bankers

Bank of Baroda

Plants:

- i) Vareli Complex,
Village Vareli , Taluka Palsana,
Dist. Surat 394327
Tel: (02622) 271241-47
- ii) Village Jolwa, Taluka Palsana,
Dist. Surat 394305
Tel: (02622) 271287-89

Registrars & Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda,
Serilingampally Mandal,
Ranga Reddy District,
Hyderabad 500032.
State: Telengana, India.
Phone No. 040 67162222
Fax No. 040 23001153
Email: einward.ris@karvy.com

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

69th Annual General Meeting on Wednesday, 26th August, 2015 at 11.00 a.m. at Tulsi Krupa
Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

NOTICE

Notice is hereby given that the Sixty-ninth Annual General Meeting of the Members of Surat Textile Mills Limited will be held on Wednesday, **26th August, 2015 at 11:00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following business:-

Ordinary Business:

- 1 To receive, consider and adopt the Audited Financial Statement of the Company including the Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss of the Company for the financial year ended 31st March, 2015 and the Report of the Board of Directors and the Auditors thereon.
- 2 To appoint a Director in place of Shri Yogesh C. Papaiya (DIN: 00023985), who retires by rotation and, being eligible, offers himself for re-appointment.

- 3 To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the ordinary resolution passed by the Members at the 68th Annual General Meeting of the Company and the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of Messrs Natvarlal Vepari & Co. Chartered Accountants, having Firm Registration No.123626W as the Statutory Auditors of the Company for the financial year ending 31st March, 2016, at such remuneration as shall be fixed by the Board of Directors of the Company, be and is hereby ratified.”

SPECIAL BUSINESS:

- 4 **Appointment of Shri Ketan A. Jariwala as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV to the Act and Clause 49 of the Listing Agreement, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri Ketan Jariwala (DIN:02095540), who holds office as an Additional Director of the Company upto the date of this Annual General Meeting in terms of Section 161 of the Act and who qualifies for being appointed as an Independent Director, in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years, effective 26th August, 2015 not being liable to retire by rotation.”

- 5 **Appointment of Shri Yogesh C. Papaiya as Whole-time Director & CFO of the Company.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED FURTHER THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (“the Act”), consent of the members of the Company be and is hereby accorded to appointment and payment of remuneration of Shri Yogesh C. Papaiya (DIN: 00023985) as a Whole-time Director and CFO of the Company, for a period of 5 (five) years with effect from 11th August, 2014, upon the terms and conditions as set out in the Explanatory Statement to this resolution annexed to the Notice convening this Meeting and also contained in the draft agreement to be executed between the Company and Shri Yogesh C. Papaiya, submitted to this meeting be and is hereby specifically approved and sanctioned including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include Nomination and Remuneration Committee constituted by the Board) to review, alter and vary the terms and conditions of the said appointment and/or remuneration as per the provisions of Companies Act, 2013 in such form and manner as the Board may deem fit and agreed to by Shri Yogesh C. Papaiya.

RESOLVED FURTHER THAT where in any financial year during the term of office of Shri Yogesh C. Papaiya, the Company has no profits or its profits are inadequate, Shri Yogesh C. Papaiya shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company, to give effect to this resolutions.”

- 6 **Appointment of Smt. Anita Mandrekar as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies

(Appointment and Qualification of Directors) Rules, 2014, Schedule IV to the Act and Clause 49 of the Listing Agreement, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Smt. Anita Mandrekar (DIN: 00623327), who holds office as an Additional Director of the Company upto the date of this Annual General Meeting in terms of Section 161 of the Act and who qualifies for being appointed as an Independent Director, in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years, effective 26th August, 2015 not being liable to retire by rotation.”

7 Ratification of Cost Auditors remuneration

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Act, read with Rule 14 of the Companies (Audit and auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and other applicable provisions, if any, payment of remuneration of ₹ 60,000 plus service tax and actual out-of-pocket expenses to M/s P. M. Nanabhoy & Co., Cost Accountants, Mumbai, who were appointed as Cost Auditors by the Board of Directors in their meeting held on 28th May, 2015 for carrying out cost audit of the Company for financial year 2015-16, be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

8 Approval on Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with Rules issued thereunder, including the Companies (Meetings of Board and its powers) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and Clause 49(VII) of the Listing Agreement as amended from time to time by Securities and Exchange Board of India, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for the contracts / arrangements/ transactions with the related parties for (a) sale, purchase or supply of any goods or materials directly or through appointment of agent, and (b) availing or rendering of any services whether technical and/or financial and/or both, more particularly described in the Explanatory Statement, for an aggregate maximum amount not exceeding ₹ 100 Crore (Rupees One Hundred Crore Only) every financial year on such terms and conditions as may be mutually agreed between the Company and the respective related party with respect to in case of materially related party transactions.

RESOLVED FURTHER THAT pursuant to the provisions of Section 189 of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company Secretary of the Company be and is hereby authorized to make the necessary entries, where applicable, in the Register of Contracts or arrangements and authenticate them;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to decide upon the nature and value of the products, goods, materials or services to be transacted / availed with / from the related parties within the aforesaid limit and to take such steps as may be necessary to obtain approvals, sanctions, consents, permissions, perform and execute all such act, deeds, matters and things (including delegation of such authority), as may be deemed necessary, proper or expedient and generally to do all acts, deeds, matters and things necessary for the purpose of giving effect to this resolution.”

**By Order of the Board
For Surat Textile Mills Limited**

Place: Surat
Date: 28th May, 2015

**Hanisha Arora
Company Secretary**

Notes:

1. **A member entitled to attend and vote at the annual general meeting (“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.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument appointing the proxy, in order to be effective, shall be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is annexed to this Notice.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.

4. In terms of Section 152 of the Act and the Articles of Association of the Company, Shri Yogesh C. Papaiya (holding DIN: 00023985), Wholetime Director and CFO retires by rotation and being eligible, offers himself for re-appointment. The Board of Directors commends the aforesaid re-appointment. As per explanation to Section

- 152(6)(e) of the Act, total number of Directors for the purpose of determining Directors liable to retire by rotation shall not include Independent Directors, whether appointed under the Act or any other law for the time being in force.
5. Brief resume of all Director(s) proposed to be re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships/ chairmanships for Board/Committees, shareholding and relationship between directors inter-se as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges in India, are provided in the annexure to the Notice.
 6. Pursuant to Section 102 of the Act, the statement setting out the material facts concerning each item of special business to be conducted at the Sixty-ninth Annual General Meeting is annexed hereto.
 7. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested are available for inspection by the members at the Registered Office of the Company during business hours on all working days, except Saturdays, Sundays and National Holidays up to the date of the Sixty-ninth Annual General Meeting.
 8. The Register of Members and Share Transfer Register Books of the Company shall remain closed from Thursday, 20th August, 2015 to Wednesday, 26th August, 2015 (both days inclusive).
 9. Members are requested to furnish their Bank Account details, change of address and all other required details to the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited in respect of shares if held in physical form. In case of shares held in electronic form, these details should be furnished to the respective Depository Participants (DPs).
 10. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.
 11. For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by way of attendance slip, which is annexed to this Notice. Members are requested to bring their Attendance Slip, fill up and sign the same at the place provided and hand it over at the entrance of the venue.
 12. Members are requested to send all communications relating to shares to the Registrar & Share Transfer Agent of the Company at the following address:
 Karvy Computershare Private Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli
 Financial District, Nanakramguda
 Hyderabad 500032
 Toll Free No. (India) : 1800 345 4001
 Phone No. 040 67162222
 Fax No. 040 - 23001153
 Email: einward.ris@karvy.com
 If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).
 13. Pursuant to the provisions of Section 124 and 125 of the Act (corresponding to Sections 205A to 205C of the Companies Act, 1956), all unclaimed/unpaid monies by way of dividend transferred to the "Unpaid Dividend Account" of the Company that remains unclaimed/ un-encashed for a period of 7 (seven) years from the respective date of such transfer, has to be transferred by the Company to "The Investor Education and Protection Fund" ("IEPF").
 14. Electronic copy of the annual report for 2014-15 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purpose unless any member had requested for a hard copy of the same. For members who have not registered their email address, physical copy of the annual report for 2014-15 is being sent in the permitted mode.
 15. Electronic copy of the Notice convening the Sixty-ninth Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-voting with Attendance Slip and Proxy Form is being sent to all Members whose email addresses are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a physical copy of the same. For Members, who have not registered their e-mail addresses, physical copies of the Notice convening the Sixty-ninth AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the modes permitted under the Companies Act, 2013. Notice convening Sixty-ninth AGM is also available for download at www.surattextilemillsLtd.com.
 16. To support the "Green Initiative", the Members who have not registered their e-mail addresses are requested to register the same with Registrars and Share Transfer Agent/ Depositories.
 17. Voting through electronic means
 - i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (hereinafter called "the Rules" for the purpose of this section of the notice) and Clause 35B of the Listing Agreement, the Company is providing 'remote e-voting' from a place other than venue of the

AGM) facility through Karvy Computershare Private Limited (Karvy) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the notice dated May 28, 2015 convening the Sixty-ninth Annual General Meeting.

- ii. The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the Sixty-ninth Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the Sixty-ninth Annual General Meeting.
- iii. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- iv. The Board of Directors have appointed Shri Kunjal Dalal, Proprietor of K. Dalal & Co. Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the Sixty-ninth Annual General Meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
- v. In terms of requirements of the Companies Act, 2013 and the relevant Rules, voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, 20th August, 2015.
- vi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Thursday, 20th August, 2015 only shall be entitled to avail the facility of remote e-voting as well as vote in the Sixty-ninth Annual General Meeting.
- vii. Any person who acquires shares of the Company and become a member of the Company after dispatch of the Notice of the Sixty-ninth Annual General Meeting and holding shares as on the cut-off date i.e. Thursday, 20th August, 2015, may obtain the User ID and password by writing to the Karvy on the email Id - varghese1@karvy.com or to Shri P. A. Varghese, Contact No. 040-33215424, at [Unit: Surat Textile Mills Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xiii) as mentioned in A below to cast the vote.
- viii. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 am (IST) on Saturday, 22nd August, 2015

End of remote e-voting: At 5.00 pm (IST) on Tuesday, 25th August, 2015

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of the aforementioned period.

- ix. The Scrutinizer, after scrutinizing the votes cast at the Sixty-ninth Annual General Meeting and through remote e-voting will, not later than three days of conclusion of the Sixty-ninth Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman/ Managing Director. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.surattextilemills.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- x. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Sixty-ninth Annual General Meeting i.e. 26th August, 2015.
- xi. The instructions and other information for remote e-voting are as under:
 - A. For Members who receive Notice of Annual General Meeting through email:
 - i. Use the following URL for e-voting '<https://evoting.karvy.com>'.
 - ii. Enter the login credentials i.e., user id and password mentioned in your email. Event No. followed by Folio No./DP ID Client ID will be your user ID. However, if you are already registered with Karvy for e-voting, you can use your existing USER ID and password for casting your votes.
 - iii. After entering the details appropriately, click on "LOGIN".
 - iv. You will reach the 'password change' menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials/password.
 - vi. On successful login, the system will prompt you to select the EVENT i.e. Surat Textile Mills Limited.
 - vii. On the voting page, the number of shares (which represents the number of votes) as

- held by the member on the cut-off date/record date will appear. If you desire to cast all votes assenting/dissenting to the resolutions, then enter all shares and click "FOR"/"AGAINST" as the case may be or partly in "FOR" and partly in "AGAINST", but the total number in "FOR"/"AGAINST" taken together should not exceed your total shareholding as on the cut-off/record date. You may also choose the option "ABSTAIN" and the shares held will not be counter under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
 - ix. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed, click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
 - x. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through email k_dalal@rediffmail.com with a copy marked to evoting@karvy.com.
 - xi. The Portal will remain open for voting from: 9:00 a.m. (I.S.T) on Saturday, 22nd August, 2015 till 5:00 p.m. (I.S.T.) on Tuesday, 25th August, 2015.
 - xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual available at the "download" section of <https://evoting.karvy.com> or contact Karvy Computershare Private Limited on Toll Free No.1-800-34-54-001 for any further clarifications.
 - xiii. Members may alternately cast their votes using the ballot form which is sent along with this notice and also available on the website of the Company/Karvy. Please refer instructions under heading C below for more details.
- B. For Members who receive the physical copy of the Notice of Annual General Meeting:
 - i. Members holding shares either in demat or physical mode who are in receipt of Notice in physical form, may cast their votes using ballot form enclosed to this Notice. Please refer instructions under heading C below for more details.
 - ii. Members may alternatively opt for e-voting, for which the USER ID and initial password are provided at the bottom of the ballot form. Please follow steps from Sl. No. (i) to (xiii) under heading A above to vote through e-voting platform.
 - C. For members who wish to vote using ballot form:
 - i. Pursuant to Clause 35B of the listing agreement, Members may fill in the ballot form enclosed with the Notice (a copy of the same is also part of the soft copy of the Notice) and submit the same in a sealed envelope to the Scrutinizer, Shri Kunjal Dalal so as to reach by 5.00 p.m. on Tuesday, 25th August, 2015. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
 - ii. In the event, a member casts his votes through both the processes i.e. e-voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.

GENERAL INSTRUCTIONS:

- i. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
- ii. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 102(1) of the Companies Act, 2013 ("the Act")

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

Item No. 4

The Board of Directors of the Company at its meeting held on 11th August, 2014, had appointed Shri Ketan Jariwala as an Additional Director of the Company with effect from 11th August, 2014. In accordance with the provisions of Section 161 of the Act, Shri Ketan Jariwala shall hold office up to the date of ensuring Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Shri Ketan Jariwala is given below:

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

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Jariwala as an Independent Director of the Company.

The Company has received declaration from Shri Jariwala that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

Shri Jariwala is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

In the opinion of the Board, Shri Jariwala fulfills the conditions specified in the Act and the Listing Agreement, for appointment as an Independent Director of the Company. Shri Jariwala is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Jariwala as an Independent Director of the Company.

