

NOTICE

NOTICE is hereby given that the **72ND ANNUAL GENERAL MEETING** of the members of Surat Textile Mills Limited will be held on **Wednesday, 8th August, 2018 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 statements of the Company for the financial year ended 31st March, 2018 together with the reports of Board of Directors and the Auditors' thereon.
- 2 To appoint a Director in place of Shri Manikant R. Momaya (DIN: 00023993), who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To ratify the appointment of the statutory auditors of the Company, to fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014 (the Rules), (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval of Members at the 71st Annual General Meeting, the appointment of M/s. Sharp & Tannan Associates, Chartered Accountants, (Firm Registration No.109983W), as the Statutory Auditors of the Company, be and is hereby ratified to hold office as such from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the Seventy-third AGM of the Company to be held in the year 2019, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee(s) of the Board), and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

- 4 To re-appoint Shri Harishchandra Bharucha as an Independent Director and in this regard, pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Harishchandra Bharucha (DIN: 00138430), who was appointed as an Independent Director and who holds office as an Independent Director up to 31st March, 2019 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is

hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, i.e. up to 31st March, 2024."

- 5 To ratify the remuneration of Cost Auditor for the financial year ending 31st March, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 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 Cost Auditor M/s. P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012), appointed by the Board of Directors of the Company on the recommendation of Audit Committee, to conduct the audit of the cost records of the Company, for the Financial Year ending 31st March, 2019, be paid a remuneration, amounting to Rs.75,000 (Rupees Seventy-five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit, and the same is hereby ratified and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company (including Committee(s) of the Board), and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and take all such steps as may be considered necessary, proper or expedient to give effect to this resolution."

6. To approve Material Related Party Transactions and in this regard, pass the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of the resolution passed in the 71st Annual General Meeting held on 2nd August 2017 and 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 Regulation 23 and other application regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [SEBI Listing Regulations] 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 entering into the contracts / arrangements/transactions (including material related party transaction as per regulation 23 of SEBI Listing Regulations) more particularly described in the Explanatory Statement of this resolution, with related parties either existing on the date of this Notice (as listed out in the Explanatory Statement) and/or with any other related party (which may be identified or come into existence in the future) that may be regarded as a "Related Party" as per Companies Act 2013 and SEBI Listing Regulations, for an aggregate maximum amount not exceeding Rs.200 Crore (Rupees Two Hundred Crore Only) in each financial year on such terms and conditions as may be mutually agreed between the Company and the respective related party.

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, services, investment, capital contribution, disinvestment, borrowing, lending, etc. 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."

Notes:

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. Notes given in the Notice to the extent applicable also forms part of explanatory statement
2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company.**
The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. 11.00 a.m. on Wednesday, 8th August, 2018. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.
A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 3rd August, 2018 to Wednesday, 8th August, 2018 (both days inclusive).
5. The Register of Directors' and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
6. A brief resume of Directors proposed to be appointed / re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanship of Board

Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the SEBI listing regulations and other requisite information as per Secretarial Standards – 2 on General Meetings, are annexed and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.

7. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorising them to attend and vote on their behalf at the AGM.
8. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
9. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours on all working days except Saturday upto the date of the AGM.
10. Members are requested to intimate changes, if any, pertaining to their names, postal address, email address, telephone / mobile numbers, Permanent Account No. (PAN) mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account numbers, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Private Limited (KARVY) in case the shares are held by them in physical form.
11. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company/Registrar & Share Transfer Agent of the Company.
12. All correspondence including share transfer documents should be addressed to the Registrar & Share Transfer Agent of the Company viz. 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 – 23420814 Email: einward.ris@karvy.com
If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).
13. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Notice of the AGM as well as Annual Report of the Company for the financial year 2017-18 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depositories, unless any Members has requested for a physical copy of the same. For Members who have not registered their email addresses,

physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2017-18 is also available on the Company's website viz. www.surattextilemillsltd.com.

14. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Share Transfer Agent for assistance in this regard.
15. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
16. Members desirous of obtaining any information concerning account and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the AGM.
17. To support the "Green Initiative", Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Registrars and Share Transfer Agent in case the shares are held by them in physical form.
18. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agents. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participants.
19. A route map showing directions to the venue of the 72nd AGM is given at the end of this Notice as per the requirements of the Secretarial Standards-2 on "General Meetings".
20. **Voting through electronic means**

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

A separate section providing instructions for remote e-voting forms part of this Notice.

Registered Office: Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road,
Dumbhal, Surat 395010.

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

Place: Surat
Date: 8th May, 2018

Hanisha Arora
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement

As required under Section 102(1) of the Companies Act, 2013 ("the Act"), the following explanatory statement set out all material facts relating to business mentioned under Item No.3, 4, 5 and 6 of the accompanying Notice:

Item No.3:

This explanatory statement is provided intentionally though not required as per Section 102 of the Act.

Pursuant to Section 139 of the Companies Act, 2013, M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) were appointed as the statutory auditors of the Company for a period of five years at the 71st Annual General Meeting ("AGM") of the Company held on 2nd August, 2017, to hold office from the conclusion of the 71st AGM till the conclusion of the 76th AGM, covering one term of five consecutive years, subject to ratification by the members at each intervening Annual General Meeting.

In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required. However, as required under section 142 of the Companies Act, 2013, resolution is proposed at item No.3 for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the year 2018-19 and thereafter.

The Board recommends the Ordinary Resolution set out at item No.3 of this Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives, are, in any way, concerned or interested, financially or otherwise in the resolution set out at item No.3 of this Notice.

Item No.4:

Shri Harishchandra Bharucha (DIN: 00138430) was appointed as an Independent Director of the Company and he holds office as an Independent Director of the Company up to 31st March, 2019 ("first term").

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Shri Harishchandra Bharucha as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his experience and contribution made by him during his tenure, the continued association of Shri Harishchandra Bharucha would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Accordingly, it is proposed to re-appoint Shri Harishchandra Bharucha as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company.

Shri Harishchandra Bharucha is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received notice in writing from a member under Section 160 of the Act proposing the

candidature of Shri Harishchandra Bharucha for the office of Independent Director of the Company.

The Company has also received declaration from Shri Harishchandra Bharucha that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Harishchandra Bharucha fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Shri Harishchandra Bharucha is independent of the management.

Details of Shri Harishchandra Bharucha, are provided in the "Annexure" to the Notice pursuant to the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

Copy of draft letter of appointment of Shri Harishchandra Bharucha setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Shri Harishchandra Bharucha is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment. Relatives of Shri Harishchandra Bharucha may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations

The Board recommends the Special Resolution set out at item No.4 of this Notice for approval by the members.

Item No.5:

The Board of Directors at its Meeting held on 8th May, 2018, upon the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding Rs.75,000/- (Rupees Seventy Five Thousand only), plus applicable taxes and reimbursement of out of pocket expenses, for the financial year ending 31st March, 2019 payable to the Cost Auditor M/s. P. M. Nanabhoy & Co., Cost Accountants to conduct the audit of the cost records of the Company for the aforesaid financial year.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors), Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2019.

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

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

Item No.6:

The Company has passed special resolution in the 71st Annual General Meeting held on 2nd August 2017 for entering into contracts / arrangements / transactions ("RPT") with Garden Silk Mills Limited (GSML) and M/s. Isha Enterprises, related parties within the meaning of Section 2(76) of the Act and regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ["SEBI Listing Regulations"] read with the Companies (Meetings of the Board and its Powers) Rules, 2014 (the "Act") and Regulation 23 of SEBI Listing Regulations for an aggregate maximum amount not exceeding Rs.150 Crore (Rupees One Hundred Fifty Crore Only) in each financial year.

A related party transaction as per SEBI Listing Regulations means "a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged". Regulation 23 of the SEBI Listing Regulation further provides that all material Related Party Transactions, i.e. aggregate transactions entered into with a related party 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 resolution. The related party transactions in respect of each related party as mentioned below may exceed 10% of the consolidated turnover of the Company and therefore requires approval of members.

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 thresholds prescribed under the Companies (Meeting of Board and its Powers) Rules, 2014. In other words, approval of Board or shareholders, as the case may be, is not required under the Companies Act 2013, if a particular transaction is in the ordinary course of business and at arm's length basis. In the opinion of the Board, the transactions / contracts / arrangements / investment by the Company to be entered with related parties would be in the ordinary course of business and at arm's length basis. However, the approval is sought as a matter of abundant caution.

Considering the present economic environment and for smooth business operations, the Company may be required to enter into RPT on regular basis which may exceed the existing aggregate limit of Rs. 150 Crores. The Board of the Company therefore considers expedient and necessary to take approval of shareholders for RPT as mentioned below for an aggregate maximum amount not exceeding Rs.200 Crore (Rupees Two Hundred Crore Only) in every financial year with related parties either existing on the date of this Notice (as mentioned below) and/or with any other related party (which may be identified or come into existence in the future) that may be regarded as a "Related Party" as per Companies Act 2013 and SEBI Listing Regulations.

Information as required to be disclosed under the Companies (Meetings of Board and its Powers) Rules, 2014 namely, name of the related party/director/key managerial personnel who is related, if any, nature of relationship, nature of the contract/arrangement, material terms and particulars with actual / estimated monetary value of contract/arrangement, forms part of this resolution.

The name of related parties (as on the date of this notice) and particulars of the contracts / arrangements / transactions for which the approval is sought are set out as under:

1. List of related parties (as on the date of this notice), for your information:

Sr. No.	Name of Related Party	Relationship
1.	Garden Silk Mills Limited	Group Company
2.	M/s. Isha Enterprises	Partnership Firm where company is a partner

2. Particulars of the contracts / arrangements / transactions for which the approval is sought:

Sr. No.	Nature of contracts / arrangements / transactions
1.	Sale, purchase or supply of any goods or materials directly or through appointment of agent
2.	Sale, purchase or supply of electric power / fuel
3.	Purchase, sale, transfer, leasing and leave & licence of any property
4.	Availing or rendering of any services whether technical and/or financial and/or both
5.	Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company

Sr. No.	Nature of contracts / arrangements / transactions
6.	Borrowing or Lending by way of secured / unsecured loans from / to related parties for the short term/ long term fund requirements from time to time.
7.	Investment in equity capital and/or securities or capital contribution in group companies, subsidiaries, joint ventures, associate companies, Limited Liability Partnership, Partnership Firm and other entities (existing or to be incorporated in future).
8.	Disinvestment of shares or securities or capital contribution in related parties

The Board recommends the Special Resolution set out at item No.6 of this Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives, are, in any way, concerned or interested in the resolution set out at item No.6 of this Notice, except to the extent of their shareholding in the Company and / or Directorships and/or Shareholding in the related party and interest in the particular contract / arrangement.

Registered Office: Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road,
Dumbhal, Surat 395010.

Place: Surat

Date: 8th May, 2018

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

Hanisha Arora
Company Secretary

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

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

Name of the Director	Shri Manikant R. Momaya	Shri Harishchandra Bharucha
Age	86 years	75 years
Qualification	B.E. (Mechanical & Electrical)	Graduate
Date of first appointment on the Board	23/10/2000	26/11/2010
Experience (including expertise in specific functional area)	36 years of experience in the field of Textile industry, business and Corporate Management.	30 years experience in dyes and chemicals and other related textile products.
Directorship held in other Public Companies (excluding foreign companies and Section 8 companies)	Nil	Nil
Memberships / Chairmanship of committee of other public companies (includes only audit committee and Stakeholders' Relationship Committee)	Nil	Nil
Number of shares held in the Company	Nil	Nil

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

INSTRUCTIONS FOR REMOTE E-VOTING

The instructions for shareholders voting electronically are as under:

- I. The remote e-voting period commences on Saturday, 4th August, 2018 (10.00 a.m. IST) and ends on Tuesday, 7th August, 2018 (5.00 p.m. IST). During this period, Members holding shares either in physical form or dematerialised form, as on Thursday, 2nd August, 2018 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast the vote again.

II. The process and manner for remote e-voting are as under:

A. For Members whose e-mail addresses are registered with the Company / Depositories: Those members whose e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from Karvy.

- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Surat Textile Mills Limited.
- (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
- (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
- (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: csjigarvyas@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. For Members whose e-mail addresses are not registered with the Company / Depositories: receive the physical copy of the Notice of Annual General Meeting:

- i. User ID and initial password as provided above.

- ii. Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
- iii. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

Other instructions

1. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, Thursday, 2nd August, 2018. 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, 2nd August, 2018 only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through poll / ballot paper.
2. The facility for voting through ballot paper shall also be made available at the AGM and the Members attending the AGM, who have not already cast their votes by remote e-voting, may exercise their rights to vote at the AGM.
3. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
4. Any person, who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Thursday, 2nd August, 2018, may obtain the User ID / login ID and password by sending a request at evoting@karvy.com or to **Ms. Shobha Anand, Contact No. 040-67162222**, at [Unit: Surat Textile Mills Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. However, if he/she is already registered with KARVY for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
5. The Board of Directors has appointed Mr. Jigar Vyas (Membership No.FCS 8019 CP No.14469), Proprietor of Jigar Vyas & Associates, Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
6. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
7. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.surattextilemillsLtd.com and on the website of KARVY <https://evoting.karvy.com> within 48 hours of conclusion of the 72nd AGM of the Company. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the 72nd Annual General Meeting i.e. 8th August, 2018.

Registered Office:

Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road,
Dumbhal, Surat 395010.

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

Place: Surat
Date: 8th May, 2018

Hanisha Arora
Company Secretary

SURAT TEXTILE MILLS LIMITED

Regd. Office: Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010

CIN: L17119GJ1945PLC000214, **Website:** www.surattextilemillsLtd.com

Tel.No. (0261) 2311197, 2311615 **Fax :** (0261) 2311029

72ND ANNUAL GENERAL MEETING

Wednesday, 8th August, 2018

ATTENDANCE SLIP

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

DP ID *	Folio No.
Client ID No.*	Number of shares held
Name of the Member(s) & Registered address:	

* Applicable for the Member(s) holding shares in Electronic Form.

I hereby record my presence at the **72nd Annual General Meeting** of the members of the Company held on **Wednesday, 8th August, 2018 at 11 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

Signature of Shareholder/Proxy _____

SURAT TEXTILE MILLS LIMITED

Regd. Office: Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010

CIN: L17119GJ1945PLC000214, **Website:** www.surattextilemillsLtd.com

Tel.No. (0261) 2311197, 2311615 **Fax :** (0261) 2311029

PROXY FORM

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

Name of the Member(s)			
Registered Address			
E-mail ID			
Folio No./*Client ID		* DP ID	
No. of shares held			

*Applicable for members holding shares in Electronic form.

I/We, being the member(s) holding _____ shares of Surat Textile Mills Limited, hereby appoint

- Name _____ of _____ having e-mail ID _____ or failing him
- Name _____ of _____ having e-mail ID _____ or failing him
- Name _____ of _____ having e-mail ID _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **72nd Annual General Meeting** of the members of the Company, to be held on **Wednesday, 8th August, 2018 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 overleaf.

ROUTE MAP TO THE VENUE OF 72ND ANNUAL GENERAL MEETING

Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010



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

Resolutions No.	Resolutions	For	Against
	Ordinary business		
1	Consider and adopt Audited Financial Statements for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.		
2	Appointment of Shri Manikant R. Momaya, a Director retiring by rotation.		
3	Ratification of appointment of M/s Sharp & Tannan Associates, Chartered Accountants as Statutory Auditors of the Company.		
	Special business		
4	Re-appointment Shri Harishchandra Bharucha as an Independent Director		
5	Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2019.		
6	Approval of Related Party Transactions		

Signed this _____ day of _____, 2018

Signature of Proxy holder(s): _____

Signature of the Member: _____

Affix a
Revenue
Stamp

Notes:

- This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A proxy need not be a member of the Company and shall prove his identity at the time of attending the Meeting.
- A person can act as proxy on behalf of Members not exceeding (50) fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting. If both member and proxy attend the meeting, the proxy shall stand automatically revoked.
- This is only optional. Please put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent member from attending the meeting in person if he / she so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

A decorative graphic consisting of a grid of colored squares. The central square is dark grey and contains the text 'Annual Report 2017-2018'. Surrounding this central square are other squares in shades of orange and grey, arranged in a pattern that resembles a stylized cross or a larger grid with missing squares. The colors used are dark grey, light grey, orange, and a darker orange.

Annual Report

2017-2018



SURAT TEXTILE MILLS LIMITED

CORPORATE INFORMATION

Board of Directors

Manikant R. Momaya (DIN: 00023993)

Managing Director

Yogesh C. Papaiya (DIN: 00023985)

Whole-time Director & CFO

Harishchandra Bharucha (DIN: 00138430)

Ketan Jariwala (DIN: 02095540)

Anita Mandrekar (DIN: 00623327)

Hanisha Arora

Company Secretary

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

Sharp & Tannan Associates,
Chartered Accountants, Mumbai

Cost Auditors

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

Bankers

Bank of Baroda

Plant:

- i) Village Jolwa, Taluka Palsana,
Dist. Surat 394305
Tel: (02622) 271287-89

Registrars & Share Transfer Agents

Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B, Plot 31-32,
Financial District, Gachibowli,
Nanakramguda,
Hyderabad 500032.
State: Telengana, India.
Phone No. 040 67162222
Fax No. 040 23420814
Email: einward.ris@karvy.com

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

72nd Annual General Meeting on Wednesday, 8th August, 2018 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors present the 72nd Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

The Management's Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming a part of this report.

