



SURAT TEXTILE MILLS LIMITED

ANNUAL  
**REPORT**

**2022-23**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Manikant R. Momaya (DIN: 00023993)  
*Managing Director (upto 28/04/2022)*

Yogesh C. Papaiya (DIN: 00023985)  
*Wholetime Director & CFO (Upto 10/08/2022)*

Alok P. Shah (DIN: 00218180)  
*Managing Director (w.e.f. 01/07/2022)*

Paresh V. Chothani (DIN: 00218632)  
*Wholetime Director*

Harishchandra Bharucha (DIN: 00138430)

Ketan Jariwala (DIN: 02095540)

Kruti Kothari (DIN: 08502921)

Deepak N. Shah (DIN: 07356807) (w.e.f. 11/08/2022)

### CHIEF FINANCIAL OFFICER

Chandresh S. Punjabi

### COMPANY SECRETARY

Mahek Gaurav Jaju

### REGISTERED OFFICE

6<sup>th</sup> Floor, Tulsi Krupa Arcade,

Near Aai Mata Chowk,

Puna-Kumbharia Road, Dumbhal,

Surat 395010.

CIN: L17119GJ1945PLC000214

Tel: (0261) 2311198.

e-mail: [sharedepartment@stml.in](mailto:sharedepartment@stml.in)

<https://www.surattextilemillsLtd.com>

### STATUTORY AUDITORS

Sharp and Tannan Associates,

Chartered Accountants, Mumbai

### BANKERS

HDFC Bank  
 Bank of Baroda

### REGISTRAR AND TRANSFER AGENTS

KFin Technologies Limited  
 (Unit: Surat Textile Mills Limited)  
 Selenium Tower B, Plot Nos. 31 & 32,  
 Financial District,  
 Serilingampally Mandal,  
 Hyderabad 500032.  
 State: Telengana, India.  
 Email: [einward.ris@k fintech.com](mailto:einward.ris@k fintech.com)  
 Toll Free No. 1-800-309-4001

### CONTENTS

### PAGE NO.

Notice of 77th Annual General Meeting	02
Directors' Report and Management Discussion & Analysis	19
Report on Corporate Governance	44
Independent Auditors' Report	67
Balance Sheet	78
Statement of Profit and Loss	79
Cash Flow Statement	80
Notes forming part of the Financial Statements	83

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

**77<sup>th</sup> Annual General Meeting on Friday, 11<sup>th</sup> August, 2023 at 3:30 p.m. IST through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility**

## NOTICE

**NOTICE** is hereby given that the **77th Annual General Meeting (“AGM”)** of the members of **SURAT TEXTILE MILLS LIMITED** will be held on **Friday, 11th August, 2023, at 3:30 P.M. IST** through Video Conferencing (“**VC**”) / Other Audio-Visual Means (“**OAVM**”), to transact the following business. The Venue of the meeting shall be deemed to be the Registered Office of the Company at Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010.

### ORDINARY BUSINESS:

- To consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2023 and the reports of Board of Directors and Auditors thereon, and, in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2023 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted”.

- To appoint a Director in place of Mr. Alok P. Shah, who retires by rotation and being eligible, offers himself for re-appointment and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Alok P. Shah (DIN: 00218180), who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### SPECIAL BUSINESS:

- To approve the revision in terms of appointment and payment of remuneration to Mr. Alok P. Shah, Managing Director of the Company, with effect from 1<sup>st</sup> April, 2023 up to the remaining tenure of his present term ending on 30<sup>th</sup> June, 2025 and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203, read with Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the rules made thereunder, including any statutory amendments, modification(s) or re-enactment thereof, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company, in furtherance of the special resolution passed in the 76<sup>th</sup> Annual General Meeting held on 13<sup>th</sup> September 2022 and subject to such other requisite approvals, as may be required, on the recommendation of the Nomination and Remuneration Committee, consent of the Members be and is hereby accorded for revision in terms of appointment and remuneration payable to Mr. Alok P. Shah (DIN: 00218180), Managing Director of the Company as set out in the Explanatory Statement, with effect from 01st April, 2023 up to the balance period of his current tenure ending on 30th June, 2025, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the currency of his tenure as per Section 197 read with Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof or any revised/new schedule thereof, in the event of absence of profits or inadequate profits in any financial year, the salary, perquisites and statutory benefits, as set out in the explanatory statement forming part of this resolution be paid to Mr. Alok P. Shah, Managing Director, as minimum remuneration in accordance Schedule V of the Companies Act, 2013, by making requisite compliances prescribed in the said schedule;

**RESOLVED FURTHER THAT** save and except as aforesaid, all other existing terms and conditions of appointment and remuneration of Mr. Alok P. Shah (DIN: 00218180), passed at the 76<sup>th</sup> AGM shall continue to remain in full force and effect;

**RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as “the Board” which term shall include its committee thereof) be and is hereby authorised to alter and vary the terms and conditions of the said remuneration of Mr. Alok P. Shah as it may deem fit within limits permissible under the Act;

**RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company, be and are hereby authorized to settle any question, difficulties or doubts, that may arise in regard to the said appointment as it may in its sole and absolute discretion deem fit and to delegate all or any of its power herein conferred to any director(s) and/or officer(s) of the Company and to do all such acts, deeds and things, as may be necessary, expedient, and desirable for the purpose of giving effect to this resolution and for matters concerned or incidental thereto”.