It is proposed to appoint Shri Jariwala as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the 74th Annual General Meeting in the year 2020.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Shri Jariwala as Independent Director is now being placed before the Members for their approval.

A copy of the draft Letter of Appointment of Shri Jariwala as an Independent Director setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

Shri Jariwala does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Shri Jariwala, being an appointee, none of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.4 of the Notice for approval of the members.

Item No. 5

The Board of Directors of the Company (the 'Board'), at its meeting held on 11th August, 2014 has, subject to the approval of members, appointed Shri Yogesh C. Papaiya as Whole-time Director and CFO of the Company for a further period of 5 (five) years with effect from 11th August, 2014 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Shri Yogesh C. Papaiya is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). Shri Papaiya is also involved with the various activities of the Group since a long time and has contributed to a large extent to the activities in which the Company is engaged.

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company.

It is proposed to seek the members' approval for the appointment of and remuneration payable to Shri Yogesh C. Papaiya as Whole-time Director and CFO, in terms of the applicable provisions of the Act.

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

i) Salary: Upto ₹ 2,00,000/- per month.

ii) Perquisites and Allowances:

(a) in addition to the salary as above, Shri Yogesh C. Papaiya shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at i) above.

(b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory

modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Shri Yogesh C. Papaiya shall be entitled to receive remuneration based on net profits. Such remuneration based on net profits payable to him as also to the other Whole-time Directors of the Company will be determined by the Board and/or the Nomination and Remuneration Committee of the Board for each financial year.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc. shall not exceed in aggregate ten percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment thereof.

- iv) The aggregate of salary, perquisites and commission in any one financial year shall not exceed the overall limits prescribed under Section 197(1) of the Act read with Schedule V to the Act as may for the time being in force.

v) Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging including for their spouse and attendant(s) during business trips, any medical assistance provided including for their family members; and provision of car(s) for use on the Company's business, club membership and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites.

vi) Minimum Remuneration:

In the event of inadequacy or absence of profits in any financial year during his tenure as Wholetime Director, Shri Yogesh C. Papaiya will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Companies Act, 2013.

vii) Other Terms and Conditions:

- (i) The Wholetime Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from

time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.

- (ii) The Wholetime Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Wholetime Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Wholetime Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri Yogesh C. Papaiya satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Yogesh C. Papaiya is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Directors are of the view that the appointment of Shri Yogesh C. Papaiya as Executive Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Yogesh C. Papaiya under Section 190 of the Act.

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

Shri Yogesh C. Papaiya is interested in the resolution set out at Item No.5 of the Notice, which pertains to his re-appointment and remuneration payable to him.

The relatives of Shri Yogesh C. Papaiya may be deemed to be interested in the resolution set out at Item No.5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Except Shri Yogesh C. Papaiya, being an appointee, none of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval of the members.

Item No.6

The Board of Directors of the Company at its meeting held on 28th May, 2015, had appointed Smt. Anita Mandrekar as Additional Director pursuant to Section 161 of the Act. As per the provisions of the said section Smt. Mandrekar holds office as Additional Director up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director for a term up to five years.

A brief profile of Smt. Anita Mandrekar is given below:

Smt. Anita Mandrekar is M.A. (Advanced Economics) from Mumbai University and holds Business Management qualification from the prestigious Jannalal Bajaj Institute of Management Studies. She has a rich and vast experience in academic field teaching at graduation level and in the management institute on the subject of advertising and marketing, for more than three decades. Apart from being an entrepreneur, she had an experience of about a decade in the field of marketing and advertisement.

The Company has received a notice under Section 160 of the Act along with the requisite deposit, from a member proposing Smt. Mandrekar as a candidate for office of independent director of the Company.

The Company has received declaration from Smt. Mandrekar that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

Smt. Mandrekar is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

In the opinion of the Board, Smt. Mandrekar fulfills the conditions specified in the Act and the Listing Agreement, for appointment as an Independent Director of the Company. Smt. Mandrekar is independent of the management.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Smt. Mandrekar as an Independent Director of the Company.

It is proposed to appoint Smt. Mandrekar as an Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the 74th Annual General Meeting in the year 2020.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, the appointment of Smt. Mandrekar as an Independent Director is now being placed before the Members for their approval.

A copy of the draft Letter of Appointment of Smt. Mandrekar as an Independent Director setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday.

Smt. Mandrekar does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Except Smt. Mandrekar, being an appointee, none of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.6 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board commends the Ordinary Resolution set out at Item No.6 of the Notice for approval of the members.

Item No.7

Pursuant to Section 148 of the Act and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors shall appoint as Cost Auditor, a firm of cost accountants in practice on the recommendations of the Audit Committee, which shall also recommend the remuneration payable to the Cost Auditors. The remuneration so recommended by the Audit Committee shall be considered and approved by the Board of Directors and shall be ratified by the members of the Company.

On recommendation of the Audit Committee, the Board of Directors has at its meeting held on 28th May, 2015, considered and approved the appointment of M/s Nanabhoy & Co., Cost Accountants, to conduct audit of Cost Accounts of the Company at a remuneration of ₹ 60,000 (Rupees Sixty thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes for the financial year ending March 31, 2016.

None of the Directors or Key Managerial Person of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.7 of the Notice for approval of the members.

Item No.8

The Company has entered into or may enter into contracts / arrangements / transactions (RPT) with Garden Silk Mills Limited, a related party within the meaning of Section 2(76) of the Act read with the Companies (Meetings of the Board and its Powers) Rules, 2014 (the "Act") and clause 49(VII)(B) of the Listing Agreement.

Section 188 of the Act provides that if transactions with the related parties are not in the ordinary course of business or at arm's length basis, such transactions are required to be approved by the Board of Directors and shareholders, depending upon the materiality of the transactions. In other words, approval of Board or shareholders, as the case may be, is not required under the Act, if a particular transaction is in the ordinary course of business and at arm's length basis.

Revised clause 49(VII)(E) of Listing Agreement provides that all material Related Party Transactions, i.e. transactions entered into during a financial year exceeding 10% of the annual consolidated turnover of the Company as per latest audited financial statements, require prior approval of shareholders through special resolution.

Further, all existing material related party contracts or arrangements which are likely to continue beyond 31 March 2015 are required to be placed for approval of the shareholders in the first General Meeting subsequent to 1st October 2014.

The Company has entered into contracts / arrangements / transactions with Garden Silk Mills Limited relating to transfer of receipt of products, goods, materials or services and lease / license of property which are likely to continue beyond 31st March, 2015.

In the opinion of the Board, the transactions / contracts / arrangements by the Company entered with Garden Silk Mills Limited are in the ordinary course of business and at arm's length basis. However, considering the facts that the aggregate value of the said transactions with the Garden Silk Mills Limited i.e. a related party entered during the financial year exceeded and/ or may exceed in future the threshold limit for 'materiality' as defined under Clause 49 of the Listing Agreement, approval of the shareholders of the Company by special resolution is required for the aforesaid arrangements / contracts / transactions for an aggregate maximum amount not exceeding ₹ 100 crore (Rupees One Hundred Crore only) in every financial year.

None of the Directors or Key Managerial Person of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.8 of the Notice, except Shri Sanjay S. Shah, a Director of the Company.

The Board commends the Special Resolution set out at Item No.8 of the Notice for approval of the members.

By Order of the Board of Directors

Hanisha Arora

Company Secretary

Surat, 28th May, 2015

SURAT TEXTILE MILLS LIMITED**Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement.**

Name of the Director	Shri Yogesh C. Papaiya	Shri Ketan Jariwala	Smt. Anita Mandrekar
Director Identification Number	00023985	02095540	00623327
Date of Birth	15.12.1952	08.05.1962	21.03.1936
Nationality	Indian	Indian	Indian
Brief Resume – Age and Qualification	63 years B.Com., F.C.A.	53 years Diploma in Textile Technology (M.S. University, Baroda)	79 years M.A. Advanced Economics, Mumbai University. Business Management, Jamnalal Bajaj Institute of Management Studies.
Date of Appointment/Re-appointment	23.10.2000	11.08.2014	28.05.2015
Expertise in Specific Functional Areas	He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). Shri Papaiya is also involved with the various activities of the Group since a long time and has contributed to a large extent to the activities in which the Company is engaged.	He is an industrialist and a technocrat engaged in the business of man made textiles and having more than two decades of experience in the related industry. He is also associated with the activities related to Chamber of Commerce and Industries over the years.	She has a rich and vast experience in academic field teaching at graduation level and in the management institute on the subject of advertising and marketing, for more than three decades.
Directorship held in other Public Limited Companies	Nil	Nil	Nil
Memberships/ Chairmanships of committees across public companies (include only Audit Committee and Shareholders / Investors' grievance Committee)	Nil	Nil	Nil
No. of shares held in the Company	Nil	Nil	Nil
Disclosure of relationship	Shri Yogesh C. Papaiya is not related to any of the Director of the Company.	Shri Ketan Jariwala is not related to any of the Director of the Company.	Smt. Anita Mandrekar is not related to any of the Director of the Company.

Registered Office:

Tulsi Krupa Arcade, Third Floor,
Puna-Kumbharia Road,
Dumbhal,
Surat 395010
Date: 28 May 2015

**By Order of the Board
For Surat Textile Mills Limited**

Hanisha Arora
Company Secretary

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors have the pleasure of presenting the Sixty-ninth Annual Report on the business and operations of the Company, together with the Audited Statements of Accounts for the year ended 31st March, 2015.

Financial Results

The Company's performance during the financial year ended 31st March, 2015 as compared to the previous financial year, is summarized below.

(₹ in crores)

	2014-15	2013-14
Total Revenue from Operations (Net)	129.84	182.70
Earning Before Interest, Depreciation and Tax (EBIDTA)	5.54	4.36
Less: Finance Costs	0.70	1.35
Depreciation	1.26	1.31
Profit before Tax	3.58	1.70
Less: Tax Expense	1.02	0.54
Profit after Tax	2.56	1.16

Review of Operations

Your Company achieved turnover of ₹127.55 crore as compared to ₹181.51 crore in the previous year. The decline in turnover was primarily on account of lower capacity utilization, over supply situation in the domestic market and lower demand growth.

Our focus on operational efficiency with better working capital management and better network helped us to remain competitive and improve our EBIDTA.

Profit before interest, depreciation and tax was higher at ₹5.54 crore as compared to ₹4.36 crore thereby registering a growth of about 27%. The profit after tax was also higher at ₹2.56 crore as compared to the profit of ₹1.16 crore in the previous year.

During the FY 2014-15, your Company faced several challenges. Crude prices saw a sharp decline which triggered reduction in prices of PTA and MEG prices. This resulted in inventory losses. Moreover, demand for polyester was subdued in the domestic as well as global markets. The operating margins were adversely affected owing to oversupply of finished product, more particularly in polyester chips and yarn segments resulting in lower margins and capacity utilization.

The sale of chips was lower at 9034 MT for the year 2014-15 as compared to 13064 MT in the previous year. The total sale of polyester filament yarn (PFY) was lower at 1861 MT as compared to 3429 MT in the previous year.

The overall production of Chips was at 10062 MT during the year 2014-15 as compared to 15363 MT achieved in the previous year. Whereas the production of PFY during the year remained lower

at 1682 MT as compared to 3314 MT in the previous year. The Company had to curtail the production during the year due to volatility of raw material prices and to reduce the inventory loss.

Your Company also focused on margin improvement by optimum allocation of its resources through cost reduction at manufacturing level. The operating margins, however, remained under pressure.

The Company during the last quarter of the FY 2014-15 discontinued the manufacturing activity at its Synthetic Fibre Spinning (SFS) plant at Village Vareli, Taluka Palsana, Dist. Surat, which had become unviable due to competitive market conditions.

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 2014-15.

Transfer to Reserve

It is not proposed to transfer any amount to reserves out of the profits earned during the financial year 2014-15.

Nature of Business

The Company is engaged in the business of manufacturing polyester chips and differentiated partially oriented yarn (POY). The Company is a regular supplier of bright, cationic, micro denier, and fine denier yarns in the market.

During the year under review, there was no change in the nature of business of the Company.

Share Capital

The Issued, Subscribed and Paid-up equity share capital as on 31st March, 2015 was ₹2220.64 Lacs. During the year under review, the Company has not issued shares with differential voting rights, nor granted stock options nor sweat equity. As on 31st March, 2015, none of the Directors of the Company holds equity shares in the Company.

Disclosures in respect of voting rights not directly exercised by employees

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

Directors and Key Managerial Personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into effect from 1st April, 2014, Shri Harishchandra Bharucha was appointed as an independent director at the 68th Annual General Meeting of the Company on 23rd July, 2014. The terms and conditions of appointment of Shri Bharucha as an independent director are as per Schedule IV of the Companies Act, 2013. Shri Bharucha has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect his status as independent director during the year.

Shri Yogesh C. Papaiya was appointed as the Whole-time Director designated as Executive Director & Chief Financial Officer (CFO) of the Company for a period of 5 (five) years with effect from 11th August, 2014, subject to the approval of the members.

Shri Ketan Jariwala and Smt. Anita Mandrekar were appointed as Additional Directors (Independent) on the Board with effect from 11th August, 2014 and 28th May, 2015 respectively.

The Company has received notice under Section 160 of the Companies Act, 2013 along with the requisite deposit proposing the appointment of Shri Ketan Jariwala and Shri Anita Mandrekar.

The resolutions seeking approval of the Members for the appointment of Shri Yogesh C. Papaiya, Shri Ketan Jariwala and Smt. Anita Mandrekar have been incorporated in the Notice of the ensuing Annual General Meeting of the Company along with brief details about them.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Yogesh C. Papaiya (DIN: 00023985), Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment.

During the year, the non-executive directors of the Company have no pecuniary relationship of transactions with the Company.

Shri M. R. Momaya, Managing Director, Shri Yogesh C. Papaiya, Wholetime Director and CFO and Ms. Hanisha Arora, Company Secretary and Compliance Officer were designated as "Key Managerial Personnel" of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Familiarisation programme for Independent Directors

Pursuant to the provisions of Clause 49 of the Listing Agreement, the Company has formulated a programme for familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. through various initiatives. The details of the aforementioned programme is available on the Company's website www.surattextilemillsLtd.com.