Financial Results

The Company's performance during the financial year ended 31st March, 2018 as compared to the previous financial year, is summarised below:

Summarised Financial Results

	(Rs. in Crore)	
	2017-18	2016-17
Gross Revenue from Operations	205.99	156.82
Earnings Before Interest, Tax and Depreciation	16.44	16.56
Less: Finance Costs	0.98	0.39
Less: Depreciation	0.50	0.79
Profit before tax	14.96	15.38
Less: Tax Expense /(Credit)	6.78	(1.31)
Profit after tax	8.18	16.69

Review of Operations

Gross revenue from operations of the Company for the financial year 2017-18 increased by about 31% to Rs.205.99 Crore as compared to Rs.156.82 Crore in the previous year. During the year, your Company re-started manufacturing operations of its polyester spinning division which contributed further to the gross revenue for FY18. Capacity utilization however, remained low due to poor demand growth. Higher sales volume and improved net sales realisation in chips segment also contributed to top-line growth.

Despite challenging and competitive business environment, your Company achieved Operating EBITDA (earnings before interest, tax and depreciation) at Rs.16.44 Crore as compared to Rs. 16.56 Crore in the previous year.

Total sale of chips in volume was higher at 20803 MT for the year 2017-18 as compared to 18817 MT in the previous year. In value terms also your Company achieved higher sale of chips for FY18 at Rs.168.07 Crore as compared to Rs.156.14 Crore in the previous year.

We achieved higher production of Chips, during 2017-18 at 22028 MT as compared to 18577 MT in the previous year. Despite a highly competitive environment, the Company was able to run its plants at good utilisation rates. Good efficiency levels were maintained.

Raw material consumption for FY18 was higher on account of chips component on production of Polyester Yarn. High energy costs continued to be matter of concern. Rising global prices of MEG and PTA during the year put pressure on operating margins. The overall

manufacturing expenses for FY 17-18 increased primarily on account of higher conversion cost and the start up cost of polyester spinning division.

Under the present scenario, your Company is focusing on optimum allocation of its resources through cost reduction at manufacturing level. The operating margins however remained under pressure.

Increase in Finance costs during FY18 was on account of higher working capital utilisation, higher purchase of raw materials through usance L.C. route and other incremental financial charges.

In view of the higher input costs coupled with lower demand growth in POY segment, the management considered it appropriate to suspend its manufacturing operations of polyester spinning division in March, 2018.

Dividend

In order to strengthen the reserves of the year, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2017-18.

Transfer to Reserves

The Company does not propose to transfer amount to the general reserve out of the amount available for appropriation and considered it appropriate to retain the same in the profit and loss account.

Nature of Business

The Company is engaged in the business of manufacturing polyester chips and differentiated partially oriented yarn (POY). During the year under review, there was no change in the nature of business of the Company.

Industry Scenario

The Indian textile sector is a major contributor to the Indian economy in terms of gross domestic products (GDP), industrial production and the country's total export earnings. The Indian textile industry is currently passing through a turbulent phase. With the global downturned ravaging economies, the textile sector is one of the worst hit.

During the year under review, the market of Polyester Filament Yarn remained subdued. Higher raw material prices, the slow pace of growth in demand and increase in supply were contributing factors. The PFY Spinning industry has gone through a difficult period.

Inflation continued to play a vital role in the economic growth. The increase in prices of oil, chemicals and stores has been the major cause.

Raw material prices of PTA and MEG during FY18 were low at around USD 637 and USD 690 per metric ton respectively and reached a high of around USD 806 and USD 1023 per metric ton.

In polyester chips, the domestic supply has increased and outstrips demand largely. This has put considerable pressure on sale and margins. The raw material prices are expected to go up and likely to put further pressure on margins. The Company hopes to counter this effect by improved product mix.

On account of newer capacity of POY and chips coming into operation in the domestic market during last couple of years, coupled with competition arising out of cheap imports, the domestic supply position in the Polyester Yarn and Chips segment is likely to be competitive and margins will remain under pressure.

Overview of the economy

Gross domestic products rose a better than expected 7.7 per cent in the fourth quarter of FY18, retaining India's ranking as the world's fastest major economy, outstripping China by nearly a percentage point.

The full year FY18 growth estimates was revised upward to 6.7 per cent from 6.6 per cent. This is in line with the 6.75 per cent growth forecast by the economic survey and down from 7.1 per cent to the FY17 with the slowdown being attributed to the lingering effect of demonetization and the role out of the goods and service tax (GST) in July last year.

The constant increasing trend of quarterly GDP numbers in the four quarters of 2017-18 at 5.6%, 6.3%, 7% and 7.7% indicates that the structural measures of reforms undertaken by government is bringing rich dividend in the form of higher GDP growth rate.

The rupee touched its record level of 65.29 a dollar during the year. The immediate concern for the rupee is the sharp spike in crude oil prices. Considering China's presence in interconnected global trade, if the country gets affected, others will have a contagion effect as well.

According to Care Ratings, the recent depreciation in the rupee is temporary, but not alarming. This may not be alarming sign for the Indian currency when viewed against the back ground of what is happening to other currencies.

Opportunities, Challenges, Threats, Risks and Concerns

The Company is experiencing pressure on margins due to severe competition from other low-cost countries like China. There is also a threat of high inflation rate as the prices of commodities have been increasing. Textiles being a labour intensive industry, rising labour and skilled human resources costs can put pressure on margins.

The Company is facing challenge in terms of higher production costs due to high power cost and other inputs. The continuing demand sluggishness and oversupply situation does not indicate an immediate upswing in the performance of polyester industry.

In the medium term, uncertain availability and volatility in prices of key raw materials is the major concerns. The industry is dependent on the international price of crude oil, which directly impacts the price of both our key raw materials PTA and MEG. Any crude supply shock could have an adverse impact on the performance of the Company.

Further any unforeseen slowdowns affecting the growth of the Indian economy, may adversely affect the investments in the textile sector.

The implementation of Goods and Service Tax (GST) with effect from July, 2017 had mixed impact on trade & commerce during the last fiscal. The impact of GST is particularly stark in the highly fragmented synthetic textile industry, which attracts different GST rates at different stages of production and sales.

Working capital cost has gone up as the businesses have to wait for tax refunds to come through. Pending tax refunds have slowed down fresh investment and resulted into liquidity constraints. On the Customs front, Anti-Dumping Duty on POY originating in China, which expired in May 2017, was not extended by Ministry of Commerce after due investigation. This bodes badly for domestic producers of POY.

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

Business Outlook

The outlook for the domestic textile industry over the medium term is stable supported by favourable demand, both domestically and internationally.

Beyond the current year, the growth outlook will be influenced by several factors. First, GST implementation is stabilizing, which augurs well for economic activity. Second, there are earning sign of revival in investment activity as reflected in improving credit offtake, large

resource mobilisation from the primary capital market, and improving capital goods production and imports. Third, the process of recapitalization of public sector banks has got underway. Fourth, although export growth is expected to improve further on account of improving global demand, elevated commodity prices, especially of oil, may act as a drag on aggregate demand.

Domestic manufacturers of polyester yarn and chips have invested significantly in recent past years, in new capacities, however with uncertain inputs price trends, the industry is now looking to consolidate operations by optimally utilising installed capacities.

RBI estimates project that the economy will grow by 7.4 per cent this fiscal as forecast in its April policy. GDP growth is projected at 7.5 – 7.6 per cent in the first half of the fiscal and at 7.3 – 7.4 per cent in the second half, with risks evenly balanced. The RBI projects inflation at 4.8 – 4.9 per cent in the first half of the current financial year.

According to IMF India's forex reserve of \$ 430 billion, including forward position, is good enough for both imports as well as covering short-term external debts.

While there are some concerns related to fiscal slippages, partly attributable to the goods and service tax implementation and rising crude prices, growth is picking up.

The prospects of synthetic yarn industry in short term is linked with the movements of crude oil prices in international markets however the long term prospects seems good with the growing Indian economy and demand growth in end-use products.

Share Capital

The Paid-up Equity Share Capital of the Company as at 31st March, 2018 stood at Rs.2220.64 Lacs. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted stock options. As on 31st March, 2018, none of the directors of the Company hold instruments convertible into equity shares of the Company.

Disclosures in respect of voting rights not directly exercised by employees

No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said section are not applicable.

Indian Accounting Standard (Ind AS)

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') from 1st April, 2017 with a transition date of 1st April, 2016. The financial results for the year 2017-18 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other recognized accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2017-18 presented have been prepared in accordance with Ind AS.

Secretarial Standards

Pursuant to the approval given on 10th April, 2015 by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1st July, 2015. The said standards were further amended w.e.f. 1st October, 2017. The Company is in compliance with the same.

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year and the date of this Report.

Subsidiaries and associates

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2018. Accordingly, the requirements pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is not applicable.

Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2018.

Finance

Your Company has repaid Secured Rupee Term Loan from banks to the tune of Rs.29.58 Lacs during the financial year 2017-18. No fresh Term Loan was availed by the Company during the year. The Company availed working capital facility from Bank of Baroda during the year.

Information Technology

Information Technology is the driving force of the business. The Company is continuously adopting and utilizing various information technology tools and is in process to implement new age technologies like *Internet of Things (IOT)*, among other, to improve business process efficiency.

As a part of Digital Transformation journey, your Company has implemented production planning and execution system, which was otherwise manual process.

The system for adopting GST in Oracle EBS12 has been successfully implemented by the Company. This project has been carried out entirely in-house.

Directors and Key Managerial Personnel

The Board of Director consists of five members, of which three are Independent Directors. The Board also comprises of one woman Director.

As per the provisions of Section 152(6) of the Companies Act, 2013 and the Company's Articles of Association, Shri Manikant R. Momaya (DIN: 00023993) shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment as a Director of the Company.

The term of office of Shri Harishchandra Bharucha, as an Independent Director, will expire on 31st March, 2019. The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Shri Harishchandra Bharucha, as an Independent Director of the Company for a second term of 5 (five) consecutive years on the expiry of his current term of office.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the Act and the Listing Regulation.

As per the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Shri Manikant R. Momaya, Managing Director, Shri Yogesh C. Papaiya, Wholetime Director and CFO and Ms. Hanisha Arora, Company Secretary are the key managerial personnel of the Company.

Disclosure Relating to Remuneration of Directors and Key Managerial Personnel

The remuneration paid to the Directors is in accordance with the Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013.

Disclosures of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure C** attached to this Report.

The details of remuneration paid to the Directors including Executive Directors of the Company are given in Form MGT-9 forming part of the Directors Report.

Corporate Governance

As per Regulation 34(3) read with Schedule V(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Corporate Governance, in accordance with Listing Regulations, along with a certificate from M/s Sharp and Tannan, Chartered Accountants, Statutory Auditors of the Company, are annexed hereto and forms part of the Report. The auditor's certificate for the year 2017-18 does not contain any qualification, reservation, adverse remark or disclaimer.

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2017-18. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

Corporate Social Responsibility Committee

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 formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website www.surattextilemillsLtd.com.

The Company has been contributing in the development of the surrounding areas of its plant and office. The Company supports and contributes in activities relating to promotion of education, sports, medical and healthcare, vocational skill development and livelihood enhancement and programmes and activities relating to environment sustainability etc.

The CSR Committee will further identify the project which can be covered under the CSR guidelines in compliance with the CSR objectives and policy of the Company.

The report as per Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure B** to this Report.

Audit Committee

The Audit Committee comprises of Directors namely Shri Harishchandra Bharucha (Chairman), Shri Ketan Jariwala and Shri Yogesh C. Papaiya as other member. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Vigil Mechanism / Whistle Blower Policy

Your Company believes in promoting a fair, transparent, ethical and professional work environment. The Company pursuant to the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has established a vigil mechanism for Directors and employees and the same has been communicated to the Directors and employees of the Company and the same is also posted on the website of the Company.

Prevention of Sexual Harassment of women at workplace

The Company has formulated a policy in respect of Sexual Harassment of women at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. There was no complaint received by the Company during the financial year 2017-18 under the aforesaid Act.

Risk Management

Your Company recognizes that the risk is an integral part of business and is committed to managing the risks in proactive and efficient manner. Your Company periodically assesses the risks in the internal and external environment along with treating the risks and incorporates risk management plans in its strategy, business and operational plans.

The business plan for the future are devised and approved by the Board keeping in mind the risk factors which can significantly impact the performance of the particular business. All major capital expenditures commitments are subject to scrutiny by the Board and investments are permitted only on being satisfied about its returns or utility to the Company. There are no risks which in the opinion of the Board threaten the existence of the Company.

Insurance

The Company has taken all the necessary steps to insure its properties and insurable interests, as deemed appropriate and also as required under the various legislative enactments.

Auditors and Auditors' Report

Pursuant to the provisions of section 139 of the Companies Act, 2013, the members of the Company at the 71st Annual General Meeting held on 2nd August, 2017 appointed M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) as statutory auditors of the Company from the conclusion of 71st Annual General Meeting till the conclusion of 76th Annual General Meeting, covering one term of five consecutive years, subject to ratification by the members at each intervening Annual General Meeting.

In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required. However, as required under section 142 of the Companies Act, 2013, resolution at item No.3 of the Notice of AGM is proposed for approval of members for authorising the Board of Directors of the Company to fix Auditors' remuneration for the year 2018-19 and thereafter. The members are requested to approve the same.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Statutory Auditors' Report for the year 2017-18 does not contain any qualification, reservation, adverse remark or disclaimer made by Statutory Auditor. There is no incident of fraud requiring reporting by the auditors under Section 143(12) of the Companies Act, 2013.

Cost Auditor and Cost Audit Report

M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012), were appointed as the Cost Auditor for the financial year 2017-18 to conduct the audit of the cost records of the Company. M/s P. M. Nanabhoy & Co., Cost Accountants, have been reappointed as the Cost Auditor for the financial year 2018-19.

In terms of the provisions of Section 148(3) of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, the Board seeks ratification at the ensuing AGM of the remuneration payable to the Cost Auditors for the financial year 2018-19.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have re-appointed, Jigar Vyas of Jigar Vyas & Associates, Practicing Company Secretaries, (CP No.8019), Surat to conduct the Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the year 2017-18 issued by him in the prescribed form MR-3 is attached as **Annexure D** to this Report. The said Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer made by the Secretarial Auditor.

Internal Auditors

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company have appointed M/s Aadil Aibada & Associates, Chartered Accountant as Internal Auditors of the Company, for the financial year 2017-18.

The audit committee of the Board of Directors in consultation with the Internal Auditor formulates the scope, functioning, periodicity and methodology for conducting the internal audit.

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(1)(c) read with Section 134(5) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- a) that in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) that the directors 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 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have prepared the annual accounts on a going concern basis;
- e) that the Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Number of meetings of the Board

Five meetings of the Board of Directors of the Company were held during the year. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Detailed information is given in the Corporate Governance Report.

Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), the Board has devised a policy on evaluation of performance of Board of Directors, Committees and Individual directors. The policy is also in compliance to Regulation 19 read with Schedule II, Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Performance Evaluation of the Board, its Committees and individual Directors.

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out a formal annual evaluation of its performance and that of its Committees and individual Directors. The evaluation of each of the directors was done, inter-alia, on the basis of their advisory role and contribution in the decision making.

Further, the evaluation of the Board as a whole and all the Committees of the Directors was done, inter-alia, on the basis of the overall directions and guidance provided to the senior executives and supervision over their performance. The result of the evaluation is satisfactory and adequate and meets the requirements of the Company.

Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held on 28th March, 2018, 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 Company, the quality, contents and timelines of flow of information between the Management and Board, based on the performance evaluation framework of the Company.

Declaration of Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there is no change in their status of independence. As required under Section 149(7) of the Companies Act, 2013, the said declaration was placed in the Board Meeting held on 8th May, 2018.

Familiarisation Programme

The Company has put in place an induction and familiarisation programme for all its Directors including the Independent Directors so as to associate themselves with the nature of the industry in which the Company operates. Directors are periodically advised about the changes effected in the Corporate Laws, Listing Regulations with regard to their roles, rights and responsibilities as Director of the Company. The familiarisation programme for Independent Directors in terms of the provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company.

Internal Control System and their Adequacy

The Company has an adequate internal control system commensurate with the size and scale of its business operations.

The Company has appointed Internal Auditors who periodically audit the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. The Audit Committee of the Board of Directors approves the annual internal audit plan, periodically reviews the progress of audits as per approved audit plans, critical internal audit findings presented by internal auditors, status of implementation of audit recommendations, if any, and adequacy of internal controls.

The Audit Committee takes due cognizance of the observations made by the auditors and gives their suggestions for improvement. The suggestions of the Audit Committee are also taken into account for further strengthening of the control systems.

Contracts or Arrangement with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with Related Parties were in its Ordinary Course of Business and on arms' length basis.

Pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all Related Party Transactions were placed before the Audit Committee for its approval.

There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

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

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**.

Your Directors draw attention of the members to Note No. 32 to the financial statements which sets out related party disclosures.

Particulars of Employees and Related Disclosures

During the financial year 2017-18, none of the employee of the Company was 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.

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

Particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are set out in a separate statement attached hereto and forming part of the report as **Annexure A**.

Nomination and Remuneration Policy

On recommendation of Nomination and Remuneration Committee, the Board of Directors have approved a Nomination and Remuneration Policy for the appointment and remuneration of the director, key managerial personnel (KMP) and other employees.

The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of performance of Independent Directors and the Board and to devise a policy on Board diversity.

The Policy, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a director, and expertise and experience required for appointment of Directors, KMP and Senior Management.

As per the Policy, the remuneration / compensation to the Whole-time Directors shall be recommended by the Nomination and Remuneration Committee to the Board for its approval. However, the remuneration compensation to Whole-time Directors shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

Further, the Non-Executive Directors shall be entitled to the fees for attending meetings of Board and Committees within the limits prescribed in the Companies Act, 2013. The Nomination and Remuneration Policy is available on the Company's website.

Fixed Deposits

During the year under review, your Company has not accepted or renewed any Deposit, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance of Chapter V of the Act, is not applicable.

Annual Return

Pursuant to Section 134(3)(s) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return is annexed herewith and forming part of the report as **Annexure F**.

Loans, Investments and Guarantees by the Company

There are no loans given, investments made, guarantees given or securities provided by the Company to any entity, under Section 186 of the Companies Act, 2013.

Green Initiative

Electronic copy of the Annual Report 2017-18 and the Notice of the 72nd Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time to time which permits paperless compliances and also service of notice / documents (including annual report) through electronic mode to its members.

To support this green initiative, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holding with their concerned Depository Participants and/or with the Company.

Financial Performance

Discussion on financial performance with preference to operational performance has been dealt with in this Report in the relevant para which should be treated as forming part of the Management Discussion and Analysis Report.

Health, safety and environment

The Company gives foremost importance to Safety, Health and Environment and strives relentlessly on cultivating and improving safe work culture, health awareness and environment protection.

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.

During the year, 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.

Periodical health check-up are conducted for the employees at the work place. More emphasis is given to cleanliness, workplace hygiene and good house-keeping.

The Company is continuously working on possibility of using appropriate technology to reduce the hazardous waste generation.

The Company obtained necessary approvals from concerned Government Department / Pollution Control Board and all required environment clearances / safety clearances / stipulations are complied with at Plant facilities of the Company. The Company continues to focus on maintenance and performance improvement of related pollution control facility at its manufacturing locations.

Industrial Relations / Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under review.

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 Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2018 was 88 Nos.

CAUTIONARY STATEMENTS

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those express or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments, within India and the countries in which the Company conducts business and other ancillary factors. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. The Company disclaims any obligation to update these forward-looking statements, except as may be required by law.

Appreciation

Your Directors wish to acknowledge the co-operation and assistance extended to the Company by the Company's Bankers and State & Central Government agencies. Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels.

Your Directors also acknowledge with gratitude the support of the shareholders, other investors, customers, dealers, agents and suppliers for their continued faith and support which has helped the Company to sustain its growth even during these challenging times.

For and on behalf of the Board

Manikant R. Momaya
Managing Director
DIN: 00023993

Surat, 8th May, 2018

Annexure – A TO THE DIRECTORS' REPORT

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2018 is given below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices:

I. Steps taken or impact on conservation of energy.

- 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.
- The Company continued efforts for improving energy efficiency through innovative measures to reduce wastage and optimize consumption.
- Replacement of inefficient motors with energy efficient motors.
- Energy Audit is also being carried out by external agencies.
- Maintenance of the machines as per schedule.

II. The steps taken by the company for utilising alternate sources of energy.

The Company is exploring options for utilizing alternate sources of energy in order to reduce the electricity cost with consequent reduction in the cost of production.

III. The Capital investment on energy conservation equipment.

The Company has not incurred major capital investment on energy conservation equipments but focused on optimum utilisation of available resources.

B. TECHNOLOGY ABSORPTION

I. The efforts made by the Company towards technology absorption

The Company made required efforts for productivity enhancement and development of new products in polyester chips segment.

II. The benefits derived like product improvement, cost reduction, product development or import substitution.

1. Reduce maintenance and operating cost at manufacturing level in chips segment.
2. Improvement in quality, customer satisfaction and enlargement of market base.
3. New product developments.

III. Information regarding imported technology

(Imported during the last three years reckoned from the beginning of the financial year)

1. Technology imported : NIL
2. Year of Import : Not applicable.
3. Has the technology : Not applicable.
been fully absorbed

IV. The expenditure incurred on Research and Development.

During the year under review, there were no major expenses pertaining to Research and Development incurred by the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2017-18	2016-17
Foreign Exchange Earned	Nil	Nil
Foreign Exchange Used	Nil	Nil

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.10.53 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, Independent Director - Chairman b. Shri Harishchandra Bharucha, Independent Director - Member c. Shri Yogesh C. Papaiya, Wholetime Director & CFO - Member
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	Rs.754.45 Lacs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs.15.09 Lacs
5	Details of CSR spent during the financial year	
	(a) Total amount spent for the financial year.	Rs.10.53 Lacs
	(b) Amount unspent, if any.	Rs.4.56 Lacs
	(c) Manner in which the amount spent during the financial year.	The Company has spent an aggregate amount of Rs.10.53 Lacs for social welfare and education program.
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. The CSR Committee will further identify the project which can be covered under the CSR guidelines in compliance with the CSR objectives and policy of the Company.

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

Ketan Jariwala

Chairman of the Committee

DIN: 02095540

Surat, 08/05/2018

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 Manikant R. Momaya Managing Director: 0.61 (2) Shri Yogesh C. Papaiya Wholetime Director & CFO: 1.84
2	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Shri Manikant R. Momaya Managing Director: Not applicable (2) Shri Yogesh C. Papaiya Wholetime Director & CFO: Not applicable (3) Smt. Hanisha Arora, Company Secretary: Not applicable
3	The Percentage increase in the median remuneration of employees in the financial year.	14.87
4	Number of Permanent Employees on the rolls of the Company as on 31st March, 2018.	88
5	The Explanation on the relationship between average increase in remuneration and Company performance.	Not applicable.
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 2018: Rs.35.77 Lacs (ii) Total revenue: Rs.20888.74 Lacs (iii) Remuneration of KMPs (as percentage of revenue): 0.17 (iv) Profit before tax: Rs.1496.51 Lacs (v) Remuneration of KMPs (as percentage of PBT): 2.39. * Remuneration of KMPs includes Managing Director / Wholetime Director and Company Secretary.
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.	Average percentage increase in the salaries of employees other than KMP's for FY 2017-18 was 27.07% as compared to FY 2016-17. There was an increase of about 32.48% in the total remuneration of KMP's for the same period. Not applicable.
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.	Not applicable.

Sr. No.	Requirement under Rule 5(1)	Details
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 31/03/2018: Rs.87.72 crore. Market capitalization as on 31/03/2017: Rs.89.05 crore.
12	Price earnings ratio as at the closing of 31st March, 2018 and 31st March, 2017.	31/03/2018: 10.68 31/03/2017: 5.35
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.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison have not been made.

For and on behalf of the Board of Director

Manikant R. Momaya
Managing Director
DIN: 00023993

Surat, 8th May, 2018.

Annexure - D

FORM No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31st March, 2018

[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, 3rd 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 authorised 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, 2018** 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:

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, 2018** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-
 - (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, 2015;
 - (c) 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;

- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) Other laws applicable specifically to the Company as per representations made by the Company. As per the explanations given to me and the representations made by the Management and relied upon by me, during the period under audit, provisions of the following regulations / guidelines were not applicable to the Company:
 - (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (ii) The following Regulations and Guidelines prescribed under the The Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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 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 including one Woman Director. No change took place in the composition of the Board of Directors during the year under review in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with 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 by the directors.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that as per the explanations given to me and the representation made by the Management and Report of the Statutory Auditors relied upon by me, 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 was no other event / action having major bearing on the Company's affair.

For Jigar Vyas & Associates
Company Secretaries

Jigar Vyas
Proprietor

Place: Surat

Date: 7th May, 2018

FCS No. 8019 CP No. 14468

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

'Appendix A'

To,
The Members,
Surat Textile Mills Limited
Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

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

Management's Responsibility

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.

Auditor's Responsibility

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.

Disclaimer

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.

For Jigar Vyas & Associates
Company Secretaries

Jigar Vyas
Proprietor

Place: Surat

Date: 7th May, 2018

FCS No. 8019 CP No. 14468

Annexure - E

FORM 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, 2018 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, 2018 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 and fuel charges	Ongoing	On arm's length basis and in ordinary course of business.	942.61
2	Garden Silk Mills Limited (Group Company)	Purchase of Raw Materials	Ongoing	On arm's length basis and in ordinary course of business.	3775.56
3	Garden Silk Mills Limited (Group Company)	Others miscellaneous purchases	Ongoing	On arm's length basis and in ordinary course of business.	134.55
4	Garden Silk Mills Limited (Group Company)	Sale of finished goods	Ongoing	On arm's length basis and in ordinary course of business.	8250.01

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

For and on behalf of the Board of Directors

Manikant R. Momaya
Managing Director
DIN: 00023993

Surat, 8th May, 2018

Annexure - F

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2018

[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	L17119GJ1945PLC000214
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 / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium, Tower – B Plot No. 31 and 32, Financial District, Nanakramguda Serilingampally Mandal Ranga Reddy District Hyderabad 500032 State Telengana, India Toll Free No. (India) : 1800 345 4001 Phone No. 040 67162222 Fax No. 040 – 23420814 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

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	99.54

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
NIL					

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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% 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	98548520	0	98548520	44.38%	98548520	0	98548520	44.38%	0.00%
	(d) Financial Institutions / Banks	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(e) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub-Total (A)(1)	166503917	166504917	0	166504917	74.98%	166504917	0	166504917	74.98%
	(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)		166504917	0	166504917	74.98%	166504917	0	166504917	74.98%	0.00%
(B) Public Shareholding	(1) Institutions									
	(a) Mutual Funds / UTI		0	0	0.00%	0	0	0	0.00%	0.00%
	(b) Financial Institutions / Banks	13324215	300	13324515	6.00%	11854957	300	11855257	5.34%	-0.66%
	(c) Central Government / State Government(s)	0	0	0	0.00%		0		0.00%	0.00%
	(d) Venture Capital Funds	0	0	0	0.00%		0		0.00%	0.00%
	(e) Insurance Companies	0	0	0	0.00%		0		0.00%	0.00%
	(f) Foreign Institutional Investors/Companies	0	0	0	0.00%		0		0.00%	0.00%
	(g) Foreign Venture Capital Investors	0	0	0	0.00%		0		0.00%	0.00%
	(h) Qualified Foreign Investors	0	0	0	0.00%		0		0.00%	0.00%
	(i) Any Other (Specify)	0	0	0	0.00%		0		0.00%	0.00%
	Sub-Total (B)(1)	13324215	300	13324515	6.00%	11854957	300	11855257	5.34%	-0.66%

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
(a) Bodies Corporate	6678556	3150	6681706	3.01%	6220901	3150	6224051	2.80%	-0.21%
(b) Individuals									
i. Individual Shareholders holding nominal share capital upto Rs.2 lakhs.	25336297	2241528	27577825	12.42%	27249255	2186730	29435985	13.26%	0.84%
ii. Individual Shareholders holding nominal share capital in excess of Rs.2 lakhs.	7050395	360744	7411139	3.34%	7095893	360744	7456637	3.36%	0.02%
(c) Qualified Foreign Investors	0	0	0	0	0.00%	0	0	0	0.00%
(d) Any Other (Specify)									
i. NRI with and without repatriation	483583	0	483583	0.22%	431153	0	431153	0.19%	-0.02%
ii. Trusts/Overseas Body Corporates	2500	0	2500	0.00%	2500	0	2500	0.00%	0.00%
iii. Clearing Member	78255	0	78255	0.04%	153940	0	153940	0.07%	0.03%
Sub-Total (B)(2)	37461824	2641592	39629586	2605422	42235008	19.02%	41153642	2550624	43704266
Total Public Shareholding (B) = (B)(1)+(B)(2)	52918631	2641892	55560523	52953801	2605722	55559523	25.02%	53008599	2550924
TOTAL (A)+(B)	219422548	2641892	222064440	219458718	2605722	222064440	100.00%	219513516	2550924
(C) Shares held by Custodians and against which Depository Receipts have been issued									
1 Held by Promoter/promoters group	0	0	0	0.00%	0	0	0	0.00%	0.00%
2 Held by Public	0	0	0	0.00%	0	0	0	0.00%	0.00%
TOTAL (C)	0	0	0	0.00%	0	0	0	0.00%	0.00%
GRAND TOTAL (A)+(B)+(C)	219458718	2605722	222064440	100.00%	219513516	2550924	222064440	100.00%	0.00%

(ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% 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%
11	Prabhat Silk Mills Limited Partner Rayban Investment	1000	0.00%	0.00%	1000	0.00%	0.00%	0.00%
	Total	166504917	74.98%	0.00%	166504917	74.98%	0.00%	0.00%

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

Change in Promoters' Shareholding during the year

Sr. No.	Particulars	Shareholding at the beginning of the year				Cumulative Shareholding during the year	
		Date	No. of Shares	% of total shares of the Company	Reason	No. of Shares	% of total shares of the Company
	At the beginning of the year	01.04.2017	166503917	74.98	—	166503917	74.98
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	—	—	—	—	—	—
	At the end of the year	31.03.2018	166503917	74.98	—	166504917	74.98

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

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year 01.04.2017		Date wise Increase (+) / Decrease(-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31.03.2018	
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IDBI Bank Ltd.	13324215	6.00%	12.05.2017	-20000	Sold	13304215	5.99%		
				02.06.2017	-145537	Sold	13158678	5.93%		
				09.06.2017	-46543	Sold	13112135	5.90%		
				16.06.2017	-146003	Sold	12966132	5.84%		
				08.09.2017	-109009	Sold	12857123	5.79%		
				15.09.2017	-161350	Sold	12695773	5.72%		
				22.09.2017	-25889	Sold	12669884	5.71%		
				29.09.2017	-1399	Sold	12668485	5.70%		
				06.10.2017	-1	Sold	12668484	5.70%		
				13.10.2017	-220529	Sold	12447955	5.61%		
				27.10.2017	-200000	Sold	12247955	5.52%		
				31.10.2017	-23713	Sold	12224242	5.50%		
				03.11.2017	-64947	Sold	12159295	5.48%		
				10.11.2017	-167558	Sold	11991737	5.40%		
				17.11.2017	-6890	Sold	11984847	5.40%		
2	Madhuran Securities Pvt. Ltd.	1824750	0.82%	24.11.2017	-123880	Sold	11860967	5.34%		
				23.03.2018	-6010	Sold	11854957	5.34%	11854957	5.34%
3	Madhuran Securities Pvt. Ltd.	1824750	0.82%		0		1824750	0.82%	1824750	0.82%
3	Madhuran Traders Pvt. Ltd.	1384977	0.62%		0		1384977	0.62%	1384977	0.62%
4	Jamson Securities Pvt Ltd	1654534	0.75%	05.05.2017	-100000	Sold	1554534	0.70%		
				12.05.2017	-324668	Sold	1229866	0.55%	1229866	0.55%
5	Neelam Nitinkumar Gheewala	1200000	0.54%	07.04.2017	-17000	Sold	1183000	0.53%		
				14.04.2017	-20000	Sold	1163000	0.52%		
				21.04.2017	-21000	Sold	1142000	0.51%		
				26.01.2018	-42000	Sold	1100000	0.50%	1100000	0.50%
6	Ilaben Nitinbhai Gheewala	1200000	0.54%	19.01.2018	-86707	Sold	1113293	0.50%		
				26.01.2018	-64293	Sold	1049000	0.47%	1049000	0.47%
7	Kushal Nitin Gheewala	1200000	0.54%	07.04.2017	-100000	Sold	1100000	0.50%		
				26.01.2018	-100000	Sold	1000000	0.45%	1000000	0.45%
8	Vartik Choksi	1146568	0.52%	07.04.2017	-142190	Sold	1004378	0.45%		
				14.04.2017	-25000	Sold	979378	0.44%		
				21.04.2017	-5000	Sold	974378	0.44%		
				28.04.2017	-15000	Sold	959378	0.43%	959378	0.43%
9	Shreyas Vasantbhai Parikh	906000	0.41%	14.04.2017	-19010	Sold	886990	0.40%		
				21.04.2017	-40000	Sold	846990	0.38%	846990	0.38%
10	Uma Shreyas Parikh	906000	0.41%	14.04.2017	-27100	Sold	878900	0.40%		
				21.04.2017	-40000	Sold	838900	0.38%	838900	0.38%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01.04.2017		Date wise Increase (+) / Decrease(-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31.03.2018	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Manikant R. Momaya Managing Director	0	0			0	0	0	0	0
2	Shri Yogesh C. Papaiya CFO	0	0			0	0	0	0	0
3	Shri Harishchandra Bharucha Director	0	0			0	0	0	0	0
4	Shri Ketan Jariwala Director	0	0			0	0	0	0	0
5	Smt. Anita Mandrekar Director	0	0			0	0	0	0	0