Declaration by Independent Directors

Declaration given by Independent Directors meeting the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 is received and taken on record.

Finance

Your Company has repaid Secured Rupee Term Loan from banks to the tune of ₹47.05 Lacs during the year. No fresh Term Loan was availed by the Company during the year.

Corporate Governance

Your Company is fully compliant with the Corporate Governance guidelines, as laid out in Clause 49 of the Listing Agreement. All the Directors (and also the members of the Senior Management) have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company. The details of the Code of Conduct are furnished in the Corporate Governance Report attached as **Annexure G** to this Report.

The statutory auditors of the Company have examined the requirements of Corporate Governance with reference to Clause 49 of the Listing Agreement and have certified the compliance, as required under Clause 49 of the Listing Agreement. The Certificate in this regard is attached to this Report.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there no material departures;
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Policy on directors' appointment and remuneration

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Director, Senior Management and their remuneration.

The Company does not pay any remuneration to the Non-Executive / Independent Directors of the Company other than sitting fees for attending the meetings of the Board and Committees of the Board. Remuneration to the Whole-time Director is governed by the relevant provisions of the Act and approvals.

The details pertaining to criteria for determining qualifications, positive attributes, independence of a Director, remuneration policy and other related matters have been provided in the Corporate Governance Report. The Company has displayed the remuneration policy on its website www.surattextilemillsLtd.com in terms of Clause 49(VIII)(C)(3) of the Listing Agreement.

The Disclosures pursuant to sub-rule (1) of Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in **Annexure C** and forms part of the Board's Report.

Nomination and Remuneration Committee

A nomination and Remuneration Committee is in existence in accordance with the provisions of sub-section (3) of Section 178 Kindly refer section on Corporate Governance, under the head,

'Nomination and Remuneration Committee' for matters relating to constitution, meeting, functions of the Committee and the remuneration policy formulated by this Committee.

Audit Committee

An Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the section on Corporate Governance, under the head, 'Audit Committee' for matters relating to constitution, meetings and functions of the Committee. During the year there were no instances where the Board had not accepted the recommendation of the Audit Committee.

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company has appointed M/s Aadil Aibada & Associates, Chartered Accountant as Internal Auditors of the Company, for the financial year 2015-16.

Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s Natvarlal Vepari & Co., Chartered Accountants, were appointed as the statutory auditors of the Company from the conclusion of the 68th annual general meeting of the Company held on 23rd July, 2014 till the conclusion of the Seventy-one annual general meeting to be held in the year 2017, subject to ratification of their appointment at every annual general meeting.

The appointment of M/s Natvarlal Vepari & Co. Chartered Accountants will be placed before the members at this Annual General Meeting for ratification.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shri Kunjal Dalal, Proprietor K. Dalal & Co., Practicing Company Secretaries, Surat to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2015.

The Secretarial Audit Report (in Form MR-3) is attached as **Annexure-D** to this Report.

Auditors Report

As regards the comments in the Auditors' Report, the relevant notes to the Accounts are self explanatory and may be treated as information / explanation submitted by the Board as contemplated under provisions of the Companies Act, 2013.

The report of the Statutory Auditor and Secretarial Auditor does not contain any adverse observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended by notifications / circulars issued by the Ministry of Corporate Affairs from time to time and as per the

recommendation of the Audit Committee, the Board of Directors at their meeting dated 31st May, 2014, appointed M/s P. M. Nanabhoy & Co., Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2014-15.

In respect of Financial Year 2015-16, the Board, based on the recommendation of the Audit Committee, has approved the appointment of M/s P. M. Nanabhoy & Co., Cost Accountants, as the Cost Auditors of the Company on a remuneration of ₹60,000. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s P. M. Nanabhoy & Co., Cost Auditors is included at item No.7 of the Notice convening the Annual General Meeting.

Particulars of Employees and Related disclosure

During the financial year 2014-15, none of the employees of the Company are in receipt of remuneration prescribed in terms of the provision of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014. There were 81 permanent employees as on 31st March, 2015.

Public Deposits

During the year under review, your Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014. As on April 1, 2014, no amounts were outstanding which were classified 'Deposits' under the applicable provisions of Companies Act, 1956 and hence the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

Conversation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company continued its efforts towards effective utilization of energy for reduction in power consumption. The Company is constantly exploring the use of alternate sources of energy that are commensurate with the scale of present operation and the type of product being manufactured. During the year under review, there was no major capital investment on energy conservation equipment.

Information required pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are set out in the **Annexure A** forming part of this Report.

Adequacy of Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on continuous basis covering all the major operations. Reports of internal auditors are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

The Internal Financial Control with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency of such controls.

Risk Management Policy

The Board of Directors of the Company has formed a risk management policy to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. It regularly analyses and takes corrective actions for managing / mitigating the same. The audit committee has additional oversight in the area of financial risks and controls. Your Company's risk management framework ensures compliance with the provisions of Clause 49 of the Listing Agreement. The details of Risk Management as practiced by the Company forms part of this Report.

Corporate Social Responsibility (CSR) Initiatives

As required under Section 135 of the Companies Act, 2013 the CSR committee comprising Shri Ketan Jariwala, Independent Director as the Chairman of the Committee, Shri Harishchandra Bharucha, Independent Director and Shri Yogesh C. Papaiya, Whole-time Director as its members.

The CSR committee has laid down the policy which includes the activities covered under the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The main focus areas covered in the policy includes Education, Health care, social welfare and environment safety etc. The details of amount spent on CSR activity undertaken during the year by the Company are given in the **Annexure B** to this Report. The CSR policy of the Company is also hosted on the website of the Company, www.surattextilemills.com.

Particulars of contracts or arrangements with related parties

All transactions entered by the Company with Related Parties during the financial year 2014-15 were in the Ordinary Course of Business and at Arm's Length pricing basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a conflict with the interest of the Company at large. All Related Party Transactions are placed on a quarterly basis before the Audit Committee for approval and before the board for consideration and noting. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Pursuant to section 134 of the Companies Act, 2013 and Rules made thereunder, particulars of transactions with related parties as required under section 188(1) of the Companies Act, 2013, read with Rule 8(2) of Companies (Accounts) Rules, 2014 is annexed with this Report in Form AOC-2 as **Annexure E** Suitable disclosures as required under AS-18 have been made in Note 28 of the Notes to the financial statements.

The policy on related party transactions as approved by the Board is uploaded on the Company's website www.surattextilemills.com. The Company's management ensures total adherence to the approved Policy on Related Party Transactions to establish Arm's Length Basis without any compromise.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board committee and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under Clause 49 of the Listing Agreements ("Clause 49").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committee was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committee, effectiveness of committee meetings, etc.

The board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual directors to the Board and committee meetings. In addition, the Chairman of the Board was also evaluated on the key aspects of his role.

The details of the policy on evaluation of Board's performance is available on the Company's website www.surattextilemills.com.

Meetings of the Board

During the year, 5 Board Meetings and 4 Audit Committee Meetings were convened and held. Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and as per Clause 49 of the Listing Agreement. The details of the meetings are furnished in the Corporate Governance Report.

Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act, 2013 and Clause 49(II)(B)(6) of the Listing Agreement a meeting of the Independent Directors was held on 23rd March, 2015, without the participation of the Executive Directors or management personnel. The independent Directors carried out performance evaluation of Non-Independent Directors and the Board of Directors as a whole, performance of Chairman of the Board, the quality, content and timelines of flow of information between the Management and Board, based on the performance Evaluation framework of the Company.

The criteria for performance evaluation have been detailed in the Corporate Governance Report forming part of this report.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of Directors has adopted vigil mechanism in the form of Whistle Blower Policy through which its Directors, Employees and Stakeholders can report their genuine concerns about

unethical behaviours, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The said Policy provides for adequate safeguards against victimization and also direct access to the higher levels of supervisors.

Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. Brief details about the policy are provided in the Corporate Governance Report, forming part to this Report.

Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return in Form MGT-9, for the financial year ended 31st March, 2015 made under the provisions of Section 92(3) of the Act is attached as **Annexure F** which forms part of this Report.

Disclosures under Section 134(3)(I) of the Companies Act, 2013

There were no material changes and commitment which could affect the Company's financial position has occurred between the end of financial year of the Company and the date of this Report.

Disclosure of orders passed by the regulators or courts or tribunal

No significant and material orders have been passed by any Regulators or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

The Company has not granted any loans, guarantees and investments in the financial year ended 31st March, 2015.

Material Subsidiary

During the year ended 31st March, 2015, the Company does not have any material listed / unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement. The details of the policy on determining material unlisted subsidiary of the Company is available on the Company's website www.surattextilemillsLtd.com.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The Company has constituted an Internal Complaint Committee ('ICC') as required by the said Act with 3 members including 1 member representing Non Governmental Organisation (NGO). The Company is strongly opposed to sexual harassment and employees are made aware about the consequences of such acts and about the constitution of ICC. During the year under review, no complaints were filed with the Committee under the provisions of the said Act.

Service of documents through electronic means

All documents, including the Notice and Annual Report shall be sent through electronic transmission in respect of members whose email IDs are registered in their demat account or are otherwise provided by the members. A member shall be entitled to request for physical copy of any such documents.

Indian Economy & Industry Scenario

According to the latest world economic outlook of IMF, India will surpass China in terms of growth to become the fastest growing large economy in the world.

The Mid-year update of the UN World Economic Situation and Prospects (WESP), related recently said, India's economy is projected to grow by 7.6 per cent this year and 7.7 per cent in 2016, overtaking China. China is projected to grow by 7 per cent in 2015 and 6.8 per cent next year.

India's growth is expected to be at least 8 per cent in the current financial year on account of initiative taken by the government to boost investment and growth. With India's economy mostly domestic driven, internal risks far outweigh external risks.

The Indian economy is showing signs of turnaround. The Indian economy is coming out of some tough times in recent years with a steep decline in growth, stubbornly high inflation and a wide current account deficit, but the situation is now improving.

Key reforms in the business environment, to labour market and to infrastructure will bring economic growth back to the higher levels seen in the recent past, create good jobs and improve well-being for all Indians.

While lower crude oil prices would ensure saving on input cost like MEG and PTA, which are the derivatives of crude oil, the poor demand is likely to restrict revenue growth.

Stronger rupee against most other currencies over the previous year will negatively impact the international operations like export of goods / import of raw materials.

Polyester markets faced challenges during the year because of raw material price volatility and over-capacity situation in the industry. Steep decline in raw material prices during the third quarter, put pressure on the margins.

The outlook for the industry for the coming year looks positive as the demand growth is expected to slowly catch-up with the supply.

Risk and concerns

The PFY industry is very competitive with players ranging from large vertically integrated players with very low variable costs to small flexible players who can rapidly respond to market changes in terms of both price and product mix.

An economic slow down- both domestic and global – may have adverse effect on the growth of the PFY industry. Raw material prices fluctuate in line with international prices and will continue to have an impact on the company's performance as raw materials constitute about 75 percent of the Company's net sales. Increased differentiated products as well as a reduced working capital facility will help reduce risks.

Large capacity addition by new and existing players may out-pace demand growth which will lead to price instability and pressure on profit margins. Yet, as demand growth resumes its historical trajectory it is a matter of time before healthy margins are restored.

Your company, like any other enterprise, is exposed to business risk which can be an internal as well as external risk. One of the key risks faced by the company in present scenario is the wide and frequent fluctuations in the prices of its raw materials. Major raw materials i.e. PTA and MEG are the derivative of crude and Crude Oil remain highly volatile whole year on account of various international political and economical reasons which are beyond our control.

Inflationary tendency in the economy and deterioration of macro economic indicators, coupled with below normal rain can impact the spending power of the consumer which can affect the volume of business as well as the operating performance of the Company.

Business Outlook:

The growth in demand is expected in the medium term to rely on high consumption in the domestic market. Your Company is committed to build business with long term goal based on your Company's intrinsic strength in terms of product quality and customer network.

Large additions to PTA capacity are expected this financial year that should result in more competitive PTA costs that will improve both domestic and export sales and margins, other things being same.

The introduction of GST should see a level playing field between your Company and other companies which are tax exempt. This should further improve margins for your Company in the long run, other things being same.

The Company will continue to focus on specialty and differentiated products in yarn and chips segment.

Internal Control System and their Adequacy

The Internal Control System provides for well documented policies / guidelines, authorizations and approval procedures. Considering the nature of its business and size of operations, your Company through its Internal Auditors carries out periodic audit based on the plan approved by the Audit Committee. The summary of the Internal Audit observations and status of implementation are submitted to the Audit Committee. The status of implementation of the recommendations is reviewed by the Audit Committee on a regular basis and desired actions are initiated to strengthen the control and effectiveness of the system. Concerns, if any, are reported to the Board.

Health, safety and environment

Your Company continued its focus in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surrounding. The Company continues to focus on maintenance and performance improvement of related pollution control facility at its manufacturing locations. Your Company recognizes protection and management of environment as one of its highest priority and every effort is made to conserve and protect the environment.

Industrial Relation / Human Resources

The Company continuously works to nurture this environment to keep its employees highly motivated, result oriented and adaptable to changing business environment. Your Company's value proposition is based on providing value to our customer, through innovation and by consistently improving efficiency at all levels.

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under review. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. There were 81 permanent employees as on 31st March, 2015.

CAUTIONARY STATEMENTS

Statements made in this report forming part of the disclosure related to Management, Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws, and other factors such as litigation and industrial relations.

Acknowledgement

The Directors of the Company wish to express their appreciation for the continued co-operation of the Central and State Governments, bankers, financial institutions, customers, dealers and suppliers and all the valuable assistance received from the shareholders. The Directors also wish to thank all the employees of the Company for their contribution, support and continued co-operation through out the year.

For and on behalf of the Board

Surat, 28th May, 2015

M. R. Momaya
Managing Director

ANNEXURE - A TO THE DIRECTORS' REPORT

Disclosure of Particulars with respect to Conversation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

I. Conservation of energy:

The Company continued to emphasize on the conversion and optimal utilization of energy in every manufacturing division of the Company. The energy conservation measures implemented during the financial year 2014-15 are as under:

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.
- Maintenance of the machines as per schedule.

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"

Disclosure of Particulars with respect to Conservation of Energy.

	2014-15	2013-14
A Power And Fuel Consumption		
1. Electricity		
a. Purchased Unit in lacs	66.83	101.28
Total amount Rs. in Lacs.	410.60	641.27
Rate / Unit Rs.	6.14	6.33
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 Consumption	NIL	NIL
Cost/Unit Rs.	NIL	NIL

	2014-15	2013-14
ii. Through Steam turbine/ Generator		
Units	NIL	NIL
Units per Ltr. Of fuel oil / gas	NIL	NIL
Cost/Unit Rs.	NIL	NIL

2 Coal/Lignite for Generation of Steam

Quantity (M.T.)	NIL	NIL
Total Cost Rs. in lacs	NIL	NIL
Average rate Rs./M.T.	NIL	NIL

3. Furnace Oil

Quantity (K.Ltrs.)	0	60
Total Amount Rs. in Lacs.	0.00	24.79
Average rate Rs./ Ltr.	0.00	41.32

4. Others/Internal generation

Quantity	NIL	NIL
Total Cost	NIL	NIL
Rate / Unit Rs.	NIL	NIL

B Consumption Per Unit of Production

Product Details	SPUN YARN	SPUN YARN
Unit	Kg.	Kg.
Electricity (Unit) *	5.88	5.74
Product Details	PFY	PFY
Unit	Kg.	Kg.
Electricity (Unit) *	1.17	1.07
Product Details	CHIPS	CHIPS
Unit	Kg.	Kg.
Electricity (Unit) *	0.24	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.

SURAT TEXTILE MILLS LIMITED

- Wastage reduction
- Process Improvement.

3. Future Plan of Action

- Continued efforts are being made to develop innovative, commercially viable process and also for improving quality and meeting regulatory compliances.
- 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

Surat, 28th May, 2015.

M. R. Momaya
Managing Director

ANNEXURE - B**Annual Report on Corporate Social Responsibility activities**

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has contributed an amount of Rs.4.00 Lacs as mentioned hereunder towards activities specified in Schedule VII of the Companies Act, 2013. The Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.surattextilemillsLtd.com
2	Composition of CSR Committee	The CSR Committee comprises the following members: a. Shri Ketan Jariwala, (Chairman) (Independent Director) b. Shri Harishchandra Bharucha, (Independent Director) c. Shri Yogesh C. Papaiya, Wholetime Director
3	Average net profit of the company for last three financial years (as per Section 198 of the Companies Act, 2013)	Rs.648.38 Lacs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs.12.97 Lacs
5	Details of CSR expenditure during the financial year	Rs.4.00 Lacs
	(a) Total amount to be spent for the financial year.	Rs.12.97 Lacs
	(b) Amount unspent, if any.	Rs.8.97 Lacs
	(c) Manner in which the amount spent during the financial year.	The Company has contributed Rs.4.00 Lacs to Chhatrapati Shivaji Maharaj Vastu Sangrahalay, Mumbai towards promotion and development of traditional art.
6	Reasons for failure to spend the two per cent of the average net profit of the last three financial years or any part thereof:	The CSR activities carried / to be carried out by the Company is driven by the expertise of the management. Additionally, the Company gives preference to the local area(s) of its operations for CSR activities. The Company believes that the CSR should be in the field(s) which have substantial social impact and which co-relate with the philosophy of the Company to improve the quality of life. Being the first year of implementation, a delay was caused due to clarifications required to ensure that the identified projects were covered under the CSR guideline.

Responsibility statement:

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy has been carried out with all reasonable care and diligence and the same is in compliance with the CSR objectives and the policy of the Company.

For and on behalf of the CSR Committee
Sd/-

Ketan Jariwala
Chairman of the Committee
(DIN 02095540)

Surat, 28/05/2015

ANNEXURE - C**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Requirement under Rule 5(1)	Details
1.	The Ratio of the remuneration of each executive Director to the median remuneration of the employees of the Company for the Financial Year.	(1) Shri M. R. Momaya* Managing Director – 1.09 (2) Shri Yogesh C. Papaiya* Wholetime Director & CFO – 2.12 (3) Shri Sanjay S. Shah,* Managing Director – 0.78 * appointed w.e.f. 01/06/2014 * appointed w.e.f. 11/08/2014 * upto 31/05/2014
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Shri M. R. Momaya* Managing Director – Not applicable. (2) Shri Yogesh C. Papaiya* Wholetime Director & CFO – Not applicable. (3) Shri Sanjay S. Shah,* Managing Director – Not applicable. (4) Shri Jigar K. Vyas, Company Secretary – Not applicable. * appointed w.e.f. 01/06/2014 * appointed w.e.f. 11/08/2014 * upto 31/05/2014
3.	The Percentage increase in the median remuneration of employees in the financial year.	1.83
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2015.	81
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	On an average, employees received an annual increase of about 1.83%. In order to ensure that remuneration reflects company performance, the performance pay is also linked to organization performance, apart from an individual's performance.
6.	Comparison of the remuneration of the Key Managerial Personnel ("KMP") (Individually and totally) against the performance of the company.	(i) Aggregate remuneration of Key Managerial Personnel in FY 2015 Rs.18.91 Lacs (ii) Total revenue Rs.12984.26 Lacs (iii) Remuneration of KMPs (as percentage of revenue) 0.15 (iv) Profit before tax Rs.358.56 Lacs (v) Remuneration of KMPs (as percentage of PBT) – 5.27. * Remuneration of KMPs includes Managing Director / Wholetime Director.
7.	* Average percentile increase made in the salaries of employees other than the managerial personnel in last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. * Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	% increase – Managerial Personnel – Not applicable. Others – 4.47%.

Sr. No.	Requirement under Rule 5(1)	Details
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
9.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	None.
10.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2015 – Rs.35.75 crore. Market capitalization as on 31/03/2014 – Rs.32.64 crore.
12.	Price earnings ratio as at the closing of 31st March, 2015 and 31st March, 2014.	31/03/2015 – 13.42 31/03/2014 – 29.40
13.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Market Price (BSE) – 31/03/2015 Rs.1.61 per share. Market Price (BSE) – 31/03/2014 Rs.1.47 per share.

For and on behalf of the Board of Director
M. R. Momaya
 Managing Director

Surat, 28th May, 2015.

ANNEXURE - D

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Surat Textile Mills Limited
Tulsi Krupa Arcade, Third Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Surat Textile Mills Limited, CIN L17119GJ1945PLC000214** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period); and**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period);**

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company. I report that the Company has substantially complied with the provisions of those Acts that are applicable to Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings. **(Not notified hence not applicable to the Company during the audit period).**
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and Ahmedabad Stock Exchange;

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda

items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that as per the explanations given to us and the representation made by the Management and relied upon by us there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.
- (ii) Redemption / buy-back of securities

- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations

Place: Surat
Date: 25th May, 2015

For K. Dalal & Co.
Company Secretaries
Sd/-
Kunjai Dalal
Proprietor
FCS No.: 3530 CP No: 3863

Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE A'

To,

The Members,
Surat Textile Mills Limited
Tulsi Krupa Arcade, Third Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

My secretarial audit report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Surat
Date: 25th May, 2015

For K. Dalal & Co.
Company Secretaries
Sd/-
Kunjai Dalal
Proprietor
FCS No.: 3530 CP No: 3863

ANNEXURE – E**Form No. AOC-2****Material Related Party Transactions**

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

I. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2015 which were not at arm's length basis.

II. Details of material contracts or arrangement or transactions at arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2015 are as follows.

Sr. No.	Name of the Related Party and Relationship	Nature of Transaction	Duration	Salient Terms	Amount (Rs. in Lacs)
1	Garden Silk Mills Limited (Group Company)	Electric power purchase	Ongoing	On arm's length basis and in ordinary course of business.	508.46
2	Garden Silk Mills Limited (Group Company)	Purchase of goods	Ongoing	On arm's length basis and in ordinary course of business.	993.77
3	Garden Silk Mills Limited (Group Company)	Sale of finished goods	Ongoing	On arm's length basis and in ordinary course of business.	4821.17
4	Garden Silk Mills Limited (Group Company)	Job charges paid	Ongoing	On arm's length basis and in ordinary course of business.	27.30
5	Garden Silk Mills Limited (Group Company)	Job charges income	Ongoing	On arm's length basis and in ordinary course of business.	146.97
6	Garden Silk Mills Limited (Group Company)	Rent paid	Ongoing	On arm's length basis and in ordinary course of business.	7.00

Appropriate approvals have been taken for related party transactions. No advances have been paid or received against the transactions mentioned above.

Place: Surat
Date: 28th May, 2015

For and on behalf of the Board of Directors
M. R. Momaya
Managing Director

ANNEXURE - F

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I	REGISTRATION AND OTHER DETAILS	
i)	CIN	L171119GJ1945PLC000214
ii)	Registration Date	29/11/1945
iii)	Name of the Company	Surat Textile Mills Limited
iv)	Category / Sub-Category of the Company	Public Company/Limited by shares.
v)	Address of the Registered office and contact details	Tulsi Krupa Arcade, Third Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010 Tel. No. 91-261-2311197-98 Fax No. 91-261-2311029/502
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium, Tower – B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad 500032 Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 – 23001153 Email: einward.ris@karvy.com
II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
	All the business activities contributing 10 % or more of the total turnover of the company shall be stated	As per Attachment A
III	PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	As per Attachment B
IV	SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i)	Category-wise Share Holding	As per Attachment C
ii)	Shareholding of Promoters	As per Attachment D
iii)	Change in Promoters' Shareholding (please specify, if there is no change)	As per Attachment E
iv)	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment F
v)	Shareholding of Directors and Key Managerial Personnel	As per Attachment G
V	INDEBTEDNESS	
	Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment H
VI	REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment I
B.	Remuneration to other directors	As per Attachment J
C.	REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD	As per Attachment K
VII	PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES	As per Attachment L

Attachment A

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	79.63
2	M.E.G.	466-Other specialised wholesale (wholesale of intermediate product)	12.30

Attachment B

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/	% of shares held	Applicable
NOT APPLICABLE					

Attachment C

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoter									
(1) Indian									
(a) Individuals / Hindu Undivided Family	67956397	0	67956397	30.60%	67956397	0	67956397	30.60%	0.00%
(b) Central Government / State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
(c) Bodies Corporate	98547520	0	98547520	44.38%	98547520	0	98547520	44.38%	0.00%
(d) Financial Institutions / Banks	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e) Any Other (Specify) PARTNERSHIP FIRM	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(1)	166503917	0	166503917	74.98%	166503917	0	166503917	74.98%	0.00%
(2) Foreign									
(a) Individuals (Non-Resident individuals / Foreign Individuals)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(b) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
(c) Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	166503917	0	166503917	74.98%	166503917	0	166503917	74.98%	0.00%
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds / UTI	0	0	0	0.00%	0	0	0	0.00%	0.00%
(b) Financial Institutions / Banks	17456807	500	17457307	7.86%	15456807	500	15457307	6.96%	-0.90%
(c) Central Government / State Government(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
(d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
(f) Foreign Institutional Investors/ Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
(g) Foreign Venture Capital Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
(i) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (B)(1)	17456807	500	17457307	7.86%	15456807	500	15457307	6.96%	-0.90%

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
(2) Non-Institutions							
(a) Bodies Corporate	7461279	5600	7466879	7513698	5600	7519298	3.39%
(b) Individuals							
i. Individual Shareholders holding nominal share capital upto Rs.1 lakh.	19266871	2713170	21980041	20112515	2671807	22784322	10.26%
ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	8556454	0	8556454	9631702	0	9631702	4.34%
(c) Qualified Foreign Investors	0	0	0	0	0	0	0.00%
(d) Any Other (Specify)							
i. NRI with and without repatriation	50077	0	50077	141979	0	141979	0.06%
ii. Trusts/Overseas Body Corporates	0	0	0	0	0	0	0.00%
iii. Clearing Member	49765	0	49765	25915	0	25915	0.01%
Sub-Total (B)(2)	35384446	2718770	38103216	37425809	2677407	40103216	18.06%
Total Public Shareholding (B) = (B)(1)+(B)(2)	52841253	2719270	55560523	52882616	2677907	55560523	25.02%
TOTAL (A)+(B)	219345170	2719270	222064440	219386533	2677907	222064440	100.00%
(C) Shares held by Custodians and against which Depository Receipts have been issued							
1 Held by Promoter/promoters group	0	0	0	0	0	0	0.00%
2 Held by Public	0	0	0	0	0	0	0.00%
TOTAL (C)							
GRAND TOTAL (A)+(B)+(C)	219345170	2719270	222064440	219386533	2677907	222064440	100.00%

Attachment D

(ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Vareli Trading Co. Ltd.	77500000	34.90%	0.00%	77500000	34.90%	0.00%	0.00%
2	Shri Praful A. Shah (Ind)	27910497	12.57%	0.00%	27910497	12.57%	0.00%	0.00%
3	Garden Silk Mills Ltd.	14500000	6.53%	0.00%	14500000	6.53%	0.00%	0.00%
4	Shri Alok P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
5	Shri Suhail P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
6	Smt. Shilpa Shah	10001400	4.50%	0.00%	10001400	4.50%	0.00%	0.00%
7	Shri Praful A. Shah (HUF)	10000450	4.50%	0.00%	10000450	4.50%	0.00%	0.00%
8	Palomar Textiles Ltd.	6545820	2.95%	0.00%	6545820	2.95%	0.00%	0.00%
9	Smt. Shilpa Shah	14050	0.01%	0.00%	14050	0.01%	0.00%	0.00%
10	Introscope Properties Pvt. Ltd.	1700	0.00%	0.00%	1700	0.00%	0.00%	0.00%
	Total	166503917	74.98%	0.00%	166503917	74.98%	0.00%	0.00%

Attachment E

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	166503917	74.98	166503917	74.98
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0.00	0	0.00
At the end of the year	166503917	74.98	166503917	74.98