V INDEBTEDNESS

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

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	51.17	0.00	112.97	164.14
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)	51.17	0.00	112.97	164.14
Change in Indebtedness during the financial year				
• Addition	150.74	0.00	0.00	150.74
• Reduction	29.58	0.00	28.26	57.84
Net Change	121.16	0.00	-28.26	92.90
Indebtedness at the end of the financial year				
i) Principal Amount	172.33	0.00	84.71	257.04
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)	172.33	0.00	84.71	257.04

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole-time Directors:

(Rs. In Lacs)

Sr. No.	Particulars of Remuneration		Shri M. R. Momaya Managing Director	Shri Yogesh C. Papaiya Wholetime Director & CFO	Total Amount
1	Gross salary				
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.40	25.40	33.80
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	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
2	Stock Option		0.00	0.00	0.00
3	Sweat Equity		0.00	0.00	0.00
4	Commission				
	- as % of profit		0.00	0.00	0.00
	- Others, please specify...		0.00	0.00	0.00
5	Others, please specify		0.00	0.00	0.00
	Total (A)		8.40	25.40	33.80
	Ceiling as per the Act		Not applicable	Not applicable	Not applicable

B. Remuneration to Other Directors:

(Rs. In Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri Harishchandra Bharucha	Shri Ketan Jariwala	Smt. Anita Mandrekar	
I.	Independent Directors				
1	Fee for attending board committee meetings	1.00	1.00	0.40	2.40
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	Total (I)	1.00	1.00	0.40	2.40
II.	Other Non-Executive Directors				
1	Fee for attending board committee meetings	0.00	0.00	0.00	0.00
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	Total (II)	0.00	0.00	0.00	0.00
	Total (B) = (I + II)	1.00	1.00	0.40	2.40
	Total Remuneration	1.00	1.00	0.40	2.40
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. In Lacs)

Sl. No.	Particulars of Remuneration		Hanisha Arora
			Company Secretary
1	Gross salary		
	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.97
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00
2	Stock Option		0.00
3	Sweat Equity		0.00
4	Commission		
	- as % of profit		0.00
	- others, specify...		0.00
5	Others, please specify		0.00
	Total		1.97

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

Annexure - G**CORPORATE GOVERNANCE REPORT**

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policy and practices adopted by the Company for the year 2017-18.

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable with regard to corporate governance.

1. Company's philosophy on Corporate Governance

The philosophy of Corporate Governance is a principle based approach as codified in Regulation 34(3) of SEBI Listing Regulations, 2015, encompassing the fundamentals of rights and roles of various shareholders of the Company, disclosure, transparency and board responsibility.

The Company's philosophy on corporate governance oversees business strategies and ensures ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company believes that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

2. Board of Directors**(a) Composition:**

As on 31st March, 2018, the Board of the Company consisted of 5 Directors, of whom 2 were executives and 3 were non-executive independent (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

The Board of Directors comprises of professionals drawn from diverse fields that bring with them a wide range of skills and experience to the Board which enhances the quality of Board's decision making process.

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 enable them to contribute effectively to the Company in their capacity as member of the Board.

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 Regulation 16(2) of SEBI Listing Regulations, 2015. 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 Regulation 16(2) of SEBI Listing Regulations, 2015.

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.

Transactions with related parties are disclosed in Note No. 32 of 'Notes forming part of the financial statements' for the year ended 31st March, 2018. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2017-18.

(b) Number of meeting of the Board.

During the financial year 2017-18, the Board of Directors met 5 times viz. 29/05/2017, 11/09/2017, 30/10/2017, 19/12/2017 and 29/01/2018. The gap between any two meetings has been less than one hundred and twenty days.

The Board oversees the entire functioning of the Company and is involved in strategic decision-making on a collective basis. 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.

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, 2018, are set out below:

Name	Category	No. of Board Meetings attended#	Attendance at the last AGM held on 02/08/2017	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies
Shri Manikant R. Momaya	Managing Director	5	Yes	N.A.	N.A.
Shri Yogesh C. Papaiya	Wholetime Director & CFO	4	Yes	N.A.	N.A.
Shri Harishchandra B. Bharucha	Non-executive, Independent	5	Yes	1	N.A.
Shri Ketan Jariwala	Non-executive, Independent	5	No	1	N.A.
Smt. Anita Mandrekar	Non-executive, Independent	3	Yes	1	1

excluding Independent Directors meeting.

(c) 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, especially those that require deliberation at the highest level.

The information supplied by the Management to the Board of the Company is in compliance with regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations, 2015. The independent directors of the Company at their meeting held on 28th March, 2018 expressed satisfaction on the quality, quantity and timeliness of flow of information between the Company Management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

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

In terms of Section 152 read with Section 149(13) of the Companies Act, 2013 Shri Manikant R. Momaya 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.

Further Shri Harishchandra Bharucha, who was appointed as an independent director and who holds office as an independent director up to 31st March, 2019 and being eligible is being reappointed to hold office for a second term of five consecutive years i.e. up to 31st March, 2024.

The brief profile and other information as required under Regulation 36(3) of SEBI Listing Regulations, 2015 relating to Directors being appointed / reappointed, forms part of the Notice of ensuing Annual General Meeting.

(e) Separate Meeting of Independent Directors

As per stipulations in Section VII of the Code for Independent Director in Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulation, 2015, a separate meeting of the Company's Independent Directors was held on 28th March, 2018 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. The independent directors present elected Shri Ketan A. Jariwala as Chairman of the Meeting. Mr. Jariwala presented the views of the Independent Directors on matter relating to Board processes and overall affairs of the Company to the full Board. All the Independent Directors attended the meeting.

(f) Familiarization Programme for Independent Directors

With a view to familiarising the independent directors with the Company's operations, as required under regulation 25(7) of the SEBI Listing Regulations, 2015, the Company has provided program on an ongoing basis to enable them to understand the business of the Company.

Moreover, the Management has also endeavoured to appraise the Directors regarding their responsibilities under the new Listing Regulations vis-a-vis those contained in the erstwhile Listing Agreements. The details of the familiarization programme has been displayed on the Company's website.

3. BOARD COMMITTEES:

During the financial year under review, the Board had four 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 Yogesh C. Papaiya, Wholetime 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 Regulation 18 of SEBI Listing Regulations, 2015.

The terms of reference of the Audit Committee includes the matters specified under Regulation 18 of SEBI Listing Regulations, 2015 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 Audit Committee also assures the Board about the adequate internal control procedures and financial disclosures commensurate with the size of the Company and in conformity with the requirements of the new Listing Regulations. The Finance Head, Internal Auditor and Statutory Auditors are invitees to the Meeting.

The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

The Chairman of the Audit Committee was present at the 71st Annual General Meeting of the Company held on 2nd August, 2017. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

Meetings and attendance

During the financial year 2017-18, the Audit Committee of the Company met four times on 29/05/2017, 11/09/2017, 30/10/2017 and 29/01/2018. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 08/05/2018 reviewed the Annual Accounts for the year ended 31st March, 2018.

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.

In addition to the members of the Audit Committee, these meetings were attended by the head of finance, internal auditor and the statutory auditors of the Company. Further, on invitation, directors who are not member of the Company also attended the meetings of the Committee.

The Company Secretary acted as the secretary of the Audit Committee.

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	4
2	Shri Yogesh C. Papaiya	Executive	4
3	Shri Ketan Jariwala	Non-Executive, Independent	4

(b) Stakeholders' Relationship Committee

The Company has constituted the Stakeholders' Relationship and Investors' Grievance Committee in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations (erstwhile Listing Agreements). 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 Harishchandra Bharucha, Independent Director as Chairman and Shri Yogesh C. Papaiya, Wholetime Director, and Shri Ketan Jariwala, Independent Director as its Members.

The said Committee also approves cases such as the transfer of shares in physical form, issue of duplicate share certificates and requests regarding Transmission / Consolidation / Split of Share Certificates etc. The powers for the aforesaid has been delegated to the Registrar & Transfer Agents who approves the documents fortnightly. The transfer registers duly signed by the authorised person is placed before the meeting of Stakeholders' Relationship Committee meetings on quarterly basis.

The terms of reference of the Stakeholders' Relationship Committee covers the matters specified under Regulation 20 of SEBI Listing Regulations, 2015 with the Stock Exchanges. The minutes of the Stakeholders' Relationship Committee were noted at the Board Meeting.

In addition, the committee also looked into matters that can facilitate investor services and relation.

Further, as per regulation 40(2) of the Listing Regulation, a report on transfer of shares / deletion of name / issue of duplicate share certificates / transmission of securities is also placed at each meeting of the Board of Directors.

The Company Secretary and Compliance Officer acted as the secretary to the committee.

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, 2017	Received during the financial year	Cleared / attended during the financial year	Pending as on 31st March, 2018
Non-receipt of dividend warrants	Nil	11	11	Nil
Non-receipt of share certificates after transfer, deletion of name, transmission, transposition, consolidation of folios & share certificates, correction of name etc.	Nil	01	01	Nil
Non-receipt of Annual Report	Nil	14	14	Nil
Letters from SEBI, Stock Exchanges and Ministry of Corporate Affairs	Nil	01	01	Nil
Total	Nil	27	27	Nil

During the Financial Year under review, 27 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 SEI (LODR) Regulations, 2015.

(c) Nomination and Remuneration Committee

The Board of Directors have constituted a Nomination and Remuneration Committee of Directors. The role of the committee is to perform all such matters as prescribed under the Companies Act, 2013 and Schedule II-Part D about Role of Nomination and Remuneration Committee of Directors under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia includes – recommendation to Board of Directors remuneration policy for the Company, formulation of criteria for performance evaluation of Directors, Board and Committee, appointment of Directors, appointment and remuneration of Whole-time Directors / Managing Director and Key Managerial Personnel. The Committee will also deal with matters as may be assigned from time to time by the Board of Directors.

The Committee consists of three Independent Directors namely Shri Harishchandra Bharucha as Chairman, Shri Ketan Jariwala, Independent Director and Smt. Anita Mandrekar. During the year 2017-18 one meeting of the members of Nomination and Remuneration Committee was held on 29th January, 2018 wherein all the members were present.

Nomination and Remuneration Policy

On recommendation of Nomination and Remuneration Committee, the Board of Directors have approved a Nomination and Remuneration Policy for the appointment and remuneration of the director, key managerial personnel (KMP) and other employees. The key objectives of the Policy are to lay down the criteria for appointment and remuneration of Directors, Key Managerial Personnel and Executives at Senior Management level and recommend to the Board their appointment, and also to formulate criteria for evaluation of performance of Independent Directors and the Board and to devise a policy on Board diversity. The Policy, inter-alia, includes criteria for determining qualifications, positive attributes, independence of a director, and expertise and experience required for appointment of Directors, KMP and Senior Management.

The details of the remuneration policy are available on the website of the Company www.surattextilemillsld.com.

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 Manikant R. Momaya	Rs.8,40,240/-	Not applicable	Not applicable
Shri Yogesh C. Papaiya	Rs.25,39,875/-	Not applicable	Not applicable

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 2017-18 was Rs.2,40,000/-.

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 Harishchandra Bharucha as Member.

(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 Harishchandra Bharucha, Independent Director and Shri Yogesh C. Papaiya, Wholetime Director as Members. During the year 2017-18 the Committee met once on 30th March, 2018 to discuss the matters coming within the Committee's purview.

The terms of reference of the Corporate Social Responsibility (CSR) Committee broadly comprises:

- To review the Company's existing CSR Policy and to supervise and monitor the activities undertaken by the Company as specified in CSR Policy and Schedule VII of the Companies Act, 2013.
- To provide guidance on various CSR activities undertaken by the Company.

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 Regulation 17(8) of SEBI Listing Regulations, 2015, 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 8th May, 2018.

5. Compliance officer

The Company Secretary is the Compliance Officer under Regulation 6 of the SEBI Listing Regulations, 2015 and other applicable SEBI Regulations and Rules.

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

Year	Location	Date	Time
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	2nd August, 2017	11.00 a.m.
2015-16	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	31st August, 2016	11.00 a.m.
2014-15	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	26th August, 2015	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:

- i) A Special Resolution was passed at the 69th Annual General Meeting of the Company held on 26th August, 2015 for approval of Related Party Transactions. Further at the 71st Annual General Meeting of the Company held on 2nd August, 2017 a Special Resolution was passed for approval of Related Party Transactions.
- ii) There was no Special Resolution passed in the financial year 2017-18 by postal ballot.
- iii) As of date, there is no proposal to pass any Special Resolution by postal ballot.

(c) Passing of Special Resolutions by Postal Ballot:

Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended no postal ballot were held during 2017-18.

A Special Resolution is proposed at the 72nd Annual General Meeting of the Company for approval of related party transactions.

7. DISCLOSURES**(a) Related Party Transactions**

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.

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under notes No. 32 of the annual accounts for the financial year 2017-18.

(b) Disclosure of Accounting Treatments

Your Company has 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 has voluntarily formulated a Policy on Material Subsidiary as required under Regulation 24 of the SEBI Listing Regulations, 2015 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) Statutory Compliance, Penalties and Strictures

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years, except a fine of Rs.50,000/- plus service tax imposed by BSE Limited during the year 2015-16, for delay in compliance with respect to appointment of Woman Director on the Board of the Company.

(f) Code of Business Conduct & Ethics

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and Senior Management Team (one level below the Board of Directors) of the Company. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website.

(g) 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.

(h) 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.

(i) Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from May 15, 2015 and replaced the earlier Regulations. The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed company.

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations.

The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company's website.

(j) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out reconciliation of share capital Audit, on quarterly 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.

8. 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.

9. GENERAL SHAREHOLDER INFORMATION:

(a) 72nd Annual General Meeting:

Date : Wednesday, 8th August, 2018

Time : 11:00 a.m.

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

(b) Financial Calendar (2018-19)

Results for the quarter ending June 30, 2018	:	July/August, 2018.
Results for the quarter ending September 30, 2018	:	October/November, 2018
Results for the quarter ending December 31, 2018	:	January/February, 2019
Results for the year ending March 31, 2019	:	April/May, 2019

(c) Book closure dates: Friday, 3rd August, 2018 to Wednesday, 8th August, 2018 (Both days inclusive)**(d) Listing on Stock Exchange****: Stock Code**

Bombay Stock Exchange Limited, : 530185
 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001

Demat ISIN for NSDL & CDSL. : INE 936A01025

(e) Annual Listing Fees: The Company has paid the Annual Listing fee to the above stock exchange for the financial year 2018-2019.**(f) Market Price Data**

The High/Low market price of the shares during the year 2017-18 at the BSE Limited are as under.

Month	High (Rs.)	Low (Rs.)
April, 2017	4.60	3.99
May, 2017	9.05	4.15
June, 2017	7.50	5.19
July, 2017	5.47	4.35
August, 2017	5.12	3.50
September, 2017	4.74	3.70
October, 2017	6.30	3.70
November, 2017	5.85	4.55
December, 2017	7.47	5.17
January, 2018	7.35	5.55
February, 2018	6.00	4.67
March, 2018	4.98	3.86

(g) Registrar and Share Transfer Agents:

Karvy Computershare Pvt. Ltd.

(Unit: Surat Textile Mills Limited),

Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India.
 Phone No. 040 67162222, Fax No. 040 23420814, 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 Stakeholders Relationship Committee has been constituted to approve the share transfer, transmission, split and 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 Committee are noted by the Board at its next meeting.

(i) Distribution of shareholding as on 31st March, 2018:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters	166504917	74.98
2.	Indian Public	36892622	16.62
3.	Banks, Financial Institutions & Insurance Companies	11855257	5.34
4.	NRI's / Overseas Body Corporates	431153	0.19
5.	Bodies Corporate	6224051	2.80
6.	NBFC Registered with RBI	2500	0.00
7.	Others (NSDL+CDSL) Clearing Members	153940	0.07
	TOTAL	222064440	100.00

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2018:

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	33376	97.13	12345158	5.56
5001 - 10000	510	1.46	4006119	1.80
10001 - 20000	236	0.69	3515624	1.59
20001 - 30000	90	0.26	2263726	1.02
30001 - 40000	31	0.08	1084518	0.48
40001 - 50000	25	0.07	1198954	0.54
50001 - 100000	61	0.18	4368046	1.97
100001 & above	43	0.13	193282295	87.04
TOTAL	34372	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:

219512516 Equity Shares aggregating to 98.85% of the total Equity Capital is held in dematerialized form as on 31/03/2018 of which 91.56% (203334794 Equity Shares) of total equity capital is held with NSDL and 7.29% (16177722 Equity Shares) of total equity capital is held with CDSL as on 31/03/2018.

(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:

(i)	For Shares held in Physical Form	Karvy Computershare Pvt. Ltd. (Unit: Surat Textile Mills Limited), Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India. Phone No. 040 67162222, Fax No. 040 23420814 Email: einward.ris@karvy.com
(ii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.

(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.

(p) Equity Shares in the suspense account

In accordance with the requirement of Clause 34(3) of the SEBI (LODR) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in physical form pursuant to the public issue of the Company:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares credited in the suspense account as on 31st March, 2017	3131	360744
Shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
Shareholders to whom shares were transferred from the suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2018	3131	360744

The voting rights on the shares outstanding in the suspense account as on 31st March, 2018 shall remain frozen till the rightful owner of such shares claims the shares.

(q) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements and have not adopted non-mandatory requirements.

(r) The Company does not have any material subsidiary company.**(s) Policy on dealing with related party transactions is available on the website of the Company.****(t) The Company does not have any foreign exchange exposure, therefore the company has not framed any such policy for activities related thereto.****10. Compliance of Discretionary requirements under Part E of Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

1. The Board: The Chairperson does not maintain his separate office at the Company's expense.
2. Shareholder Rights: The Company publishes the financial results in news papers and places on its website and does not send it to shareholders.
3. Modified opinion(s) in audit report: The Audit opinion received by the Company has not been modified.
4. Separate posts of chairperson and chief executive officer: The Company has a Managing Director and a Wholtime Director designated as Executive Director and CFO of the Company.
5. Reporting of internal auditor: The Internal Auditor of the Company directly reports to the Audit Committee of the Company and their Internal Audit Reports are presented in the meeting of the Audit Committee.

11. Compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.

The Company has complied with Corporate Governance requirements as specified in regulations 17 to 27 relating to Board of Directors; Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee; Vigil Mechanism, Related Party Transactions, Corporate Governance Requirements, obligations with respect to Independent Directors, other Directors and Senior Management. The information and documents specified under clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been placed on the website of the Company.

12. 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.

For Surat Textile Mills Limited

Manikant R. Momaya

Managing Director

DIN: 00023993

Place: Surat, 8th May, 2018

CEO/CFO CERTIFICATION
(under Regulation 17(8) of SEBI (LODR) Regulations, 2015)

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Surat Textile Mills Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed financial statement and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:
 - (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.
- (b) We further state that 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.
- (c) 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 and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these efficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year;
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

For Surat Textile Mills Limited

Manikant R. Momaya
 Managing Director
 DIN: 00023993

Yogesh C. Papaiya
 Wholtime Director & CFO
 DIN: 00023985

Place: Surat, 8th May, 2018

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY
(Regulation 34(3) read with Schedule V (Part D) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm and certify that the Company has adopted a Code of Conduct for Board member and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board member and Senior Management have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2018.

For Surat Textile Mills Limited

Manikant R. Momaya
 Managing Director
 DIN: 00023993

Place: Surat, 8th May, 2018

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of
Surat Textile Mills Limited**

1. We have examined the compliance of conditions of Corporate Governance by Surat Textile Mills Limited ("the Company"), for the year ended on 31st March, 2018, as stipulated in Regulations 17 - 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock exchanges.

Management Responsibility

2. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company or ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Notes on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

Opinion

6. Based on our examination of the relevant records and according to the information and explanation provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Sharp & Tannan Associates

Chartered Accountants

Firm Registration Number: 123626W

Tirthraj Khot

Partner

Membership No.: (F) 037457

Place: Mumbai
8th May, 2018

INDEPENDENT AUDITORS' REPORT

To the members of Surat Textile Mills Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Surat Textile Mills Limited** ("the Company"), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 standalone Ind AS 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 standalone Ind AS 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 there under and the Order issued under section 143(11) of the Act. We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 standalone Ind AS 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other matters

The financial statements of the Company for the year ended 31st March 2017, were audited by another auditor whose report dated 29th May 2017 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A", 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof.
 - (e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) 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 has disclosed pending litigations and the impact on its financial position - refer note 28 to the standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan Associates,
Chartered Accountants
Firm’s Registration No.: 109983W

Tirtharaj Khot
Partner

Mumbai, 8th May 2018

Membership No.: 037457

Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at regular intervals based on the phased programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.
- (c) According to the information and explanation provided to us and records examined by us, all title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on para 3(iii) is not applicable.
- (iv) According to information and explanation provided to us, for the transaction covered under the sections 185 and section 186 of the Companies Act, 2013, the Company has complied with the provisions of the said sections, to the extent applicable.

- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us; No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (I) of Section 148 of the Companies Act, 2013 and we are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Service Tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March 2018, for a period of more than six months from the date they became payable.
- (b) Details of dues of income tax, sales tax including value added tax, service tax, duty of customs, duty of excise which have not been deposited as on 31st March 2018 on account of dispute are as follows:

Name of Statute	Nature of dues	Forum where Dispute is Pending	Period to which amount Relates	Amount Involved (Rs. In Lakhs)	Amount Unpaid (Rs. In Lakhs)
The Central Excise Act, 1944	Excise Duty / Service Tax	Custom Excise and Service Tax Appellate Tribunal (Ahmedabad)	2008 -09 & 2010-11	40.22	35.20

- | | |
|--|--|
| <p>(viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.</p> <p>(ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purpose for which the loans were obtained.</p> <p>(x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.</p> <p>(xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.</p> <p>(xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.</p> | <p>(xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.</p> <p>(xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.</p> <p>(xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.</p> <p>(xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.</p> |
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For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner

Mumbai, 8th May 2018

Membership No.: 037457

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements of our report on even date:

Report on the Internal Financial Controls

[under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")]

We have audited the internal financial controls over financial reporting of Surat Textile Mills Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner

Mumbai, 8th May 2018

Membership No.: 037457

BALANCE SHEET AS AT MARCH 31, 2018

(Rs. in Lacs)

	Note No.	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
1 NON-CURRENT ASSETS:				
(a) Property, Plant and Equipment	1	640.55	690.30	768.80
(b) Capital work-in-progress	1	0.00	0.00	0.00
(c) Intangible assets	1	0.00	0.00	0.00
(d) Investment Property	2	1023.54	1023.54	1045.14
(e) Financial assets				
(i) Investments	3	872.63	874.85	822.12
(ii) Loans and Advances	4	1.79	1.24	1.56
(iii) Others financial assets	5	0.42	0.00	0.00
(f) Deferred tax assets (net)	6	397.54	848.03	350.49
(g) Other non-current assets	7	2917.96	2918.86	2539.17
Total non-current assets		5854.43	6356.82	5527.28
2 CURRENT ASSETS:				
(a) Inventories	8	1703.51	1598.15	1347.87
(b) Financial assets				
(i) Investments	3	3555.25	2203.68	2452.49
(ii) Trade receivables	9	108.18	772.14	169.92
(iii) Cash & cash equivalents	10	1641.54	83.76	11.41
(vi) Others financial assets	4	1099.89	819.03	244.15
(c) Other current assets	7	65.91	99.54	330.09
(d) Current tax assets (net)				
Total current assets		8174.28	5576.30	4555.93
TOTAL ASSETS		14028.71	11933.12	10083.21
EQUITY AND LIABILITIES				
EQUITY:				
(a) Equity Share capital	11	2220.64	2220.64	2220.64
(b) Other equity	12	8985.78	8178.70	6465.80
Total equity		11206.42	10399.34	8686.44
LIABILITIES:				
1 NON-CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	13	0.00	21.59	54.16
(ii) Other financial liabilities		0.00	0.00	0.00
(b) Long-term provisions	14	88.01	72.60	67.09
(c) Other non-current liabilities		0.00	0.00	0.00
Total non-current liabilities		88.01	94.19	121.25
2 CURRENT LIABILITIES:				
(a) Financial liabilities				
(i) Borrowings	13	150.74	0.00	30.81
(ii) Trade Payables	15	1625.99	339.01	217.70
(iii) Other financial liabilities	15	230.23	207.18	183.90
(b) Other current liabilities	13 & 16	56.60	130.29	214.17
(c) Short-term provisions	14	12.17	33.93	48.63
(d) Current tax liabilities (net)	14	658.55	729.18	580.31
Total current liabilities		2734.28	1439.59	1275.52
TOTAL EQUITY AND LIABILITIES		14028.71	11933.12	10083.21
Significant accounting policies and Notes forming part of Financial Statements	1 to 37			
The accompanying notes are an integral part of financial statements				

As per our attached report of even date

For and on behalf of the Board

For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W

Manikant R. MOMAYA
Managing Director

Tirtharaj Khot
Partner
Membership No.(F) 037457

YOGESH C. PAPAIYA
Whole-time Director & CFO

HANISHA ARORA
Company Secretary

Mumbai, 8th May 2018

Surat, 08th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. in Lacs)

	Note No.	Year Ended 31.03.2018	Year Ended 31.03.2017
INCOME:			
Revenue from operations	17	20598.96	15682.12
Other income	18	289.78	352.71
TOTAL INCOME		20888.74	16034.83
EXPENSES:			
Cost of materials consumed	19	16075.26	10452.73
Purchases of stock-in-trade	20	0.00	0.00
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(466.10)	133.54
Employee benefits expense	22	315.70	246.81
Finance costs	23	97.63	38.47
Depreciation and amortisation expense	1	49.75	78.93
Excise duty expense	24	547.92	1810.40
Other expenses	25	2772.07	1735.63
TOTAL EXPENSES		19392.23	14496.51
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		1496.51	1538.32
Exceptional Items		0.00	0.00
PROFIT BEFORE TAX		1496.51	1538.32
TAX EXPENSE:			
(1) Current tax		217.98	366.90
(2) Deferred tax		459.98	(497.54)
(3) Tax in respect of earlier years		0.00	0.00
PROFIT FROM CONTINUING OPERATIONS		818.55	1668.96
PROFIT FROM DISCONTINUED OPERATION AFTER TAX		0.00	0.00
PROFIT FOR THE YEAR		818.55	1668.96
OTHER COMPREHENSIVE INCOME:			
A (i) Items that will not be reclassified to profit or (loss)	26	(20.96)	43.94
(ii) Income tax relating to items that will not be reclassified to profit or loss		9.49	0.00
B (i) Items that will be reclassified to profit or loss		0.00	0.00
(ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(11.47)	43.94
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		807.08	1712.90
Earnings per share of continuing operations	27	0.37	0.75
(Face value of equity share of Rs.1 each)			
Significant accounting policies and Notes forming part of Financial Statements	1 to 37		
The accompanying notes are an integral part of financial statements			

As per our attached report of even date

For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W

Tirtharaj Khot
Partner
Membership No.(F) 037457

For and on behalf of the Board

Manikant R. MOMAYA
Managing Director

YOGESH C. PAPAIYA
Whole-time Director & CFO

HANISHA ARORA
Company Secretary

Mumbai, 8th May 2018

Surat, 08th May, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lacs)

Equity Share Capital

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Rs. In Lakhs	No. of Shares	Rs. In Lakhs	No. of Shares	Rs. In Lakhs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64	222064440	2220.64
Shares issued	0	0.00	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64	222064440	2220.64

Other Equity

(Rs.in Lakh)

	Reserves and Surplus		Retained Earnings	Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve			
AS ON 31 MARCH 2017					
Balance at the beginning of the reporting period i.e. 1st April, 2016	0.00	0.00	6,465.80	0.00	6,465.80
Total Comprehensive Income for the year	0.00	0.00	1,668.96	43.94	1,712.90
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2017	0.00	0.00	8,134.76	43.94	8,178.70

(Rs.in Lakh)

	Reserves and Surplus		Retained Earnings	Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve			
AS ON 31 MARCH 2018					
Balance at the beginning of the reporting period i.e. 1st April, 2017	0.00	0.00	8,134.76	43.94	8,178.70
Total Comprehensive Income for the year	0.00	0.00	818.55	-11.47	807.08
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at the end of the reporting period i.e.	0.00	0.00	8,953.31	32.47	8,985.78

As per our attached report of even date

For and on behalf of the Board

For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W

Manikant R. MOMAYA
Managing Director

Tirtharaj Khot
Partner
Membership No.(F) 037457

YOGESH C. PAPAIIYA
Whole-time Director & CFO

HANISHA ARORA
Company Secretary

Mumbai, 8th May 2018

Surat, 08th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Rs. in Lacs)

	Year ended 31st March, 2018	Year ended 31st March, 2017
A. Cash flow from Operating Activities		
Profit before tax	1496.51	1538.32
Adjustments for:		
Depreciation and Amortisation Expense	49.75	78.93
Finance Costs	97.63	38.47
Interest Income	(89.30)	(35.57)
Dividend Income	(34.88)	0.00
(Profit)/Loss on sale of Investments	(51.07)	(125.21)
Share of Loss in Partnership Firm	0.01	0.01
Credit Balance Write Back	(2.53)	0.00
Bad debts and advance written off	5.39	14.03
Net surplus on disposal of fixed assets	0.00	(64.36)
Unrealised Gain on Investments	(111.99)	(86.82)
	(136.99)	(180.52)
Operating Profit before Working Capital Changes	1359.52	1357.80
(Increase) / Decrease in Provisions	(28.75)	(15.50)
(Increase) / Decrease in Trade and other Receivables	476.42	(955.99)
(Increase) / decrease in Inventories	(105.36)	(250.28)
(Decrease) / Increase in Trade and Other Payable	1246.86	67.19
	1589.17	(1154.58)
Cash Generated from Operations	2948.69	203.22
Direct Taxes (Paid) / Refund.	(288.62)	(218.02)
Net Cash Flow from Operating Activities (A)	2660.07	(14.80)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	0.00	(0.52)
Sale of Fixed Assets	0.00	64.46
Purchase of Investments	(2435.94)	(2355.00)
Sale of Investment	1251.07	2813.35
Decrease in Investment Properties	0.00	21.60
Purchases of Art & Artefacts	0.00	(379.69)
Dividend Income	34.88	0.00
Investment In Partnership Firm	(0.01)	(0.01)
Net Cash Inflow from Investing Activities (B)	(1150.00)	164.19
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	150.74	(30.81)
Repayment of Long Term Borrowings	(29.58)	(39.06)
Interest Paid	(73.45)	(7.17)
Net Cash Outflow from Financing Activities (C)	47.71	(77.04)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1557.78	72.35
Cash and Cash Equivalents at the beginning of the year	83.76	11.41
Cash and Cash Equivalents at the end of the year	1641.54	83.76

Notes :

- 1 Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"
- 2 There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.
- 3 Refer note 25.2 for cash outflow on account of corporate social responsibility expenditure.

As per our attached report of even date

For and on behalf of the Board

For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W

Manikant R. MOMAYA
Managing Director

Tirtharaj Khot
Partner
Membership No.(F) 037457

YOGESH C. PAPAIYA
Whole-time Director & CFO

HANISHA ARORA
Company Secretary

Mumbai, 8th May 2018

Surat, 08th May, 2018

Notes annexed to and forming part of the Financial Statements

A. Corporate Information

Surat Textile Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat-395010. The Company is engaged in the business of manufacturing Polyester Chips and Partially Oriented Yarn (POY).

B. Summary of Significant Accounting Policies

B.1. Compliance with Ind AS:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, as amended from time to time.

Up to the year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles in India ("Indian GAAP"), which includes standards notified under the Companies (Accounting Standards) Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016 (transition date). Refer note "E" for the details of first time adoption exemptions availed by the Company.

The financial statements are approved for issue by the Company's Board of Directors on 8th May 2018.

B.2. Basis for preparation of financial statements:

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial statements are presented in INR (₹) and all the values are rounded off to the nearest lakh except when otherwise indicated.

B.3. Key sources of estimation:

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

B.4. Property, plant and equipment and Other intangible assets:

Property, plant and equipment

Property, plant and equipment held for use in production or supply of goods or services or for administrative purposes are stated at cost less accumulated depreciation less accumulated impairment, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use.

Depreciation is recognized (other than on capital work-in-progress) on a straight line method over the estimated useful lives of assets. Depreciation on assets acquired/ purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition till the date of sale/retirement. The estimated useful lives of assets are stated below:

Sr.No.	Category of Assets	Useful Life(in years)
1	Factory Buildings	30
	Other Buildings	60
2	Plant and Machinery	
(i)	Continuous Process Plants	25
(ii)	Other	10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office equipment	5
6	Electrical installations and equipment	10
7	Computer Equipment	3
8	Property, plant and equipment individually costing Rs. 10,000 or less	1

**Estimated Useful life of assets consistent with the useful life specified in the Schedule II of the Companies Act, 2013.*

The economic useful lives of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

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

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

Freehold land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost as of the transition date.