Attachment F

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/Decrease in Share end of the year reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the Company
1	IDBI Bank Ltd.	15456807	6.96%	--	0	--	15456807	6.96%
2	Jamson Securities Pvt Ltd	2159654	0.97%	--	0	--	2159654	0.97%
3	IFCI Ltd	2000000	0.90%	30/06/2014	29904	Transfer	1970096	0.89%
				04/07/2014	53179	Transfer	1916917	0.86%
				11/07/2014	34500	Transfer	1882417	0.85%
				25/07/2014	8010	Transfer	1874407	0.84%

SURAT TEXTILE MILLS LIMITED

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/Decrease in Share end of the year reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of Shares	% of total shares of the Company
				15/08/2014	1101	Transfer	1873306	0.84%
				22/08/2014	22498	Transfer	1850808	0.83%
				29/08/2014	31000	Transfer	1819808	0.82%
				05/09/2014	91490	Transfer	1728318	0.78%
				12/09/2014	470243	Transfer	1258075	0.57%
				19/09/2014	187644	Transfer	1070431	0.48%
				30/09/2014	328903	Transfer	741528	0.33%
				10/10/2014	224825	Transfer	516703	0.23%
				17/10/2014	19172	Transfer	497531	0.22%
				24/10/2014	6289	Transfer	491242	0.22%
				31/10/2014	127365	Transfer	363877	0.16%
				07/11/2014	193000	Transfer	170877	0.08%
				14/11/2014	170877	Transfer	0	0.00%
4	Madhuvan Securities Pvt. Ltd.	1824750	0.82%	--	0	--	1824750	0.82%
5	Neelam Nitinkumar Gheewala	1400000	0.63%	--	0	--	1400000	0.63%
6	Ilaben Nitinbhai Gheewala	1400000	0.63%	--	0	--	1400000	0.63%
7	Kushal Nitin Gheewala	1400000	0.63%	--	0	--	1400000	0.63%
8	Vartik Choksi	1384977	0.62%	--	0	--	1384977	0.62%
9	Madhuram Traders Pvt. Ltd.	1384977	0.62%	--	0	--	1384977	0.62%
10	Shreyas Vasantbhai Parikh	906000	0.41%	--	0	--	906000	0.41%
11	Uma Shreyas Parikh	906000	0.41%	--	0	--	906000	0.41%

Attachment G

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the end of the year	0	0	0	0

Attachment H

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	609.31	0.00	151.76	761.07
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	609.31	0.00	151.76	761.07
Change in Indebtedness during the financial year				
• Addition	0.00	0.00	31.59	31.59
• Reduction	448.15	0.00	0.00	448.15
Net Change	448.15	0.00	31.59	479.74
Indebtedness at the end of the financial year				
i) Principal Amount	161.16	0.00	183.35	344.51
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	161.16	0.00	183.35	344.51

Attachment I

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Shri Sanjay S. Shah (See Note 1)	Shri M. R. Momaya (See Note 2)	Shri Yogesh C. Papaiya (See Note 3)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.50	6.50	10.91	18.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission				0.00
	- as % of profit	0.00	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00	0.00
	Total (A)	1.50	6.50	10.91	18.91
	Ceiling as per the Act				

Note:

- 1 Shri Sanjay S. Shah resigned w.e.f. 31/05/2014
- 2 Shri M. R. Momaya appointed w.e.f. 01/06/2014
- 3 Shri Yogesh C. Papaiya was appointed as Whole-time Director and CFO w.e.f. 11/08/2014

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Attachment J

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Shri M.R.Momaya	Shri Sanjay S.Shah	Shri Y. C. Papaiya	Shri Harish Bharucha	Shri Ketan Jariwala	
3	Independent Directors						
	• Fee for attending board committee meetings	0.02	0.30	0.16	0.57	0.32	1.37
	• Commission	0.00	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (1)	0.02	0.30	0.16	0.57	0.32	1.37
4	Other Non-Executive Directors						
	• Fee for attending board committee meetings	0.00	0.00	0.00	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B) = (1 + 2)	0.02	0.30	0.16	0.57	0.32	1.37
	Total Managerial Remuneration	0.00	0.00	0.00	0.00	0.00	1.37
	Overall Ceiling as per the Act						

Note:

- 1 Shri Sanjay S. Shah resigned w.e.f. 31/05/2014
- 2 Shri M. R. Momaya appointed w.e.f. 01/06/2014
- 3 Shri Yogesh C. Papaiya was appointed as Whole-time Director and CFO w.e.f. 11/08/2014
- 4 Shri Ketan Jariwala appointed w.e.f. 11/08/2014

Attachment K

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	Whole-time Director and CFO	
		--	Shri Jigar K. Vyas	Shri Yogesh C. Papaiya	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	1.56	10.91	12.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	- as % of profit	0	0	0	0
	- others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	1.56	10.91	12.47

Note:

- 1 Shri Jigar K. Vyas resigned w.e.f. 28/02/2015
- 2 Shri Yogesh C. Papaiya was appointed as Whole-time Director and CFO w.e.f. 11/08/2014

Attachment L

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description beginning of the year	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCL1 / COURT] end of the year	Appeal made, if any (give Details)
A. COMPANY	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					
B. DIRECTORS	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					0
C. OTHER OFFICERS IN DEFAULT	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors
Sd/-

M. R. Momaya
Managing Director
(DIN 0023993)

Surat, 28th May, 2015

ANNEXURE - G

REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31ST MARCH, 2015

1. Corporate Governance Philosophy

The philosophy of Corporate Governance is a principle based approach as codified in Clause 49(i) of the Listing Agreement, encompassing the fundamentals of rights and roles of various shareholders of the Company, disclosure, transparency and board responsibility.

Your Company is in compliance of Clause 49 on Corporate Governance as they stood during the relevant period of Financial Year 2014-15.

A report on the matters mentioned in the said clause and the practices / procedures followed by your Company for the year ended 31st March, 2015 is detailed below.

2. Board of Directors

(a) Composition:

Your Company has the combination of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement. 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.

The present strength of the Board of Directors is a mix of six Non-Executive Directors and four Executive Directors. Of the six Non-Executive Directors, five are Independent Directors. The Chairman of the Board is an Executive Director.

As per the declarations received by the Company from each of the Directors, none of them are disqualified under Section 164(2) of the Companies Act, 2013.

The Independent Directors of the Company are in compliance with the provision of Clause 49(II)(B)(2). Further, disclosures have been made by the Directors regarding their Chairmanship / Membership of the mandatory Committees of the Board and that the same are within the maximum permissible limit as stipulated under Clause 49(II)(D)(2) of the listing agreement.

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, 2015. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2014-15.

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.

(b) Board Meetings.

The Board oversees the entire functioning of the Company and is involved in strategic decision-making on a collective basis. The Board meets at least four times a year and the interval between any such two meetings has not been more than one hundred and twenty days. The Company Secretary under the direction of the Chairman and in consultation with Chief Financial Officer (CFO) prepares the agenda along with the explanatory notes thereto and circulates it to the Directors, along with the notice of the meeting.

During the year under review, 5 Board Meetings were held on 21/05/2014, 31/05/2014, 11/08/2014, 12/11/2014 and 11/02/2015. Additionally a separate meeting of Independent Directors was held on 23rd March, 2015. All the Independent Directors attended the said meeting.

The details of the composition of the Board, number of Board meetings held, attendance thereat and at the last annual general meeting and the number of other Directorship, Memberships and/or Chairmanship held by each Director of the Board as on 31st March, 2015, are set out below:

Name	Category	No. of Board Meetings attended #	Attendance at the last AGM held on 23.07.14	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies
Shri M. R. Momaya	Managing Director	05	Yes	N.A.	N.A.
Shri Yogesh C. Papaiya *	Wholetime Director & CFO	05	Yes	N.A.	N.A.
Shri Sanjay S. Shah	Non-executive	05	Yes	02	N.A.
Shri H.B. Bharucha	Non-executive, Independent	05	Yes	N.A.	N.A.
Shri Ketan Jariwala **	Non-executive, Independent	02	N.A.	N.A.	N.A.

* Shri Yogesh C. Papaiya was appointed as Wholetime Director and CFO w.e.f. 11/08/2014.

** Shri Ketan Jariwala was appointed as Additional Director (Independent Director) on the Board w.e.f. 11/08/2014

excluding Independent Directors meeting.

(d) Board Meeting Procedures

The agenda papers with relevant explanatory notes and material documents relating to matters for perusal of the Board / Committee are circulated in advance, so as to facilitate discussion and informed decision-making in the meeting. The routine business brought to the relevant meetings includes, inter alia Annual business plans and budget, Quarterly results and update on operations, Financial results for the relevant period along with limited review report thereon, Minutes of various committee meetings, Shareholding pattern as per clause 35 of the listing agreement, the information on recruitment and remuneration of senior officers just below the Board level and approval of Related Party Transaction etc.

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.

(e) Directors' Tenure, Appointment / Re-appointment and Remuneration

During the year under review, Shri Yogesh C. Papaiya was appointed as Wholetime Director and CFO of the Company for a term of five years commencing from 11th August, 2014. He is being paid remuneration in accordance with the terms and conditions in the agreement entered into with the Company.

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Shri Yogesh C. Papaiya is liable to retire by rotation. The said Director has offered himself for reappointment and resolution for his reappointment is incorporated in the Notice of the ensuing Annual General Meeting.

Shri Ketan Jariwala and Mrs. Anita Mandrekar has been appointed as an Additional Director and in terms of Section 161(1) of the Companies Act, 2013 they will hold office till the date of ensuing Annual General Meeting. In terms of Section 160(1) of the Companies Act, 2013, the Company has received a notice from a member intending to propose Shri Jariwala and Mrs. Mandrekar as candidates for the office Director of the Company. The Independent Directors are paid sitting fees for attending meetings of Board / Board Committees.

The brief profile and other information as required under Clause 49(VIII)(E) of the Listing Agreement relating to Directors being appointed / reappointed, forms part of the Notice of ensuing Annual General Meeting.

(f) Meeting of Independent Directors

During the year, a meeting of Independent Directors was held on 23rd March, 2015 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Shri Harishchandra Bharucha, Chairman of the Meeting presented the views of the Independent Directors on matter relating to Board processes and overall affairs of the Company to the full Board.

(g) Familiarization Program for Independent Directors

The Independent Directors are familiarized, inter alia, with the Company, their visits, roles and responsibility, the nature of industry, the business model of the Company the details of the same are available on the website of the Company www.surattextilemillsltd.com.

3 BOARD COMMITTEES:

During the financial year under review, the Board had five committees viz., Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee. The Board decides the term of reference of these committees and assignment of its Members thereof.

(a) Audit Committee

Presently the Audit Committee comprises of Shri Harishchandra Bharucha, Independent Director as Chairman, Shri Sanjay Shah, Non-Executive Director and Shri Ketan Jariwala, Independent Director as its Members. All the members of the Committee are professionals and financially literate within the meaning of Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee includes the matters specified under Clause 49(III)(D) of the Listing Agreement with the Stock Exchanges as well as Section 177 of the Companies Act, 2013.

The Audit Committee may call for the Comments of the Auditors about internal control systems, the scope of Audit, including observations and review of financial statements before their submission to the Board and any related issues with internal and statutory auditors and management of the Company.

The Finance Head, Internal Auditor and Statutory Auditors are invitees to the Meeting.

The Chairman of the Audit Committee was present at the 68th Annual General Meeting of the Company held on 23rd July, 2014. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

Meetings and attendance

During the financial year 2014-15, the Audit Committee of the Company met four times on 21/05/2014, 11/08/2014, 12/11/2014 and 11/02/2015. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 21/05/2014 reviewed the Annual Accounts for the year ended 31st March, 2014.

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 details of composition of the Audit Committee and the attendance of the Members at the Audit Committee Meetings are as under

Sr. No.	Name	Category	No. of Meeting Attended
1	Shri Harishchandra Bharucha	Non-Executive, Independent	04
2	Shri Yogesh C. Papaiya *	Wholetime Director & CFO	01
3	Shri Sanjay S. Shah *	Non-Executive	03
4	Shri Ketan Jariwala	Non-Executive, Independent	02

* Shri Yogesh C. Papaiya resigned as Chairman of the Audit Committee w.e.f. 10/08/2014 and with effect from 11/08/2014 Shri Harishchandra Bharucha was appointed as Chairman and Shri Sanjay S. Shah and Shri Ketan Jariwala were inducted as Member of the Audit Committee.

(b) Stakeholders' Relationship Committee

In line with the Companies Act, 2013 / Clause 49 of the Listing Agreement, the nomenclature of the Share Transfer and Investor Grievances Committee has been changed to Stakeholder Relationship Committee. The Stakeholder Relationship Committee oversee investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services.

Presently, the Stakeholder Relationship Committee comprises of Shri Yogesh C. Papaiya, Wholetime Director, Shri Harishchandra Bharucha, Independent Director and Shri Ketan Jariwala, Independent Director as its Members.

The terms of reference of the Stakeholders' Relationship Committee covers the matters specified under Clause 49(VIII)(E)(4) of the Listing Agreement with the Stock Exchanges. The minutes of the Stakeholders' Relationship Committee were noted at the Board Meeting.

A summary of the complaints received, cleared / pending during the financial year under review are given below:

Nature of Complaints	Number of Complaints			
	As on 1st April, 2014	Received during the financial year	Cleared / attended during the financial year	Pending as on 31st March, 2015
Non-receipt of dividend warrants	Nil	13	13	Nil
Non-receipt of share certificates after transfer, deletion of name, transmission, transposition, consolidation of folios & share certificates, correction of name etc.	Nil	20	20	Nil
Non-receipt of Annual Report	Nil	18	18	Nil
Letters from SEBI, Stock Exchanges and Ministry of Corporate Affairs	Nil	1	1	Nil
Total	Nil	52	52	Nil

During the Financial Year under review, 52 complaints were received and as on date all of them have been redressed / answered to the satisfaction of the shareholders. No investor grievance remained unattended / pending for resolution for more than 30 days and no request for share transfers and dematerialization received for the financial year under review was pending for more than the time limit prescribed under the Listing Agreement with the Stock Exchanges.