B.5. Impairment of tangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash generating unit to which an individual asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing, value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in the Statement of Profit or Loss.

B.6. Inventories:

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials, stores and spare parts and traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

B.7. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties. Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer which generally coincides with dispatch of goods from factory/stock points.

Sale of goods

Sales are recorded net of trade discounts, quantity discounts, rebates, indirect taxes. Sales include Excise duty but exclude Sales tax, value added tax and goods and service tax. Sales also include, sales of scrap, waste, rejection etc.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

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

B.8. Foreign currencies:

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

B.9. Employee Benefits:

Short-term Employee Benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

Other long-term employee benefits

The liability for earned leave is not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

Post-employment benefits

(a) Defined contribution plans:

Payments to defined contribution retirement benefit plans are recognized as expenses when the employees have rendered the service entitling them to the contribution.

Provident fund: The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' basic salary (currently 12% of employees' basic salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

(b) Defined benefit plans:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in the Statement of Profit or Loss in the period of plan amendment.

Defined benefit costs comprising service cost (including current and past service cost and gains and losses on curtailments and settlements) and net interest expense or income is recognized in profit or loss.

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each balance sheet date using the projected unit credit method and the same is unfunded.

(c) Termination Benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense in the period in which they are incurred.

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

B.10. Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

B.11. Taxation:

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

B.12. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets, if any, are disclosed in the notes to accounts.

B.13. Financial instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Investment in subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in subsidiaries, associates and joint venture at cost.

Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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

De-recognition

Financial liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

Foreign exchange gains and losses

Financial liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss.

B.14. Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and unencumbered, highly liquid bank and other balances (with original maturity of three months or less) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

B.15. Statement of Cash flow

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profits for the effects of:

- i. transactions of a non-cash nature
- ii. any deferrals or accruals of past or future operating cash receipts or payments and
- iii. items of income or expense associated with investing or financing cash flows
- iv. Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

B.16. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date only of material size or nature are disclosed

B.17. Earnings per share:

The Company reports basic and diluted earnings per share (EPS) in accordance with Indian Accounting Standard 33 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss attributable to ordinary equity holders of the parent entity by weighted average number of equity shares outstanding during the year as adjusted for the effects of the effects of all dilutive potential ordinary shares dilutive potential equity shares (except where the results are anti-dilutive).

C. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2.1, the Management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

C.1. Impairment of property, plant and equipment

Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating unit. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

C.2. Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the currently year, the directors have determined that no changes are required to the useful lives of assets.

C.3. Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which

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

involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

D. Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 21 the Effect of Changes in Foreign Exchange Rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

Ind AS 115 will supersede the current revenue recognition standard

Ind AS 18 - Revenue,

Ind AS 11 - Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is currently evaluating the requirements of Ind AS 115 and its impact on the financial statements

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

E. First time adoption of Ind AS – Mandatory exceptions and optional exemptions:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the company as detailed below:

E.1. De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

E.2. Classification of debt instruments

The Company has determined that classification of debt instruments in terms of whether they meet the amortized cost criteria or the fair value through profit or loss criteria based on facts and circumstances that existed as of the transition date.

E.3. Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all its plant and equipment assets recognized as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

E.4. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there has been significant increase in credit risk since the initial recognition, as permitted by Ind AS 101.

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

Note 1 : PROPERTY, PLANTS & EQUIPMENT

Description	GROSS BLOCK					DEPRECIATION / AMORTISATION / DEPLETION					NET BLOCK			
	As at 01-04-2016	Additions/ (Deduc- tions)	As at 01-04-2017	Additions	(Deduc- tions)	As at 31-03-2018	As at 01-04-2016	Additions/ (Deduc- tions)	As at 01-04-2017	For the Year	(Deduc- tions)	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Tangible Assets :														
Freehold Land	72.70	-0.10	72.60	0	0	72.60	0	0	0	0	0	72.60	72.60	72.70
Building	304.37	0	304.37	0	0	304.37	0	11.18	11.18	11.18	0	22.36	282.01	304.37
Plant and Machinery	143.07	0	143.08	0	0	143.08	0	0.50	0.50	0.50	0	1.00	142.08	143.07
Furniture & Fittings	1.67	0	1.67	0	0	1.67	0	0.17	0.17	0.17	0	0.34	1.33	1.67
Electrical Installations & Equipments	9.05	0	9.05	0	0	9.05	0	0	0	0	0	0.00	9.05	9.05
Vehicles	198.50	0	198.50	0	0	198.50	0	38.41	38.41	37.59	0	76.00	122.50	198.50
Office Equipment	37.91	0	37.91	0	0	37.91	0	28.32	28.32	0.06	0	28.38	9.53	37.91
Computer	1.53	0.52	2.05	0	0	2.05	0	0.35	0.35	0.25	0	0.60	1.45	1.53
Total (A)	768.80	0.42	769.23	0.00	0.00	769.23	0.00	78.93	78.93	49.75	0.00	128.68	640.55	768.80

Note : Estimated amount of contract remaining to be executed on capital account is Rs.NIL (Previous Year Rs.NIL)

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

	(Rs. In Lakhs)		
	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 2 : Investment Properties			
Shopping Complex Kamla Estate	29.68	29.68	51.28
Land at Varachha	905.46	905.46	905.46
Land at Vareli	88.40	88.40	88.40
Total	1023.54	1023.54	1045.14

	(Rs. In Lakhs)		
	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note : 3 Financial Assets (Investments)			
Non-current Investment			
Quoted			
In Equity Shares of Group Company			
Garden Silk Mills Ltd., FV Rs.10 fully paid up equity share 480878 (31 March 2017 : 480878, 01 April 2016 : 734778)	156.04	154.60	104.35
Other Investments in Equity Shares			
Dena Bank Ltd., FV Rs.10 fully paid up equity share 16600 (31 March 2017 : 16600, 01 April 2016 : 16600)	3.12	6.37	4.77
IDBI Ltd., FV Rs.10 fully paid up equity share 16000 (31 March 2017 : 16000, 01 April 2016 : 16000)	11.55	11.94	11.05
Unquoted			
Investment in Government Securities			
National Saving Certificate	0.01	0.01	0.01
Investment in Partnership Firm			
M/s. Isha Enterprises	701.91	701.93	701.94
	872.63	874.85	822.12
Current Investment			
Investment in Mutual Funds			
L&T Short Term Opportunities Fund - Growth of Rs.10/- each 3837521.732 (31 March 2017 : 3837521.732, 01 April 2016 : 3837521.732)	637.61	600.56	554.40
L&T Liquid Fund - Regular Growth - of Rs 100/- each 23145.224 (31 March 2017 : 23145.224, 01 April 2016 : 9701.170)	549.89	514.93	201.22
ICICI Prudential Short Term - Growth Option - of Rs. 10/- each 762761.652 (31 March 2017 : 762761.652, 01 April 2016 : 762761.652)	276.21	260.27	236.10
ICICI Prudential Ultra Short Term - Growth Option - of Rs. 10/- each NIL (31 March 2017 : NIL, 01 April 2016 : 1311260.499)	0.00	0.00	200.71
ICICI Prudential Regular Saving Fund - Growth Option - of Rs. 10/- each 1300579.538 (31 March 2017 : NIL, 01 April 2016 : NIL)	253.28	0.00	0.00
IDFC Ultra Short Term Fund-Growth- of Rs 10/- each			

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

	(Rs. In Lakhs)		
	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
1421442.492 (31 March 2017 : 1421442.492, 01 April 2016 : 3796094.499)	350.03	327.35	806.11
IDFC Credit Opportunity Term Fund-Growth- of Rs 10/- each			
1885653.945 (31 March 2017 : NIL, 01 April 2016 : NIL)	204.52	0.00	0.00
Birla Sunlife Short Term - Growth Regular Option - of Rs. 10/- each			
NIL (31 March 2017 : NIL, 01 April 2016 : 798110.763)	0.00	0.00	453.95
Birla Sunlife Floating Rate Fund Long Term - Growth of Rs 10/- each			
NIL (31 March 2017 : 251816.985, 01 April 2016 : NIL)	0.00	500.57	0.00
ABSL Enhance Arbitrage Fund Dividend Reinvest - of Rs 10/- each			
11626641.525 (31 March 2017 : NIL, 01 April 2016 : NIL)	1283.71	0.00	0.00
	3555.25	2203.68	2452.49
Total Financial Assets	4427.88	3078.53	3274.61

	(Rs. In Lakhs)		
	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 4 : Current Assets - Financial Assets			
Loans and Advances			
Non-Current			
Loans to employees	1.79	1.24	1.56
	1.79	1.24	1.56
Current			
Margin Money	432.38	0.00	0.00
Deposits - Receivable	535.00	685.00	135.00
Loans to employees	0.00	0.54	0.80
Income Receivables	132.51	133.49	108.35
	1099.89	819.03	244.15
Total Current Assets - Other financial Assets	1101.68	820.27	245.71

	(Rs. In Lakhs)		
	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 5 : Current Assets - Other Financial Assets			
Income Receivables	0.42	0.00	0.00

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

Note 6 : Taxes on Income

The major components of Income Tax Expense for the year ended March 2018 and March 2017 are:

		(Rs. In Lakhs)		
		As at 31st Mar,2018	As at 31st Mar,2017	
(i) Statement of Profit or Loss				
Current Tax		217.98	366.90	
Short/(Excess) provision of tax for earlier years		0.00	0.00	
Deferred Tax		459.98	(497.54)	
Total Income Tax Expense		677.96	(130.64)	
(ii) Other Comprehensive Income				
Deferred Tax relating to Net Gain/(Loss) on re-measurement of defined benefit plans		9.49	0.00	
(iii) Reconciliation of Effective Tax Rate				
(A) Income before tax		1496.51	1538.32	
(B) Enacted Tax Rate in India (as per MAT)		20.39%	20.39%	
(C) Expected Tax Expense ('C)=(A)*(B)		305.14	313.66	
(D) Effect of expenses that are not deductible in determining taxable profit		7.11	62.58	
(E) Effect of Income which is Exempt		0.00	0.00	
(F) Expenses disallowed PY but allowed in CY		(94.25)	0.00	
(G) Income taxable in future years		525.99	17.70	
(H) Effect of carried forward loss		264.25	323.43	
(I) OCI		(17.41)	10.25	
(J) Effect of Different tax rate		(312.87)	(858.25)	
(K) Net tax expense to be recognized in Profit or Loss (K)=(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)		677.96	(130.64)	
(L) Effective Tax Rate (L)=(K)/(A)*100		45.30%	-8.49%	
	March 31, 2018			
	Opening Balance	Recognised in P & L	Recognised in OCI	Closing Balance
(iv) Movement of deferred tax				
Deferred Tax Liability on account of :				
Tax effect of items constituting deferred tax liabilities				
Unrealised Gain on MF Investments	14.35	21.47	-	35.82
Revaluation of Investments	-	5.70	0.00	5.70
Total Deferred tax Liabilities	14.35	27.17	0.00	41.52
Deferred Tax Asset on account of :				
Tax effect of items constituting deferred tax assets				
Carried forward losses	857.09	(433.47)	-	423.62
Employees benefits	-	-	9.49	9.49
Effect of 43B	5.29	0.66	-	5.95
Total Deferred tax assets	862.38	(432.81)	9.49	439.06
Deferred Income tax assets after set off	848.03	(459.98)	9.49	397.54

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

(Rs. In Lakhs)

	March 31, 2017			
	Opening Balance	Recognised in P & L	Recognised in OCI	Closing Balance
(iv) Movement of deferred tax				
Deferred Tax Liability on account of :				
Tax effect of items constituting deferred tax liabilities				
Unrealised Gain on MF Inv	-	14.35	-	14.35
Revaluation of Investments	-	-	-	0.00
Total Deferred tax Liabilities	0.00	14.35	0.00	14.35
Deferred Tax Asset on account of :				
Tax effect of items constituting deferred tax assets				
Property Plant and Equipment	0.91	(0.91)	-	0.00
Carried forward losses	346.27	510.82	-	857.09
Effect of 43B	3.31	1.98	-	5.29
Total Deferred tax assets	350.49	511.89	0.00	862.38
Deferred Income tax assets after set off	350.49	497.54	0.00	848.03

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 7 : Current Assets - Non Financial Assets			
Non-Current			
Fixed Deposits in Banks	0.00	0.00	0.00
Advance to Suppliers	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00
Balance with Customs, Central Excise Authorities etc.	0.00	0.00	0.00
Prepaid Capital Expenses	0.00	0.00	0.00
Deposits - Receivable Long term	51.94	52.84	52.84
Balances with Statutory Authorities	5.00	5.00	5.00
Stock-in-Trade (Art & Artefacts)	2861.02	2861.02	2481.33
	2917.96	2918.86	2539.17
Current			
Fixed Deposits in Banks	5.03	9.25	7.95
Advance to Suppliers	15.33	29.02	234.07
Income Receivables CNFA	0.66	0.00	0.00
Prepaid Expenses	28.56	29.77	28.08
Balance with Customs, Central Excise Authorities etc.	16.33	31.50	59.99
	65.91	99.54	330.09
Total	2983.87	3018.40	2869.26

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

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 8 : Current Assets (Inventories)			
Raw Materials	706.35	861.74	465.83
Raw Materials In Transit	30.23	164.52	275.22
Stock In Process	0.00	0.00	0.00
Finished Goods	673.95	233.83	384.06
FG - In Transit Inventory	0.00	0.00	0.00
Stores, Spares & Chemicals	200.33	338.06	222.76
Stores Purchase in Transit	92.65	0.00	0.00
Total	1703.51	1598.15	1347.87

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 9 : Current Assets - Financial Assets			
Trade Receivables:			
Exceeding Six months			
Unsecured, Considered good	0.00	0.00	0.00
Considered doubtful	0.00	0.00	0.00
	0.00	0.00	0.00
Less: Provision for doubtful debts	0.00	0.00	77.21
	0.00	0.00	(77.21)
Other receivables			
* Unsecured, Considered good	108.18	772.14	247.13
Total	108.18	772.14	169.92

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note : 10 Current Assets - Financial Assets			
Cash and Cash Equivalents:			
Cash on hand	31.21	3.09	3.11
Balances with banks in current accounts	10.58	80.67	8.30
FD with Banks maturity in less than 3 months	1599.75	0.00	0.00
Total	1641.54	83.76	11.41

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

(Rs. In Lakhs)

	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Note 11 : Equity Share Capital			
Authorised Share Capital			
75,00,00,000 (75,00,00,000) Equity Shares of Rs.1/- each	7500.00	7500.00	7500.00
Total	7500.00	7500.00	7500.00
Issued, Subscribed and Paid up			
22,20,64,440 (22,20,64,440) Equity Shares of Rs. 1/- each fully paid up	2220.64	2220.64	2220.64
Total	2220.64	2220.64	2220.64

11.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64	222064440	2220.64
Shares issued during the year	0	0	0	0	0	0
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64	222064440	2220.64

11.2 The details of Shareholders holding more than 5% of Paid-up Equity Share Capital as on year end.

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Shri Praful A. Shah (Individual)	27910497	12.57%	27910497	12.57%	27910497	12.57%
Vareli Trading Company Ltd.	77500000	34.90%	77500000	34.90%	77500000	34.90%
IDBI Bank Ltd.	11854957	5.34%	13324215	6.00%	15456807	6.96%
Garden Silk Mills Limited	14500000	6.53%	14500000	6.53%	14500000	6.53%

(Rs. In Lakhs)

	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Note 12 : Other Equity			
Surplus in Statement of Profit and Loss			
Balance as per last Balance Sheet	8134.76	6465.80	5837.67
Add: Profit for the Year	818.55	1668.96	628.13
	8953.31	8134.76	6465.80
Other Comprehensive Income			
Balance as per last Balance Sheet	43.94	0.00	0.00
Add: OCI for the year	(11.47)	43.94	0.00
	32.47	43.94	0.00
Total	8985.78	8178.70	6465.80

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

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 13 : Financial Liabilities (Borrowings)			
Long-term Borrowings (Secured)			
Non-current portion			
Term loan from Banks	0.00	21.59	54.16
Current maturities			
Term loan from Banks	21.59	29.58	36.06
Short-term Borrowings (Secured)			
Cash Credit Facilities	150.74	0.00	30.81
Total Borrowings	172.33	51.17	121.03

- 1 Term loan from Kotak Mahindra Prime Limited aggregating to Rs.21.59 Lakhs (Previous year Rs.51.17 Lakhs) 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 loan are 10.93 %.
- 2 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 pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facility is 11.90% (31-03-2017 : 12.35%), (01-04-2016 : 12.40%)

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note : 14 Provisions			
Long-term			
Provisions for Employee Benefits	88.01	72.60	67.09
Short-term			
Provisions for Employee Benefits	12.17	7.95	5.96
Others			
Provision for Excise duty on Closing Stock	0.00	25.98	42.67
	12.17	33.93	48.63
Provision For Income Tax (net)	658.55	729.18	580.31
Total	758.73	835.71	696.03

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

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 15 : Current Liabilities - Financial Liabilities			
(a) Trade Payables			
Acceptances under usance Letter of Credit	1356.26	143.15	0.00
Trade Payables - Good and Services			
Micro, Small and Medium Enterprises #	4.57	1.22	0.03
Others	265.16	194.64	217.56
Creditors for Capital Expenses	0.00	0.00	0.11
	1625.99	339.01	217.70
(b) Other Financial Liabilities			
Payable - Expenses	145.22	93.91	102.61
Deposits - Payable	84.71	112.97	80.99
Advances Received	0.30	0.30	0.30
	230.23	207.18	183.90
Total	1856.22	546.19	401.60

There are no amount outstanding to Micro, Small and Medium Enterprises as at March 31, 2018 and no amount were overdue during the year for which disclosure requirement under Micro, Small and Medium Enterprises Development act, 2006 are applicable.

(Rs. In Lakhs)

	As at 31st Mar,2018	As at 31st Mar,2017	As at 1st Apr,2016
Note 16 : Current Liabilities - Non Financial Liabilities			
Advances from Customers	17.85	8.66	9.04
Advances Received	0.00	0.00	95.87
Payable - Expenses	3.00	2.43	1.98
VAT/GST Liability	12.63	88.25	70.49
TDS	1.53	1.37	0.73
Total	35.01	100.71	178.11

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

(Rs. In Lakhs)

	2017-18	2016-17
Note 17 : Revenue from Operations		
Sale of Products	20519.42	15614.29
Other Operating Revenue	79.54	67.83
Total	20598.96	15682.12
Particulars of Sale of Products		
Chips	16807.36	15614.15
MEG	14.41	0.00
POY	3697.65	0.14
Shopping Complex	0.00	31.41
Others	79.54	36.42
Total	20598.96	15682.12

17.1 Effective July 01, 2017, sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses. Hence revenue (gross) from operations for the year ended March 31, 2018 are not comparable with the previous year corresponding figures.

(Rs. In Lakhs)

	2017-18	2016-17
Sale of products (including excise duty)	20519.42	15614.29
Less: excise duty recovered	547.92	1810.40
	19971.50	13803.89

(Rs. In Lakhs)

	2017-18	2016-17
Note 18 : Other Income		
Interest Income		
Bank deposits	9.49	2.31
Loans and advances	0.00	0.09
Others	79.81	33.16
Dividend Income		
on Long Term Investments	34.88	0.00
Other non-operating income		
Miscellaneous Income	0.01	0.01
Rent Income	0.00	1.75
Net surplus on disposal of fixed assets	0.00	64.36
Credit balances Write Back	2.53	39.00
Profit on Sale of investments	51.07	125.21
Unrealised gain on Current investments (FVTPL)	115.63	84.33
Unrealised gain on Long term Investments (FVTPL)	(3.64)	2.49
Total	289.78	352.71

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

(Rs. In Lakhs)

	2017-18	2016-17
Note 19 : Cost of Materials Consumed		
Raw Materials	16075.26	10452.73
Total	16075.26	10452.73
19.1 Value of Imports on CIF Basis in respect of		
Raw Materials	565.74	1218.64
Stores, Spare parts, Components and Chemicals	107.64	12.95
Capital goods	0.00	0.00
Total	673.38	1231.59

(Rs. In Lakhs)

	2017-18	2016-17
Note 20 : Purchases of Stock-in-trade		
Art & Artefacts	0.00	0.00
Total	0.00	0.00

(Rs. In Lakhs)

	2017-18	2016-17
Note 21 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	233.83	384.06
Work-in-Progress	0.00	0.00
	233.83	384.06
Closing Stock		
Finished Goods and Stock-in-trade	673.95	233.83
Work-in-Progress	0.00	0.00
	673.95	233.83
Add: Variation in excise duty on opening and closing stock of finished goods	(25.98)	(16.69)
Total	(466.10)	133.54

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

(Rs. In Lakhs)

	2017-18	2016-17
Note 22 : Employee Benefits Expense		
Salaries and Wages	282.26	220.98
Contribution to Provident and Other Funds	19.67	14.49
Gratuity	9.42	8.53
Staff Welfare Expenses	4.35	2.81
Total	315.70	246.81

(a) Defined Contribution Plan

The Company has recognized Rs.7.08 lakh for provident fund contribution in the Statement of Profit and Loss for the year ended March 31, 2018 (March 31, 2017 - Rs.5.65 lakh).

(b) Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation.

As per Ind AS 19 "Employee benefits", the disclosures as defined in the Accounting Standards are given below:

Annexure 1 : Funded status of the plan

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Present value of unfunded obligations	77.43	59.96	22.75	20.59
Present value of funded obligations	-	-	-	-
Fair value of plan assets	-	-	-	-
Net Liability (Asset)	77.43	59.96	22.75	20.59

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Current Liability	5.08	3.08	7.08	4.87
Non-Current Liability	72.35	56.88	15.67	15.72
Net Liability	77.43	59.96	22.75	20.59

Annexure 2 : Profit and Loss account for the current period

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Service cost:				
Current service cost	5.21	4.55	4.67	8.01
Past service cost and loss/(gain) on curtailments and settlement	-	-	-	-
Net interest cost	4.21	3.99	1.31	1.53
Net value of remeasurements on the obligation and plan assets	-	-	13.64	4.53
Total included in 'Employee Benefit Expense'	9.42	8.54	19.62	14.07
Total Charge to P&L	9.42	8.54	19.62	14.07

Past Service cost is on account of increase in Gratuity Ceiling from Rs.10,00,000 to Rs.20,00,000

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

Other Comprehensive Income for the current period

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Due to Change in financial assumptions	-2.69	-1.81	-0.76	-0.62
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	11.46	3.59	14.40	5.15
Return on plan assets excluding amounts included in interest income	-	-	-	-
Amounts recognized in Other Comprehensive Income	8.77	1.78	13.64	4.53

Annexure 3: Reconciliation of defined benefit obligation

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Opening Defined Benefit Obligation	59.96	51.49	20.59	21.55
Transfer in/(out) obligation	-	-	-	-
Current service cost	5.21	4.55	4.67	8.01
Interest cost	4.21	3.99	1.31	1.53
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	-2.69	-1.81	-0.76	-0.62
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	11.46	3.59	14.40	5.15
Past service cost	-	-	-	-
Loss (gain) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-	-	-
Exchange differences on foreign plans	-	-	-	-
Benefits paid	-0.71	-1.85	-17.46	-15.03
Closing Defined Benefit Obligation	77.44	59.96	22.75	20.59

Annexure 4: Reconciliation of net defined benefit liability

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Net opening provision in books of accounts	59.96	51.49	20.59	21.55
Transfer in/(out) obligation	-	-	-	-
Transfer (in)/out plan assets	-	-	-	-
Employee Benefit Expense as per Annexure 2	9.42	8.54	19.62	14.07
Amounts recognized in Other Comprehensive Income	8.77	1.78	-	-
Total	78.15	61.81	40.21	35.62
Benefits paid by the Company	-0.71	-1.85	-17.46	-15.03
Contributions to plan assets	-	-	-	-
Closing provision in books of accounts	77.44	59.96	22.75	20.59

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

Annexure 5: Principle actuarial assumptions

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Discount Rate	7.60%	7.20%	7.60%	7.20%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
Withdrawal Rates	2% at all ages	2% at all ages	2% at all ages	2% at all ages
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Annexure 6: Expected cash flows based on past service liability

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1 5.09	3.10%	6.10	11.10%	
Year 2 3.45	2.10%	0.98	1.80%	
Year 3 2.93	1.80%	0.66	1.20%	
Year 4 3.11	1.90%	0.61	1.10%	
Year 5 4.44	2.70%	0.74	1.30%	
Year 6 to Year 10	64.34	39.10%	13.08	23.80%

The future accrual is not considered in arriving at the above cash-flows.

Annexure 7: Sensitivity to key assumptions

(Rs. In Lakhs)

Particulars	GRATUITY		Leave Benefits	
	31-Mar-18 (12 months)	31-Mar-17 (12 months)	31-Mar-18 (12 months)	31-Mar-17 (12 months)
Discount rate Sensitivity				
Increase by 0.5%	74.28	57.28	21.87	19.68
(% change)	-4.08%	-4.47%	-3.90%	-4.40%
Decrease by 0.5%	80.82	62.84	23.71	21.59
(% change)	4.37%	4.80%	4.20%	4.80%
Salary growth rate Sensitivity				
Increase by 0.5%	80.83	62.83	23.71	21.58
(% change)	4.38%	4.79%	4.20%	4.80%
Decrease by 0.5%	74.24	57.27	21.86	19.68
(% change)	-4.12%	-4.50%	-3.90%	-4.40%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	77.48	59.96	22.77	20.6
(% change)	0.06%	0.00%	0.09%	0.03%
W.R. x 90%	77.39	59.96	22.73	20.58
(% change)	-0.07%	0.00%	-0.10%	-0.04%

A description of methods used for sensitivity analysis and its Limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

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

(Rs. In Lakhs)

	2017-18	2016-17
Note 23 : Finance Costs		
Interest Expenses	55.50	25.81
Other Financial Charges	42.13	12.66
Total	97.63	38.47

(Rs. In Lakhs)

	2017-18	2016-17
Note 24 : Excise Duty Expenses		
Excise Duty Expense	547.92	1810.40
	547.92	1810.40

(Rs. In Lakhs)

	2017-18	2016-17
Note 25 : Other Expenses		
Manufacturing expenses		
Consumption of Stores, Spares and Chemicals	1339.47	886.90
Factory Expenses	16.12	15.39
Power and Fuel	934.72	491.33
Packing Charges	120.79	44.52
R&M - Plant and Machinery	18.55	4.35
R&M - Buildings	1.30	1.36
R&M - Others	11.50	11.74
Selling and Distribution Expenses		
Commission and Discount	16.55	23.06
Advertisement	0.43	0.00
Other Selling and Distribution Expenses	81.55	54.42
Establishment Expenses		
General Charges	74.54	53.31
Corporate Social Responsibility	10.53	4.78
Rent	32.22	38.17
Insurance	19.93	15.43
Rates and Taxes	24.27	21.96
Legal & Professional Charges	57.11	52.43
Auditors' Remuneration	7.87	5.87
Bad Debts and Advances Written Off	5.39	14.03
Forex - Gain/Loss	(0.77)	(3.42)
Total	2772.07	1735.63

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

(Rs. In Lakhs)

	2017-18	2016-17
25.1 Payment to Auditors		
Paid to Statutory Auditors :		
Statutory Audit Fees	3.52	3.47
Certification Fees/Limited review	0.75	0.44
Paid to other Auditors :		
Tax Audit Fees	0.75	0.90
Cost Audit Fees	0.60	0.75
Internal Audit Fees	1.00	0.00
GST / VAT Audit Fees	0.75	0.31
Reimbursement of out of Pocket Expenses	0.50	0.00
Total	7.87	5.87

25.2 Corporate Social Responsibility

- (a) As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- (b) Gross amount required to be spent by the Company during the year is Rs.15.09 Lakhs (previous year Rs.6.59 Lakhs)
- (c) Actual amount spent by the company during the year is Rs.10.53 Lakhs (Previous year Rs.4.78 Lakhs) towards Social welfare and Education Programmes.
- (d) The CSR activities carried / to be carried out by the company is driven by the expertise of management. Additionally the company gives preference to the local area(s) of its operations for CSR activities. The company believes that CSR should be in the filled(s) which have substantial social impact and which co-relate with philosophy of the company to improve the quality of Life. The CSR committee will further identify the project which can covered under the CSR guild lines in compliance with the CSR objectives and policy of the Company.

(Rs. In Lakhs)

	AS at 31st March, 2018	As at 31st March, 2017
Note 26 : Other Comprehensive Income		
(A) Items that will not be reclassified to profit or (loss)		
(i) Changes in revaluation surplus;		
Actuarial Gain/Loss on Gratuity (Funded)	(8.77)	(1.78)
Actuarial Gain/Loss on Leave Encashment	(13.63)	(4.53)
Gain / Loss on revaluation of Investments(OCI)	1.44	50.25
	(20.96)	43.94

Notes annexed to and forming part of the Financial Statements (Contd.)**(Rs. In Lakhs)**

	2017-18	2016-17
Note 27 : Earning per Share		
(a) Net Profit attributable to shareholders (Rs. In Lakhs)	818.55	1668.96
(b) Weighted average number of Equity Shares outstanding (nos.)*	222064440	222064440
(c) Basic and Diluted Earnings per share (Rs.)	0.37	0.75
(d) Face Value per equity share (Rs.)	1.00	1.00

* The weighted average number of shares takes into account the changes in equity shares of the Company pursuant to Share purchase during the year under section 391 of the Companies Act, 1956.

Additional information to financial statements and disclosures under Accounting Standards:**28. Contingent liabilities:**

- (i) Disputed liabilities for Income Tax not acknowledged as debts Rs.Nil (Previous year: Rs.NIL Lakhs)
- (ii) Disputed liabilities for Excise Duty not acknowledged as debts Rs.35.22 Lakhs (Previous year: Rs.35.22 Lakhs)

29. Capital Management:

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. The capital structure of the Company consists of debt and total equity of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, External-commercial borrowings and short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The Company is not subject to any externally imposed capital requirements.

Total debt includes all long and short term debts as disclosed in notes 13 to the financial statements.

The gearing ratio at the end of the reporting period was as follows

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Total Debt (Rs.in Lakhs)	172.33	51.17	121.03
Total Equity (Rs.in Lakhs)	11206.42	10399.34	8686.44
Debt to Equity Ratio	1.54%	0.49%	1.39%

30. Financial Instruments:**30.1. Categories of financial instruments and Fair Value Measurement:**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Ind AS 113 – Fair Value Measurement. An explanation of each level is as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018, March 31, 2017 and April 01 2016:

(Rs.in Lakhs)

Particulars	As at 31st March,2018				As at 31st March,2017				As at 01st April,2016			
	Carrying Amount/Fair Value	Level of Input used in		Level 3	Carrying Amount	Level of Input used in		Level 3	Carrying Amount	Level of Input used in		Level 3
		Level 1	Level 2			Level 1	Level 2			Level 1	Level 2	
Financial Assets												
At Amortised Cost												
(i) Investments*	701.92			701.92	701.94			701.94	701.95			701.95
(ii) Trade receivables	108.18				772.14				169.92			
(iii) Cash & cash equivalents	1641.54				83.76				11.41			
(iv) Bank balances other than (iii) above	0.00				0.00				0.00			
(v) Loans and Advances	1.79				1.24				1.56			
(vi) Others financial assets	1100.31				819.03				244.15			
At FVTPL												
(i) Investments	3569.92	3569.92			2221.99	2221.99			2452.49	2452.49		
(ii) Others financial assets	0.00				0.00				0.00			
At FVTOCI												
(i) Investments	156.04	156.04			154.60	154.60			120.17	120.17		
(ii) Others financial assets	0.00				0.00				0.00			
Financial Liability												
At Amortised Cost												
(i) Borrowings	150.74				21.59				84.97			
(ii) Trade Payables	1625.99				339.01				217.70			
(iii) Other financial liabilities	230.23				207.18				183.90			
At FVTPL												
(i) Other financial liabilities	0.00				0.00				0.00			
At FVTOCI												
(i) Borrowings	0.00				0.00				0.00			
(ii) Trade Payables	0.00				0.00				0.00			
(iii) Other financial liabilities	0.00				0.00				0.00			

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables and trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

30.2. Financial Risk management framework:

Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

Credit Risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Outstanding customer receivables are regularly monitored. The Company maintains its cash and cash equivalents and deposits with banks having good reputation and high quality credit ratings.

In addition, the Company is exposed to credit risk in relation to deposits related to lease premises. These deposits are not past due or impaired.