(c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is fully empowered to determine / approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Managing Director after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration etc. The terms of reference of the Nomination and Remuneration Committee includes the matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges as well as under Section 178 of the Act.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have formulated and adopted Nomination and Remuneration Policy. The details of the remuneration policy are available on the website of the Company www.surattextilemillsLtd.com. The Non-Executive Directors are paid sitting fees for every meeting of the Board and its Committees attended by them.

Presently the Nomination and Remuneration Committee comprises of Shri Harishchandra Bharucha as Chairman, Shri Sanjay Shah, Non-Executive Director and Shri Ketan Jariwala, Independent Director as its Members. Two Nomination and Remuneration Committee meetings were held during the financial year under review. These meetings were held on 31/05/2014 and 11/08/2014.

Remuneration to Directors

There has been no materially significant related party transactions, pecuniary relationships or transactions between the Company and its Directors for the financial year under review that may have a potential conflict with the interest of the Company at large.

Remuneration paid to Executive Directors

Name of Director	Salary & Perquisites	Sitting fees	Commission
Shri M. R. Momaya	Rs.6,49,608/-	Not applicable	Not applicable
Shri Yogesh C. Papaiya	Rs.10,91,089/-	Not applicable	Not applicable

* Shri M. R. Momaya Managing Director w.e.f. 01/06/2015

* Shri Yogesh C. Papaiya appointed Wholetime Director & CFO w.e.f. 11/08/2015

Remuneration paid to Non-Executive Directors

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 2014-15 was Rs.1,37,000/-.

The Company has no stock option plans and hence such instrument does not form part of the remuneration package to any Executive Director and/or Non-Executive Director.

(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 Yogesh C. Papaiya, Chairman and Shri Harish Bharucha as Member. During the year 2014-15 the Committee met on 23/07/2014 and 09/03/2015 to discuss the matters coming within the Committee's purview.

(e) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on 11th August, 2014. The composition of the Committee of Directors comprises Shri Ketan Jariwala, Chairman, (Independent Director), Shri Harish Bharucha, Independent Director and Shri Yogesh C. Papaiya, Wholetime Director as Members. During the year 2014-15 the Committee met once on 12th November, 2014 to discuss the matters coming within the Committee's purview.

The Committee's prime responsibility is to assist the Board in discharging its social responsibility by way of formulating and monitoring implementation of the framework of corporate social responsibility policy. The terms of reference of the Corporate Social Responsibility are in accordance with the provisions of the Companies Act, 2013 and Rules made there under.

The Company has also adopted CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.surattextilemillsLtd.com.

4 MD/CEO/CFO Certification

As required under Clause 49(IX) of the Listing Agreement, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting for the financial year ended was placed before Board of Directors at its Meeting held on 28th May, 2015.

5 General Body Meetings**(a) The details of last 3 Annual General Meetings held are as under:**

Year	Location	Date	Time
2011-12	Garden Mills Complex, Sahara Gate, Surat.	30th July 2012	10.30 a.m.
2012-13	Garden Mills Complex, Sahara Gate, Surat.	24th June 2013	11.00 a.m.
2013-14	Garden Mills Complex, Sahara Gate, Surat.	23rd July, 2014	11.00 a.m.

All the resolutions set out in the respective Notices were passed by the requisite majority of the Members.

(b) Special Resolutions passed at the last 3 Annual General Meetings:

A Special Resolution was passed at the 68th Annual General Meeting of the Company held on 23rd July, 2014, for appointment of Shri M. R. Momaya as Managing Director of the Company.

(c) Passing of Special Resolutions by Postal Ballot:

No special resolution was passed during the last year through postal ballot.

None of the Resolutions proposed at the 69th Annual General Meeting need to be passed by Postal Ballot.

6 DISCLOSURES**(a) 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.

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. The policy on Related Party Transactions is hosted on the website of the Company.

(b) Disclosure of Accounting Treatments

Your Company not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.

(c) Subsidiary Company

The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. Your Company formulated a Policy on Material Subsidiary as required under Clause 49(V)(D) and the Policy is hosted on the website of the Company.

(d) Risk Management

Your Company has laid down procedure to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it. Details of Risk Management by the Company have been provided in the Directors’ Report and Management Discussion and Analysis.

(e) Compliance by the Company

The Company had complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

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 2014-15. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

Whistle Blower Policy / Vigil Mechanism:

The Company has established a Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviours, actual or suspected fraud or violation of the Company’s code

of conduct or ethics policy. The said policy provides for adequate safeguard against victimization and also direct access to the higher levels of supervisors.

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.

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.

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 The Time of India (English) and Dhabkar (Vernacular), both Surat editions.
- (b) Management Discussion and Analysis report forms part of the Directors Report.

8. GENERAL SHAREHOLDER INFORMATION:

- (a) 69th Annual General Meeting:

Date : Wednesday, 26th August, 2015

Time : 11:00 a.m.

Venue : Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

- (b) **Financial Calendar (2014-15)** :

Results for the quarter ending : July/August, 2015.
June 30, 2015 :

Results for the quarter ending : October/November, 2015
September 30, 2015 :

Results for the quarter ending : January/February, 2016
December 31, 2015 :

Results for the year ending : April/May, 2016
March 31, 2016 :

- (c) **Book closure dates** : Thursday, 20th August, 2015 to
: Wednesday, 26th August, 2015.
: (Both days inclusive)

SURAT TEXTILE MILLS LIMITED

- (d) Listing on Stock Exchanges** : Stock Code
1. Ahmedabad Stock Exchange Limited, : 58110
Kamdhenu Complex, :
Opp. Sahajanand College, :
Panjara Pole, Ambawadi, :
Ahmedabad 380015. :
2. Bombay Stock Exchange Limited, : 30185(Physical Segment)
Phiroze Jeejeebhoy Towers, : 530185 (Demat Segment)
Dalal Street, Mumbai 400001 :
Demat ISIN for NSDL & CDSL. : INE 936A01025
- (e) Annual Listing Fees:** The Company has paid the Annual Listing fees to the above stock exchanges for the financial year 2015-2016.

(f) Market Price Data

The High/Low market price of the shares during the year 2014-15 at the Bombay Stock Exchange (BSE) are as under.

Month	High (Rs.)	Low (Rs.)
April, 2014	2.23	1.28
May, 2014	2.93	1.36
June, 2014	2.62	1.90
July, 2014	2.34	1.83
August, 2014	2.33	1.75
September, 2014	3.15	2.00
October, 2014	2.79	2.26
November, 2014	2.90	2.00
December, 2014	2.49	1.62
January, 2015	2.53	1.95
February, 2015	2.64	1.93
March, 2015	2.34	1.41

(g) Registrar and Share Transfer Agents:

Karvy Computershare Private Limited,
(Unit: Surat Textile Mills Limited),
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad 500032.
Toll Free No. (India) : 1800 345 4001
Phone No. 040 67162222
Fax No. 040 23001153
Email: 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, 2015:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters.	166503917	74.98
2.	Indian Public.	32416024	14.60
3.	Banks, Financial Institutions & Insurance Companies.	15457307	6.96
4.	NRI's / Overseas Body Corporates	141979	0.06
5.	Bodies Corporate.	7519298	3.39
6.	Trusts	0	0.00
7.	Others (NSDL+CDSL) Clearing Members	25915	0.01
	TOTAL.	222064440	100.00

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2015:

No. of Equity Shares		No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1	- 5000	36708	97.84	11008529	4.96
5001	- 10000	410	1.09	3229344	1.45
10001	- 20000	187	0.50	2730617	1.23
20001	- 30000	78	0.21	1928476	0.87
30001	- 40000	28	0.08	977719	0.44
40001	- 50000	24	0.06	1122607	0.51
50001	- 100000	48	0.13	3195070	1.44
100001 & above		35	0.09	197872078	89.10
Total		37518	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:

219386533 Equity Shares aggregating to 98.80% of the total Equity Capital is held in dematerialized form as on 31/03/2015 of which 92.12% (204560923 Equity Shares) of total equity capital is held with NSDL and 6.68% (14825610 Equity Shares) of total equity capital is held with CDSL as on 31/03/2015.

(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.

(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 Physical Form	Karvy Computershare Private Limited, (Unit: Surat Textile Mills Limited), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032. Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 23001153 Email: einward.ris@karvy.com
(ii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.
(iii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, 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.

9. Non-Mandatory Requirements

Shareholders' Rights

The half yearly financial results are published in the newspapers as mentioned above and also they are displayed under the investor relations section on the Company's website 'www.surattextilemillsLtd.com'. Therefore, the results were not separately circulated to all shareholders.

Place: Surat
Date: 28th May, 2015

M. R. Momaya
Managing Director
(DIN 00023993)

CEO/CFO CERTIFICATION UNDER CLAUSE 49(IX)**The Board of Directors,
Surat Textile Mills Limited.**

1. We have reviewed financial statement and the cash flow statement of Surat Textile Mills Limited ('the Company') for the year ended 31st March, 2015 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 together 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 accept responsibility 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. We have not come across any reportable deficiencies in the design or operation of such internal control.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

Place: Surat
28th May, 2015

M. R. Momaya
Managing Director
(DIN 00023993)

Yogesh C. Papaiya
Wholetime Director & CFO
(DIN 00023985)

Declaration on Code of Conduct

This is to certify that your Company has in place a Code of Conduct applicable to the Board Member as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2014-15.

Place: Surat
28th May, 2015

M. R. Momaya
Managing Director
(DIN 00023993)

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, 2015, 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 above mentioned Listing Agreement.

We further 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, 28th May, 2015

INDEPENDENT AUDITOR'S REPORT

To The Members of Surat Textile Mills Limited, Report on the Financial Statement

We have audited the accompanying financial statements of Surat Textile Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Profit and Loss statement, the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies' making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the Audit Report under the provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 2015;
- b) in the case of the Statement of Profit and Loss, 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

- (1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.
- (2) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and 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 Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
 - e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position
 - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For NATVARLAL VEPARI & CO.

Chartered Accountants

Firm Registration Number: 123626W

R. N. VEPARI

Partner

Membership No.: 6728

Surat, 28th May, 2015

Annexure to the Independent Auditors' Report

Referred to in point 1 of Report on Other Legal and Regulatory Requirements of our Report of even date on the accounts for the year ended 31st March, 2015

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, the fixed assets of the Company have been physically verified by the management at reasonable intervals and as informed to us no material discrepancies between the book records and physical verification were noticed on such verification.
- (ii) (a) As per the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) As per 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 inventory records and in our opinion, the company has maintained proper records of inventories. In our opinion, discrepancies noticed on physical verification of inventories were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account;
- (iii) As per the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) As per the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control system.
- (v) In our opinion and according to the information given to us, the Company has not accepted any deposits from the public, which come under the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and Rules framed there under.
- (vi) To the best of our knowledge and explanation given to us, the provisions of maintenance of cost records under sub-

section (1) of Section 148 of the Act are not applicable for the financial year 2014-15.

- (vii) (a) According to the information and explanations given to us and on the basis of the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, wealth tax, customs duty, excise duty, service tax, cess and any other statutory dues wherever applicable. There are no arrears of statutory dues as at March 31, 2015 which are outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax or Sales Tax or Wealth Tax or Service Tax or duty of Customs or duty of excise or value added tax or cess wherever applicable on account of any dispute.
- (c) In our opinion and according to the information and explanations given to us and according to records of the Company, no amount are required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year;
- (ix) Based on our audit procedure and as per the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the information and explanations given to us, the Company has not taken any new term loans. Therefore, this clause is not applicable to the Company.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair nature of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of audit.

For NATVARLAL VEPARI & CO.

Chartered Accountants
Firm Registration Number: 123626W

R. N. VEPARI

Partner

Membership No.: 6728

Surat, 28th May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ IN LACS)

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,220.64	2,220.64
Reserves and Surplus	3	5,837.67	5,588.22
		8,058.31	7,808.86
Non-Current liabilities			
Long-Term Borrowings	4	90.22	137.27
Other Long-Term Liabilities	5	183.35	151.76
Long-Term Provisions	6	79.52	130.23
		353.09	419.26
Current Liabilities			
Short-Term Borrowings	7	23.89	429.64
Trade Payables	8	114.94	1,313.46
Other Current Liabilities	9	343.58	614.03
Short-Term Provisions	10	1,052.18	1,383.29
		1,534.59	3,740.42
TOTAL		9,945.99	11,968.54
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		1,016.15	2,043.79
Capital Work-in-Progress		0.00	0.00
		1,016.15	2,043.79
Non-Current Investments	12	1,293.53	1,293.54
Deferred Tax Assets (net)	13	408.26	438.66
Long-Term Loans and Advances	14	1,165.09	1,267.34
		3,883.03	5,043.33
Current Assets			
Inventories	15	4,221.89	4,809.04
Trade Receivables	16	1,124.92	1,382.63
Cash and Bank Balances	17	22.38	180.87
Short-Term Loans and Advances	18	693.77	552.67
		6,062.96	6,925.21
TOTAL		9,945.99	11,968.54
Significant Accounting Policies	1		
Notes annexed to and forming part of the Financial Statements	1 to 31		

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, 28th May, 2015

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIYA

Whole-time Director & CFO

HANISHA ARORA

Company Secretary

Surat, 28th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

Particulars	Note No.	2014-15	2013-14
Income			
Revenue from Operations (Net)	19	12,755.01	18,150.82
Other Income	20	229.25	119.51
Total Revenue		12,984.26	18,270.33
Expenses			
Cost of Materials Consumed	21	8,289.15	13,810.78
Purchases of Stock-in-Trade	22	1,464.16	255.00
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	23	402.99	243.37
Employee Benefits Expense	24	418.07	512.52
Finance Costs	25	69.86	134.98
Depreciation and Amortisation Expense	11	125.78	130.87
Other Expenses	26	1,855.69	3,012.83
Total Expenses		12,625.70	18,100.35
Profit Before Tax		358.56	169.98
Tax Expenses			
Current Tax		71.70	33.68
Deferred Tax		30.40	20.66
Profit for the year		256.46	115.64
Earnings per share (Face Value ₹ 1 each)			
Basic and Diluted (In ₹)	27	0.12	0.05
Significant Accounting Policies	1		
Notes annexed to and forming part of the Financial Statements	1 to 31		