Notes annexed to and forming part of the Financial Statements (Contd.)**Liquidity Risk:**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Following is the summary of undrawn borrowing facilities that the company has at its disposal to further reduce liquidity risk:

(Rs.in Lakhs)

Particulars	March, 2018	March, 2017	April 1, 2016
Working Capital Loan			
- amount used	150.74	0.00	30.81
- amount unused	349.26	500.00	469.19

31. Segment Reporting

The Company has only one reportable segment viz. 'Textiles' as per Ind As 108 operating segments

32. Disclosures as required by the Ind AS 24 "Related Party Disclosures" 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	Shri Manikant R. Momaya - Managing Director	Key Management Personnel
4	Shri Yogesh C. Papaiya - Whole-time Director & CFO	Key Management Personnel
5	Shri Harishchandra B. Bharucha - Independent Director	Key Management Personnel
6	Smt. Anita Mandrekar - Independent Director	Key Management Personnel
7	Shri Ketan A. Jariwala - Independent Director	Key Management Personnel

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:**

(Rs.in Lakhs)

Nature of Transactions	Group	Partnership Company	Key Management firm	Total Personnel
Sales	8250.01 (6358.80)	0.00 0.00	0.00 0.00	8250.01 (6358.80)
Raw Material & Stores Purchase	3775.56 (520.89)	0.00 0.00	0.00 0.00	3775.56 (520.89)
Other Miscellaneous Transactions	134.55 (215.85)	0.00 0.00	0.00 0.00	134.55 (215.85)
Electric Power and Fuel Charges	942.61 (479.12)	0.00 0.00	0.00 0.00	942.61 (479.12)
Remuneration*	0.00 0.00	0.00 0.00	33.80 (25.05)	33.80 (25.05)
Director Sitting Fees*	0.00 0.00	0.00 0.00	2.40 (2.60)	2.40 (2.60)
Share of loss	0.00 0.00	0.01 (0.01)	0.00 0.00	0.01 (0.01)
Balance at the beginning of the year				
Capital Account	0.00	701.93	0.00	701.93
Payables	0.00	0.00	3.31	3.31
Balance at the end of the year				
Capital Account	0.00	701.92	0.00	701.92
Payables	0.00	0.00	4.33	4.33

Note :

- Figures in brackets represent figures for previous year.
- *Director Remuneration and Sitting fees are short-term employee benefits.

33. Income in Foreign Currency

(Rs.in Lakhs)

Particulars	2017-18	2016-17
Sales	86.74	0.00

- There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2018.
- Contribution to political parties during the year 2017-18 is Rs.Nil (*previous year Rs.Nil*).
- Figures for the previous year have been regrouped/reclassified wherever necessary.

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

37. First time Ind AS adoption reconciliations:

37.1. Effect of Ind AS Adoption on balance sheet as at March 31, 2017 and April 1, 2016:

(Rs.in Lakhs)

Particulars	Notes	As at March 31, 2017 (End of the last period Presented under previous GAAP)			As at April 1, 2016 (date of transition)		
		Previous GAAP*	Effect of Transition to Ind AS	Ind AS	Previous GAAP*	Effect of Transition to Ind AS	Ind AS
A ASSETS							
1. Non-current assets							
(a) Property, Plant and Equipment		1684.16	-993.86	690.30	768.80	0.00	768.80
(b) Capital work-in-progress		0.00	0.00	0.00	0.00	0.00	0.00
(c) Investment in Properties		0.00	1023.54	1023.54	0.00	1045.14	1045.14
(d) Other Intangible assets		0.00	0.00	0.00	0.00	0.00	0.00
(d) Financial Assets						0.00	
- Investments		874.85	0.00	874.85	822.12	0.00	822.12
- Loans		1.24	0.00	1.24	1.56	0.00	1.56
- Others financial assets		0.00	0.00	0.00	0.00	0.00	0.00
(e) Deferred tax assets (net)	3	862.38	-14.35	848.03	350.49	0.00	350.49
(f) Other non-current assets		57.84	2861.02	2918.86	57.84	2481.33	2539.17
Total Non - Current Assets		3480.47	2876.35	6356.82	2000.81	3526.47	5527.28
2. Current assets							
(a) Inventories		4488.85	-2890.70	1598.15	4874.34	-3526.47	1347.87
(b) Financial Assets							
(i) Investments	1	2051.74	151.94	2203.68	2437.62	14.87	2452.49
(ii) Trade receivables		772.14	0.00	772.14	169.92	0.00	169.92
(iii) Cash and cash equivalents		83.76	0.00	83.76	11.41	0.00	11.41
(iv) Bank balances other than (ii) Above		0.00	0.00	0.00	0.00	0.00	0.00
(v) Loans and Advances		0.00	0.00	0.00	0.00	0.00	0.00
(vi) Others financial assets		819.03	0.00	819.03	244.15	0.00	244.15
(c) Other current assets		99.54	0.00	99.54	330.09	0.00	330.09
Total Current Assets		8315.06	-2738.76	5576.30	8067.53	-3511.60	4555.93
Total Assets (1+2)		11795.53	137.59	11933.12	10068.34	14.87	10083.21
B EQUITY AND LIABILITIES							
1. Equity							
(a) Equity Share capital		2220.64	0.00	2220.64	2220.64	0.00	2220.64
(b) Other Equity		8113.35	65.35	8178.70	6450.93	14.87	6465.80
		10333.99	65.35	10399.34	8671.57	14.87	8686.44
LIABILITIES							
2. Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		21.59	0.00	21.59	54.16	0.00	54.16
(ii) Other Liabilities		0.00	0.00	0.00	0.00	0.00	0.00
(b) Provisions		72.60	0.00	72.60	67.09	0.00	67.09
Total Non - Current Liabilities		94.19	0.00	94.19	121.25	0.00	121.25
3. Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		0.00	0.00	0.00	30.81	0.00	30.81
(ii) Trade payables		339.01	0.00	339.01	217.70	0.00	217.70
(iii) Other financial liabilities		207.18	0.00	207.18	183.90	0.00	183.90
(b) Provisions		33.93	0.00	33.93	48.63	0.00	48.63
(c) Current Tax Liabilities (Net)	3	656.94	72.24	729.18	580.31	0.00	580.31
(d) Other current liabilities		130.29	0.00	130.29	214.17	0.00	214.17
Total Current Liabilities		1367.35	72.24	1439.59	1275.52	0.00	1275.52
Total Equity and Liabilities (1+2+3)		11795.53	137.59	11933.12	10068.34	14.87	10083.21

Notes annexed to and forming part of the Financial Statements (Contd.)**37.2. Effect of Ind AS adoption on Statement of Profit and Loss for the year ended March 31, 2017:**

(Rs.in Lakhs)

Particulars	Notes	Year ended March 31, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Transition to Ind AS	Ind AS
I Revenue from operations		15682.12	0.00	15682.12
II Other Income	1	265.89	86.82	352.71
III Total Revenue (I + II)		15948.01	86.82	16034.83
IV EXPENSES				
(a) Cost of materials consumed		10452.73	0.00	10452.73
(b) Purchases of Stock-in-trade		379.69	-379.69	0.00
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade		-246.15	379.69	133.54
(d) Excise duty on sale of goods		1810.40	0.00	1810.40
(e) Employee benefit expense	2	253.13	-6.32	246.81
(f) Finance costs		38.47	0.00	38.47
(g) Depreciation and amortization expense		78.93	0.00	78.93
(i) Other expenses		1735.63	0.00	1735.63
Total Expenses		14502.83	-6.32	14496.51
V Profit/(loss) before tax (III - IV)		1445.18	93.14	1538.32
VI Tax Expense				
(a) Current tax	3	294.66	72.24	366.90
(b) Deferred tax	3	-511.90	14.36	-497.54
(c) Short provision for tax relating to prior years		0.00	0.00	0.00
Total tax expense		-217.24	86.60	-130.64
VII Profit/(loss) after tax (V - VI)		1662.42	6.54	1668.96
VIII Other comprehensive income				
(i) Items that will not be recycled to profit or loss	1 & 2	0.00	43.94	43.94
(a) Re-measurements of the defined benefit liabilities/(asset)		0.00	0.00	0.00
(b) Income tax relating to items that will not be reclassified to profit or loss		0.00	0.00	0.00
Total comprehensive income for the period (VII + VIII)		1662.42	50.48	1712.90

Notes annexed to and forming part of the Financial Statements (Contd.)**37.3. Effect of Ind AS adoption on the total Comprehensive income for year ended March 31, 2017.**

The Reconciliation of Net Profit / (Loss) reported under previous General Accepted Accounting Principles (GAAP) to Total Comprehensive Income in accordance with Ind AS is given below:

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017
Net Profit / (Loss) as reported under previous GAAP (after tax)	1,662.42
(i) Remeasurements of the defined benefit plans	4.53
(ii) Remeasurements of the defined benefit plans	1.78
Net Profit / (Loss) as reported under previous GAAP (after tax)	1,668.73
Add/Less :	
Change in fair valuation of Investments	86.82
Other Comprehensive Income	
(i) Impact of Revaluation of Long term Investments	50.25
(ii) Remeasurements of the defined benefit plans	(4.53)
(iii) Remeasurements of the defined benefit plans	(1.78)
Others	
Deferred tax	(14.35)
Income tax	(72.24)
Net Profit / (Loss) reported under Ind AS (after tax)	1,712.90

37.4. Effect of Ind AS adoption on Equity for the year ended March 31, 2017 and April 1, 2016

(Rs.in Lakhs)

Particulars	As At 31-Mar-17	As At 01-Apr-16
Total Equity as per IGAAP	10,333.99	8,671.57
Add:		
FV of investments	151.95	14.87
	10,485.94	8,686.44
Less:		
Changes in Taxes	86.60	0.00
Total Equity as per Ind AS	10,399.34	8,686.44

37.5. Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2017

(Rs.in Lakhs)

	Year ended March 31, 2017 (latest period presented under previous GAAP)		
	Previous GAAP	Effect of Transition to Ind AS	Ind AS
Net cash flow from operating activities	(371.35)	356.55	(14.80)
Net cash (used in) investing activities	522.28	(358.09)	164.19
Net cash flow (used in) financing activities	(78.57)	1.53	(77.04)
Cash and cash equivalents at the beginning of the year	16.88	(5.47)	11.41
Cash and cash equivalents at the end of the year	89.24	(5.48)	83.76

Notes annexed to and forming part of the Financial Statements (Contd.)**Notes:****1. Investments in equity instruments and mutual funds:**

Under previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than Investments in Garden Silk Mills Ltd equity instruments designated as at FVTPL) have been recognized in retained earnings as at date of transition and subsequently in the profit or loss (for instruments designated at FVTPL, such changes is such for the year ended 31st March 2017. This increased the retained earnings by Rs. 2.49 Lakhs as at 31st March 2017. (1st April 2016 – Rs.NIL)

Fair value changes with respect to investments in equity instruments designated as at FVTPL have been recognized in FVTPL – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31st March 2017. This increased the other reserves by Rs.50.25 Lakhs as at 31st March 2017 (1st April 2016 – Rs.NIL)

2. Re-measurements of defined benefit obligations:

Under previous GAAP, actuarial gains and losses were recognized in profit and loss. Under Ind AS, the actuarial gains and losses forming part of remeasurement of the net defined benefit plan asset/obligation, are recognized in the Other Comprehensive Income under Ind AS instead of profit or loss. The actuarial loss for the year 22.40 Lakhs, Under Ind AS, the actuarial loss for the year ended 31st March 2017 were Rs. 6.31 Lakhs, with deferred tax asset of Rs.NIL, ended 31st March 2017 under Previous GAAP were Rs.NIL, with deferred tax asset of Rs. NIL.

3. Current/Deferred Tax Impact:

Deferred tax impacts for the above adjustments, as at 1st April 2016 is of Rs.NIL, Additional deferred tax asset of Rs.NIL has been created as at 1st April 2016. During the year 2016-17, Decrease in provision for Deferred Tax Asset is Rs.14.36 Lakhs.

Current tax impacts for the above adjustments, as at 1st April 2016 is of Rs.NIL, Additional Current tax asset of Rs.NIL has been created as at 1st April 2016. During the year 2016-17, increase in provision for Current Tax Asset is Rs.72.24 Lakhs.

As per our attached report of even date

For Sharp & Tannan Associates.

Chartered Accountants

Firm Registration No. 109983W

Tirtharaj Khot

Partner

Membership No.(F) 037457

Mumbai, 8th May 2018

For and on behalf of the Board

Manikant R. MOMAYA

Managing Director

YOGESH C. PAPAIYA

Whole-time Director & CFO

HANISHA ARORA

Company Secretary

Surat, 08th May, 2018



Surat Textile Mills Limited

Regd. Office: Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
CIN: L17119GJ1945PLC000214, Website: www.surattextilemillsLtd.com
Tel.No. (0261) 2311197, 2311615 Fax: (0261) 2311029

IMPORTANT & URGENT

FOR YOUR IMMEDIATE ACTION

Dear Shareholder(s)

As per the amendment to SEBI (LODR) Regulations, 2015, all the shareholders holding shares in physical form are hereby informed that w.e.f. 5th December 2018, requests for effecting transfer of shares shall not be processed by the Registrar and Transfer Agent (Karvy) unless the shares are held in the dematerialized form, with a depository.

Surat Textile Mills Limited

Regd. Office: Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
CIN: L17119GJ1945PLC000214, Website: www.surattextilemillsLtd.com
Tel.No. (0261) 2311197, 2311615 Fax: (0261) 2311029

IMPORTANT & URGENT

FOR YOUR IMMEDIATE ACTION

Dear Shareholder(s)

Sub.: Mandatory updation of PAN and Bank details against your holding

Pursuant to SEBI circular dated 20th April, 2018, shareholders whose ledger folios do not have or have incomplete details with regard to PAN and Bank particulars are required to compulsorily furnish the details to the RTA/to the Company for updation of the folio. As per the records with RTA, your folio needs to be updated with the PAN / complete Bank details so that the investments held by you will be fully protected with proper KYC compliance.

ACTION REQUIRED FROM YOU:

You are therefore requested to submit the following at the earliest but not later than 31st August, 2018 to enable us update the records immediately on receipt of the required informations.

- Enclosed format duly filled in and signed by all the shareholders
- Self-attested copy of PAN Card of all the holders
- Original Cancelled Cheque leaf with name (if name is not printed, self-attested copy of the pass book first page)
- Address proof (self-attested Aadhaar card)

In case, you have any queries or need any assistance in this regard, please contact:

Karvy Computershare Pvt. Ltd.

Unit: **Surat Textile Mills Limited**,

Karvy Selenium, Tower B, Plot 31-32,

Financial District, Gachibowli,

Nanakramguda,

Hyderabad 500032.

Tel.: 040 67162222

Toll Free No.: 1800-3454-001

Email: einward.ris@karvy.com

Thanking you,

For Surat Textile Mills Limited

Sd/-

Hanisha Arora

Company Secretary

FORMAT FOR FURNISHING THE PAN AND BANK DETAILS

To
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad 500032

Dear Sir,

Unit: Surat Textile Mills Limited

I/ We furnish below our folio details along with PAN and Bank mandate details for updation and confirmation of doing the needful. **I/we are enclosing the self-attested copies of PAN cards of all the holders, original cancelled cheque leaf, Bank pass book and address proof viz., Aadhaar card as required for updation of the details:**

Folio No.	
Name and Address of the first named shareholder as per the share certificate	
Mobile No	
E-Mail id	

Bank Account Details : (for electronic credit of unpaid dividends and all future dividends)												
Name of the Bank												
Name of the Branch												
Account Number (as appearing in your cheque book)												
Account Type (Saving / Current / Cash Credit)				10 - Saving			11 - Current			13 - Cash Credit		
9 Digit MICR Number (as appearing on the MICR cheque issued by the bank) Please enclose a photocopy of a cheque for verification												
11 Digit IFSC Code												

	PAN No	Name	Signature
First Holder:			
Joint Holder1 :			
Joint Holder2 :			

Date:

Place:

NB: The above details will not be updated if the supporting documents are not attached and not duly signed by all the shareholders.

Surat Textile Mills Limited

Regd. Office: Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road, Dumbhal, Surat 395010
CIN: L17119GJ1945PLC000214, Website:www.surattextilemillsltd.com
Tel.No. (0261) 2311197, 2311615 Fax: (0261) 2311029

Sub.: Green Initiative

Dear Shareholder,

We value your relationship with Surat Textile Mills Limited. Thank you for all your support.

As you are aware the Ministry of Corporate Affairs (MCA) had issued Circular No. 17/2011 dated 21.04.2011 followed by Circular No. 18/2011 dated 29.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). In response to our earlier communication, we have received good response from many of you joining hands in this initiative and registering their email ID's with the Company / Depository Participants (DP). As an enlightened corporate citizen, we would strive to continue the initiative this year also to further the cause of saving forests & propose to send all future shareholders' communication like Notices, Company's Annual Report, etc. through electronic mode.

We request and encourage you to register your e-mail address/addresses with the Company at the earliest, in case you have not registered your email id with the Company' Registrar & Transfer Agent i.e. Karvy Computershare Private Limited or with your DP. Please note that in case you have already registered your e-mail address, you are not required to re-register unless there is a change in your e-mail address.

Please note that you will be entitled to be furnished, free of cost, with a printed copy of the annual report of the Company and all other documents and communication that may be sent to you electronically, upon receipt of a requisition from you, as a member of the Company.

Soliciting your co-operation and continued patronage.

Thanking you,

For Surat Textile Mills Limited

Sd/-

Hanisha Arora

Company Secretary

=====

Registration of Email id with the Company

The Company Secretary,

Surat Textile Mills Limited

Tulsi Krupa Arcade, 3rd Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

Dear Sir,

Please register my/our email id as mentioned here in below for serving documents through electronic mode to me / us. If there is a change in the email id, I/we will promptly communicate the same to you and/or to the Depository Participant, as applicable.

E-mail id : _____

Folio No. : _____

Name of Registered Holder : _____

Signature(s) of the Shareholder : _____