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, 28th May, 2015

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIIYA

Whole-time Director & CFO

HANISHA ARORA

Company Secretary

Surat, 28th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in Lacs)

	Year ended 31st March, 2015	Year ended 31st March, 2014
A. Cash flow from Operating Activities		
Profit before tax	358.56	169.98
Adjustments for:		
Depreciation and Amortisation Expense	125.78	130.87
Finance Costs	69.86	110.23
Interest Income	(125.40)	(117.87)
Dividend Income	(0.23)	(1.64)
Foreign Exchange Gain/Loss	0.00	24.75
Share of Loss in Partnership Firm	0.01	0.01
Net Loss / (Surplus) on disposal of fixed assets	(86.94)	0.21
	(16.92)	146.56
Operating Profit before Working Capital Changes	341.64	316.54
(Increase) / Decrease in Trade and other Receivables	279.29	(1,438.71)
(Increase) / decrease in Inventories	1,492.61	41.91
(Decrease) / Increase in Trade and Other Payable	(1,533.99)	(662.22)
	237.91	(2,059.02)
Cash Generated from Operations	579.55	(1,742.48)
Direct Taxes (Paid) / Refund.	(361.57)	(31.29)
Net Cash Flow from Operating Activities (A)	217.98	(1,773.77)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(0.95)	(196.24)
Capital Advances Received Back	0.00	1,000.00
Sale of Fixed Assets	77.30	0.12
Dividend Income	0.23	1.64
Investment In Partnership Firm	(0.01)	(2.00)
Net Cash Inflow from Investing Activities (B)	76.57	803.52
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	(405.75)	429.64
Proceeds from Long Term Borrowings	0.00	131.00
Repayment of Long Term Borrowings	(42.40)	(27.23)
Interest Paid	(4.89)	(89.00)
Foreign Exchange Gain	0.00	(24.75)
Net Cash Outflow from Financing Activities (C)	(453.04)	419.66
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(158.49)	(550.59)
Cash and Cash Equivalents at the beginning of the year	180.87	731.46
Cash and Cash Equivalents at the end of the year	22.38	180.87

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, 28th May, 2015

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIYA

Whole-time Director & CFO

HANISHA ARORA

Company Secretary

Surat, 28th May, 2015

Notes annexed to and forming part of 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, 2013. 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, 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) Depreciation and Amortisation

- (i) Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is provided as per the useful life specified in the Act or as re-assessed by the Company. Consequently, the Company has followed useful life specification as per Schedule II to the Companies Act, 2013.
- (ii) 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.

Reversal of an impairment loss for an asset is recognised as income in the statement of profit and loss, which was earlier shown as an expense.

(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) Property under Development (converted from Fixed Assets), is valued at Book Value.
- (vi) Land at Vareli is valued at book cost.

Notes annexed to and forming part of the Financial Statements (Contd.)

Note 1 : Significant Accounting Policies (Contd.)

(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 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 for 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 annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
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, 2015		As at 31st March, 2014	
	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

Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Shares	% held	No. of Shares	% held
Shri Praful A. Shah (Individual)	27910497	12.57%	27910497	12.57%
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, 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, 2015	As at 31st March, 2014
Note 3 : Reserves and Surplus		
Surplus in Statement of Profit and Loss		
Balance as per last Balance Sheet	5,588.22	5,472.58
Add: Profit for the Year	256.46	115.64
Less: Prior period Depreciation (Refer Note No.11.2)	7.01	0.00
TOTAL	5,837.67	5,588.22

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 4 : Long-Term Borrowings		
Secured		
Long-Term Maturities of Term Loans from Banks	90.22	137.27
TOTAL	90.22	137.27

Nature of Security and terms of repayment for Long Term secured borrowings:

4.1 Term loans from HDFC Bank and Kotak Mahindra Prime Limited aggregating to ₹ 137.28 Lacs (Previous year ₹ 179.68 Lacs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements. Interest rate on term loans are 10 % and 10.93 % respectively.

4.2 Maturity profile of Secured Term Loan is set out as below :

(₹ In Lacs)

	Maturity Profile as at 31/03/2015				
	Rate of Interest ranged between during 31/03/2015	2015-16	2016-17	2017-18	2018-19
Secured Term Loans					
Rupee Loan:					
Vehicle Loans from HDFC Bank	10% - 11%	23.26	12.53	0.00	0.00
Vehicle Loans from Kotak Mahindra Prime Ltd.	10% - 11%	23.79	26.53	29.58	21.59
Total		47.05	39.06	29.58	21.59

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 5 : Other Long-Term Liabilities		
Trade Deposits	183.35	151.76
TOTAL	183.35	151.76

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 6 : Long-Term Provisions		
Provision for employee benefits	79.52	130.23
TOTAL	79.52	130.23

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 7 : Short-term Borrowings		
Secured		
Loan repayable on demand		
- Cash Credit Facilities (Refer Note 7.1)	23.89	429.64
TOTAL	23.89	429.64

- 7.1 Cash Credit facilities availed from Bank of Baroda is secured by hypothecation by way of first pari passu charge on all its current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facility is 13% (Previous year: 13.5%).

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 8 : Trade Payables		
Acceptances:		
Under usance Letter of Credit	0.00	633.60
Sundry creditors:		
Micro, Small and Medium Enterprises	0.00	3.61
Others	114.94	676.25
TOTAL	114.94	1,313.46

- 8.1 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, 2015	As at 31st March, 2014
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

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 9 : Other Current Liabilities		
Current maturities of long term debt	47.05	42.40
Advance Received	96.17	96.18
Other Payables	200.36	475.45
TOTAL	343.58	614.03

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 10 : Short-Term Provisions		
Provision for employee benefits.	2.05	13.42
Provision for taxation	1,028.27	1,318.13
Other Provisions (Refer 10.1)	21.86	51.74
TOTAL	1,052.18	1,383.29

10.1 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, 2014 of ₹ 51.74 Lacs as per the estimated pattern of dispatches. During the year, ₹ 51.74 Lacs was utilised for clearance of goods. Provision recognised under this class for the year is ₹ 21.86 Lacs, which is outstanding as on 31st March, 2015. Actual outflow is expected in the next Financial Year.

Note 11 : Fixed Assets

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01/04/2014	Additions during the Year	Adjustment during the Year	Total	As at 01/04/2014	For the Year	Adjustment during the Year	Total	As at 31/03/2015	As at 31/03/2014
1	2	3	4	5	6	7	8	9	10	11
Tangible Assets										
Land	1,102.00	0.00	905.46	196.54	123.84	0.00	0.00	123.84	72.70	978.16
Building	2,316.25	0.00	303.86	2,012.39	1,977.93	11.18	292.27	1,696.84	315.55	338.32
Plant and Machinery	13,491.83	0.00	1,557.45	11,934.38	13,263.39	10.35	1,581.09	11,692.65	241.73	228.44
Electrical Installations & Equipments	538.89	0.00	42.59	496.30	478.75	9.24	40.25	447.74	48.56	60.14
Furniture	18.50	0.09	4.47	14.12	16.33	0.39	4.44	12.28	1.84	2.17
Office Equipment	192.31	0.00	1.21	191.10	35.28	60.99	1.18	95.09	96.01	157.03
Vehicles	316.12	0.00	0.00	316.12	38.50	39.55	0.00	78.05	238.07	277.62
Computer	27.68	0.86	0.78	27.76	25.77	1.09	0.79	26.07	1.69	1.91
Total	18,003.58	0.95	2,815.82	15,188.71	15,959.79	132.79	1,920.02	14,172.56	1,016.15	2,043.79
Previous Year	17,808.63	196.24	1.29	18,003.58	15,829.87	130.87	0.95	15,959.79	2,043.79	
Capital Work-in-Progress									0.00	0.00

11.1 During the year, the Company has converted 22637 Sq.mtrs. of Land at Varachha Road from Fixed Assets to "Property under development at Book Value.

11.2 Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, during the year ended 31st March, 2015, the depreciation is required to be provided as per the useful life specified in the Act or as re-assessed by the Company. Consequently, the Company having followed useful life specification as per Schedule II to the Companies Act, 2013, resultant depreciation for the year ended 31st March, 2015, is higher by ₹ 46.88 Lacs. Carrying value of the assets whose useful life is already exhausted as on 1st April, 2014, amounting to ₹ 7.01 Lacs has been adjusted in the opening balance of Retained Earnings.

11.3 The Company has reversed the amount of impairment, during the year aggregating to ₹ 584.41 Lacs on the assets which have been sold and such reversal has been credited to the Profit and Loss statement under the head Other Income.

11.4 Total of depreciation fund as on 31/03/2015 amounting to ₹ 14172.57 Lacs includes Impairment Loss of ₹ 7122.50 Lacs.

Notes annexed to and forming part of the Financial Statements (Contd.)

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
Note 12 : Non-Current Investments		
(Valued at cost, unless stated otherwise)		
Quoted:		
In Equity Shares of Group 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	701.95	701.96
	2,167.16	2,167.17
Less : Provision for Diminution in value of Investments	873.63	873.63
TOTAL	1,293.53	1,293.54
Aggregate amount of quoted investments (Net)	591.57	591.57
Market Value of quoted investments	212.61	296.77
Aggregate Amount of unquoted investments	701.96	701.97

12.1 Diminution in value of Investments is in respect of Investment in Equity Shares of Garden Silk Mills Limited.

12.2 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 ₹ 1402.95 Lacs (Previous year ₹ 1402.98 Lacs)

	(₹ in Lacs)	
	As at 31st March, 2015	As at 31st March, 2014
Note 13 : 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	54.90	85.32
Disallowances under the income Tax Act, 1961	4.86	12.98
Unabsorbed depreciation	1,573.28	1,656.35
Total	1,633.04	1,754.65
Net Deferred Tax Assets	1,633.04	1,754.65
Deferred Tax asset recognised at 25%	408.26	438.66
Current year (Credit)/ Charge	30.40	20.66

13.1 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 only

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 14 : Long Term Loans and Advances		
Unsecured		
Considered good:		
Trade Deposits	900.00	900.00
Security Deposits	262.39	363.14
Loans and advances to employees	2.70	4.20
TOTAL	1,165.09	1,267.34

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 15 : Inventories		
Raw Materials	326.64	459.66
Raw Materials in transit	103.24	633.60
Work-in-progress	0.00	49.63
Finished goods	213.33	596.57
Stock in Trade (Art & Artifacts)	2,303.89	2,303.89
Stores, Spares and Chemicals	226.37	620.54
Property under Development (Includes Land at revalued cost)	54.56	56.75
Property under Development (at book value)	905.46	0.00
Stock in trade (Land at Vareli)	88.40	88.40
TOTAL	4,221.89	4,809.04

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 16 : Trade Receivables		
Exceeding Six months		
Unsecured, Considered good	40.42	91.18
Considered doubtful	77.21	77.21
	117.63	168.39
Less: Provision for doubtful debts	77.21	77.21
	40.42	91.18
Other receivables		
Unsecured, Considered good	1,084.50	1,291.45
TOTAL	1,124.92	1,382.63

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 17 : Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	6.15	3.88
Balances with banks		
in current accounts	10.75	163.91
Other Bank Balances		
Fixed Deposits with Banks - held as margin money		
Maturity less than 12 months	1.45	1.45
Maturity more than 12 months	4.03	11.63
TOTAL	22.38	180.87

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014
Note 18 : Short-Term Loans and Advances		
Unsecured		
Considered good:		
Loans to employees	1.00	5.39
Advance to Suppliers	148.12	114.66
Advance Recoverable in cash or in kind or for value to be received	423.19	389.64
Balance with Customs, Central Excise Authorities etc.	121.46	42.98
TOTAL	693.77	552.67

(₹ in Lacs)

	2014-15		2013-14	
Note 19: Revenue from Operations (Net)				
Sale of Products	14,020.41		20,322.19	
Less: Excise Duty	1,412.37	12,608.04	2,171.37	18,150.82
Job Charges Income		146.97		0.00
TOTAL		12,755.01		18,150.82
19.1 Particulars of Sale of Products				
Polyester Chips		8,755.56		13,872.80
Polyester filament Yarn		2,408.78		4,444.96
Spun Yarn		1,025.12		1,210.50
M.E.G.		1,723.89		56.80
Shopping Complex		12.00		153.00
P.T.A.		17.03		427.80
Others		78.03		156.33
TOTAL		14,020.41		20,322.19

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	2014-15	2013-14
Note 20 : Other Income		
Interest Income		
Bank deposits	1.10	5.28
ICD interest	90.11	82.39
Loans and advances	9.17	12.57
Others	25.02	17.63
Dividend Income		
on Long Term Investments	0.23	1.64
Other non-operating income		
Miscellaneous income	16.68	0.00
Net surplus on disposal of fixed assets (Refer Note 20.1)	86.94	0.00
TOTAL	229.25	119.51

20.1 Net surplus on disposal of fixed assets includes reversal of impairment of ₹ 584.41 lacs related to assets which were sold during the year and on which impairment was provided in earlier years.

(₹ in Lacs)

	2014-15		2013-14	
Note 21 : Cost of Materials Consumed				
Raw Materials				
Imported	9.09%	753.15	1.16%	160.06
Indigenous	90.91%	7,536.00	98.84%	13,650.72
	100.00%	8,289.15	100.00%	13,810.78
21.1 Particulars of materials consumed				
M.E.G.		2,240.18		3,506.33
P.T.A.		4,822.61		9,117.73
Polyester Chips		704.76		411.61
Spun Yarn		519.41		747.71
Cost of Shopping Complex Sold		2.19		27.40
TOTAL		8,289.15		13,810.78

(₹ in Lacs)

	2014-15	2013-14
Note 22 : Purchase of Stock-in-Trade		
Art & Artifacts	0.00	255.00
M.E.G.	1,464.16	0.00
TOTAL	1,464.16	255.00

Notes annexed to and forming part of the Financial Statements (Contd.)

	(₹ in Lacs)	
	2014-15	2013-14
Note 23: Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade		
Opening Stock		
Stock in Process	49.63	41.24
Finished Goods & Stock-in-trade	2,900.46	3,221.36
	2,950.09	3,262.60
Closing Stock		
Stock in Process	0.00	49.63
Finished Goods & Stock-in-trade	2,517.22	2,900.46
	2,517.22	2,950.09
Add/(Less): Variation in excise duty on opening and closing stock of finished goods		
	(29.88)	(69.14)
TOTAL	402.99	243.37

	(₹ in Lacs)	
	2014-15	2013-14
Note 24 : Employee Benefits Expense		
Salaries and Wages	362.27	454.97
Contribution to Provident and Other Funds	29.35	42.12
Gratuity	12.67	1.47
Staff Welfare Expenses	13.78	13.96
TOTAL	418.07	512.52

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 (ICAI), the disclosures as defined in the Accounting Standards are given below:

	(₹ in Lacs)			
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave encashment (Unfunded)	Leave encashment (Unfunded)
Amount recognised in Balance Sheet				
(i) Present Value of Defined Benefit Obligation				
- Wholly Unfunded	60.13	115.66	21.44	28.00
(ii) Amount Reflected in the Balance Sheet				
- Liability	60.13	115.66	21.44	28.00
- Assets	0.00	0.00	0.00	0.00
Net Liability	60.13	115.66	21.44	28.00
Net expense recognized in the Statement of Profit and Loss				
Total, included in "Payments to and provision for Employees" (Refer Note 26)	12.67	1.47	23.72	17.92

Notes annexed to and forming part of the Financial Statements (Contd.)

(₹ in Lacs)

	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave encashment (Unfunded)	Leave encashment (Unfunded)
Actuarial Assumptions				
Discount Rate (Per Annum)	7.70%	9.10%	7.70%	9.10%
Rate of Escalation in Salary (Per Annum)	8%	9%	8%	9%
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)

(₹ in Lacs)

	2014-15	2013-14
Note 25 : Finance Costs		
Interest Expenses	58.59	83.07
Exchange (Gain) / Loss	(8.97)	24.75
Other borrowing costs	20.24	27.16
TOTAL	69.86	134.98

(₹ in Lacs)

	2014-15	2013-14
Note 26 : Other Expenses		
Manufacturing expenses		
Job Charges	27.30	0.00
Consumption of Stores, Spares and Chemicals	635.51	1,023.20
Packing Charges	60.64	92.27
Power and Fuel	659.91	1,269.37
Repairs to Plant and Machinery	32.33	49.23
Repairs to Buildings	9.00	16.06
Repairs - Others	2.81	0.90
Lease Rent	7.00	12.00
Selling and Distribution Expenses		
Commission and Discount	33.22	22.88
Other Selling and Distribution Expenses	47.60	70.04
Establishment Expenses		
Insurance	13.12	17.98
Rent	159.32	158.47
Rates and Taxes	24.27	18.15
Auditors' Remuneration	4.91	5.17
General Charges	138.75	256.89
Share of Loss in Partnership firm	0.00	0.01
Net Loss on disposal of Fixed Assets	0.00	0.21
TOTAL	1,855.69	3,012.83

Notes annexed to and forming part of the Financial Statements (Contd.)

26.1 Value of Stores, Chemicals and Component Consumed

	2014-15		2013-14	
	%	₹ in Lacs	%	₹ in Lacs
Imported	84.49%	536.95	78.91%	807.37
Indigenous	15.51%	98.56	21.09%	215.83
	100.00%	635.51	100.00%	1,023.20

(₹ in Lacs)

	2014-15	2013-14
26.2 Value of Imports on CIF Basis in respect of		
Raw Materials	2,250.61	129.70
Stores, Spare parts, Components and Chemicals	0.28	972.13
Capital goods	0.00	0.00
26.3 Payment to Auditors		
Statutory Audit Fees	3.45	3.30
Tax Audit Fees	0.60	0.70
Cost Audit Fees	0.67	1.11
Certification Fees	0.19	0.06
Total	4.91	5.17

Note 27 : Earnings Per Share (EPS)

	As at 31st March, 2015	As at 31st March, 2014
(i) Net Profit attributable to Equity Shareholders (₹ in Lacs)	256.46	115.64
(ii) Weighted average number of Equity Shares outstanding (Nos.)	222,064,440	222,064,440
Basic and Diluted EPS (₹)	0.12	0.05
Face Value of Share (₹)	1.00	1.00

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	Group Company
2	M/s Isha Enterprises	Partnership Firm
3	(1) Shri Sanjay S. Shah *	Key Management Personnel
	(2) Shri M. R. Momaya **	Key Management Personnel
	(3) Shri Yogesh C. Papaiya ***	Key Management Personnel
	* Managing Director upto 31/05/2014	
	** Appointed as Managing Director w.e.f 01/06/2014	
	*** Appointed as Wholetime Director & CFO w.e.f. 11/08/2014	
4	Shri Rajen P. Shah	Relatives of key Management
5	Amika Indian Textiles & Art Museum Pvt. Ltd.	Personnel where transactions have taken place.

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

Notes annexed to and forming part of the Financial Statements (Contd.)**(ii) Transactions during the year with Related Parties:**

(₹ in Lacs)

Nature of Transactions	Group Company	Partnership firm	Key Management Personnel	Others	Total
Sales	4,821.16	0.00	0.00	0.00	4,821.16
	(6,304.98)	(0.00)	(0.00)	(0.00)	(6,304.98)
Job Charges Income	146.97	0.00	0.00	0.00	146.97
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Purchases	993.77	0.00	0.00	0.00	993.77
	(1,476.75)	(0.00)	(0.00)	(0.00)	(1,476.75)
Purchase of Art & Artifacts	0.00	0.00	0.00	0.00	0.00
	(264.50)	(0.00)	(0.00)	(25.00)	(289.50)
Electric Power and Fuel Charges	508.46	0.00	0.00	0.00	508.46
	(1,073.53)	(0.00)	(0.00)	(0.00)	(1,073.53)
Job Charges Expenses	27.30	0.00	0.00	0.00	27.30
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Lease Rent Paid	7.00	0.00	0.00	0.00	7.00
	(12.00)	(0.00)	(0.00)	(0.00)	(12.00)
Remuneration	0.00	0.00	18.91	5.69	24.60
	(0.00)	(0.00)	(6.00)	(13.65)	(19.65)
Payment under Capital Account	0.00	0.00	0.00	0.00	0.00
	(0.00)	(2.00)	(0.00)	(0.00)	(2.00)
Share of loss	0.00	0.01	0.00	0.00	0.01
	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
Payments under Current Account	10,710.68	0.00	0.00	0.00	10,710.68
	(9,492.55)	(0.00)	(0.00)	(0.00)	(9,492.55)
Receipt under Current Account	13,439.60	0.00	0.00	0.00	13,439.60
	(11,506.36)	(0.00)	(0.00)	(0.00)	(11,506.36)
Balance at the beginning of the year					
Current Account	277.11	0.00	0.00	0.00	277.11
Capital Account	0.00	701.96	0.00	0.00	701.96
Payables	0.00	0.00	0.55	1.62	2.17
Balance at the end of the year					
Current Account	979.79	0.00	0.00	0.00	979.79
Capital Account	0.00	701.95	0.00	0.00	701.95
Payables	0.00	0.00	3.54	0.00	3.54

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

Notes annexed to and forming part of 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. Accordingly, 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.

(₹ In Lacs)

Particulars	Year ended 31/03/2015	Year ended 31/03/2014	Year ended 31/03/2015	Year ended 31/03/2014	Year ended 31/03/2015	Year ended 31/03/2014	Year ended 31/03/2015	Year ended 31/03/2014
	Yarns	Yarns	Construction	Construction	Art & Artifacts	Art & Artifacts	Total	Total
Revenue								
External Sale	12,743.01	17,997.82	12.00	153.00	0.00	0.00	12,755.01	18,150.82
Inter Segment Sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	12,743.01	17,997.82	12.00	153.00	0.00	0.00	12,755.01	18,150.82
Result								
Segment result	418.61	179.36	9.81	125.60	0.00	0.00	428.42	304.96
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	418.61	179.36	9.81	125.60	0.00	0.00	428.42	304.96
Finance Costs	69.86	134.98	0.00	0.00	0.00	0.00	69.86	134.98
Profit before taxes	348.75	44.38	9.81	125.60	0.00	0.00	358.56	169.98
Corporate taxes							102.10	54.34
Net Profit							256.46	115.64
Other information								
Segment Assets	6,593.67	9,519.50	1,048.42	145.15	2,303.89	2,303.89	9,945.99	11,968.54
Segment Liabilities	1,791.81	4,063.81	95.87	95.87	0.00	0.00	1,887.68	4,159.68
Capital Employed	4,801.86	5,455.69	952.55	49.28	2,303.89	2,303.89	8,058.31	7,808.86
Capital Expenditure	0.95	196.24	0.00	0.00	0.00	0.00	0.95	196.24
Depreciation	132.79	130.87	0.00	0.00	0.00	0.00	132.79	130.87

Note 30 :

During the year under review, the Company has discontinued the manufacturing activity at its Synthetic Fibre Spinning (SFS) plant at Village Vareli, Taluka Palsana, Dist. Surat, which had become unviable due to competitive market conditions. The Company earned a pre-tax profit of ₹74.23 Lacs for the year ended 31st March, 2015, from its discontinued operations. The tax implication on the same amounted ₹14.84 Lacs. The financial impact of the discontinuance can not be estimated by the Company presently.

Note 31 :

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, 28th May, 2015

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIIYA

Whole-time Director & CFO

HANISHA ARORA

Company Secretary

Surat, 28th May, 2015

SURAT TEXTILE MILLS LIMITED

CIN No. L17119GJ1945PLC000214
Regd. Office: Tulsi Krupa Arcade, Third Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
Tel. No. 91-261-2311197-98, Fax No. 91-261-2311029/502,
Website: www.surattextilemillsltd.com, Email: stmlsecretary@gardenvareli.com

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

69th ANNUAL GENERAL MEETING

Folio No./DP ID/Client ID No. :

Number of shares held :

Name of the attending member/Proxy :

I hereby record my presence at the 69th Annual General Meeting of Surat Textile Mills Limited held on Wednesday, 26th August 2015 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010

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



SURAT TEXTILE MILLS LIMITED

CIN No. L17119GJ1945PLC000214
Regd. Office: Tulsi Krupa Arcade, Third Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
Tel. No. 91-261-2311197-98, Fax No. 91-261-2311029/502,
Website: www.surattextilemillsLtd.com, Email: stmlsecretary@gardenvareli.com

FORM NO. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member(s) holding shares of the above named Company, hereby appoint

1. Name Address:

..... Signature:....., or failing him

2. Name Address:

..... Signature:....., or failing him

3. Name Address:

..... Signature:.....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 69th Annual General Meeting of the Company, to be held on Wednesday, 26th August, 2015 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional *	
		For	Against
	Ordinary business		
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors		
2	Re-appointment of Shri Yogesh C. Papaiya, who retires by rotation.		
3	Ratification of appointment and remuneration of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company		
	Special business		
4	Ordinary Resolution : Appointment of Shri Ketan Jariwala as an Independent Director		
5	Ordinary Resolution : Appointment of Shri Yogesh C. Papaiya as Whole-time Director & CFO of the Company.		
6	Ordinary Resolution : Appointment of Smt. Anita Mandrekar as an Independent Director		
7	Ordinary Resolution : Ratification of Cost Auditors remuneration		
8	Special Resolution : Approval on Related Party Transactions		

Signed this day of August, 2015,

Signature of Proxy holder(s): Signature of the Member:

Affix
Revenue
Stamp

Note: This Instrument of proxy in order to be effective, should be duly completed and signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting,

* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



SURAT TEXTILE MILLS LIMITED

CIN No. L17119GJ1945PLC000214
Regd. Office: Tulsi Krupa Arcade, Third Floor,
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Tel. No. 91-261-2311197-98, Fax No. 91-261-2311029/502,
Website: www.surattextilemillsLtd.com, Email: stmlsecretary@gardenvareli.com

BALLOT / POLL FORM

(The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the Notice by sending the duly filled and signed Ballot / Poll Form to Mr. Kunjal Dalal, Proprietor K. Dalal & Co., Practicing Company Secretaries, (the Scrutinizer) C/o Karvy Computershare Pvt. Ltd. Unit: Surat Textile Mills Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032, so as to reach him on or before 25th August, 2015)

Name	
Address	
DP Id*	
Client Id*	
Folio No.	
No. of shares held	

*Applicable for investors holding shares in Electronic form.

I/We hereby exercise my/our vote in respect of the Ordinary Resolution(s) / Special Resolution(s) as specified in the Notice of Surat Textile Mills Limited dated 28th May, 2015 to be passed through Ballot / Poll for the businesses stated in the said Notice by conveying my/our assent or dissent to the said Resolution in the relevant box below:

Sr. No.	Resolution	Type of resolution (Ordinary / Special)	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
	Ordinary Business			
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors	Ordinary		
2	Re-appointment of Shri Yogesh C. Papaiya, who retires by rotation.	Ordinary		
3	Ratification of appointment and remuneration of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company	Ordinary		
	Special Business			
4	Appointment of Shri Ketan Jariwala as an Independent Director	Ordinary		
5	Appointment of Shri Yogesh C. Papaiya as Whole-time Director & CFO of the Company.	Ordinary		
6	Appointment of Smt. Anita Mandrekar as an Independent Director	Ordinary		
7	Ratification of Cost Auditors remuneration	Ordinary		
8	Approval on Related Party Transactions	Special		

Place:

Date:

Signature of Member / Beneficial owner



If undelivered, please return to:

SURAT TEXTILE MILLS LIMITED

Tulsi Krupa Arcade, 3rd Floor, Near Aai Mata Chowk,
Puna-Kumbharia Road, Dumbhal, Surat 395010.