**Registered Office:** By Order of the Board of Directors  
Tulsi Krupa Arcade,  
6th Floor, Puna-  
Kumbharia Road,  
Dumbhal, Surat 395010.  
Place: Surat  
Date: 6th July, 2023

**Mahek Gaurav Jaju**  
Company Secretary and  
Compliance Officer

**Notes:**

1. In Accordance with the provisions of the Act, read with the Rules made thereunder and General Circular No. 10/2022 dated 28<sup>th</sup> December, 2022, other Circulars issued by the Ministry of Corporate Affairs (“MCA”) from time to time, and Circular No. SEBI/HO/CFD/PoD2/P/CIR/2023/4 dated 5<sup>th</sup> January, 2023 issued by SEBI (“the Circulars”), Companies are allowed to hold AGM through Video Conference/ Other Audio-Visual Means (“VC / OAVM”) upto 30<sup>th</sup> September, 2023, without the physical presence of members. The AGM of the Company is being held through VC / OAVM. KFin Technologies Limited, (“KFin”), the Company’s Registrar and Transfer Agent will provide the facility for voting through remote e-voting; for participating at the AGM through VC / OAVM and for e-voting during the AGM.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) in respect of business to be transacted at the 77<sup>th</sup> Annual General Meeting (“AGM”), as set out under Item No. 3 above is annexed hereto.
3. The relevant details of the Directors as mentioned under Item Nos. 2 and 3 above as required under Regulation 36(3) of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“the Listing Regulations”) and as required under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed hereto.
4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Generally, a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. Since the AGM will be conducted through VC / OAVM, the facility for appointment of proxy by the members is not available for this AGM and hence, the proxy form is not annexed to the Notice. Further, attendance slip including route map is not annexed to this notice.
6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [sharedepartment@stml.in](mailto:sharedepartment@stml.in)
7. **Book Closure:** The Register of Members and Transfer Books of the Company will remain closed from **Monday, 7th August, 2023 to Friday, 11th August, 2023 (both days inclusive)** for the purpose of AGM.
8. Members are requested to address all correspondence to RTA, KFin Technologies Limited (formerly known as KFin Technologies Private Limited), Unit: Surat Textile Mills Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032.
9. Authorised representatives of the corporate members intending to participate in the AGM pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy (in PDF/JPG format) of the relevant Board Resolution/ Authority Letter etc. authorizing them to attend the AGM, by email to [sharedepartment@stml.in](mailto:sharedepartment@stml.in).
10. Members seeking any information with regard to any matter to be placed at the AGM, are requested to write to the Company at [sharedepartment@stml.in](mailto:sharedepartment@stml.in).

**Process for dispatch of Annual Report and Registration of email ID for obtaining a copy of the same:**

11. In compliance with the Circulars, Notice of the AGM along with the Annual Report for the financial year 2022-23 is being sent only through electronic mode to those members whose email addresses are registered with the Company/ Depository Participants (“DPs”).

In case any member is desirous of obtaining physical copy of the Annual report for the Financial Year 2022-23 and Notice of the 77<sup>th</sup> AGM of the Company, he/she may send a request to the Company by writing at [sharedepartment@stml.in](mailto:sharedepartment@stml.in) or KFin Technologies Limited (“KFin”), Company’s Registrar and Share Transfer Agent (“RTA”) mentioning their DP ID and Client ID/ folio no.

Members may note that the Notice of the 77th AGM and the Annual Report 2022-23 will also be available on the Company’s website, <https://www.surattextilemillsLtd.com>, website of the stock exchange, i.e. BSE at [www.bseindia.com](http://www.bseindia.com) and on the website of KFin Technologies Limited, <https://evoting.kfintech.com>.

12. We urge members to support our commitment to environmental protection by choosing to receive the Company’s communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company’s RTA, KFin Technologies Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), to receive copies of the Annual Report 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report.

Type of holder	Process to be followed
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited either by email to <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> or by post to Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032.

Type of holder	Process to be followed	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
	Declaration to opt out	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee	Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for shares / debentures / bonds, etc., held in physical form	ISR 4
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.	

**13. Procedure for remote e-voting and e-voting during the AGM**

- a. All the Shareholders of the Company are encouraged to attend and vote in the AGM to be held through VC/OAVM.
- b. Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration Rules, 2014 and Regulation 44 of the Listing Regulations, (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with KFin Technologies Limited for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by KFinTech.

- c. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
- d. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member cast votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- e. Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but they shall not be entitled to cast their votes again. Further, members who have voted on some of the resolutions during the remote e-voting period are also eligible to vote on the remaining resolutions during the AGM.
- f. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- g. Members holding shares either in physical or dematerialized form, as on cut-off date, i.e., as on 4th August, 2023, may cast their votes electronically. The e-voting period commences on Tuesday, 8th August, 2023 (9:00 a.m. IST) and ends on Thursday, 10th August, 2023 (5:00 p.m. IST). The e-voting module will be disabled thereafter. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e., as on 4th August, 2023. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
- 14. Procedure to raise questions/seek clarifications with respect to Annual Report at the ensuing 77<sup>th</sup> AGM of the Company**
- i. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views.
- They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from **Monday, 7<sup>th</sup> August, 2023 (9:00 a.m. IST) to Wednesday, 9<sup>th</sup> August, 2023 (5:00 p.m. IST)**. Members shall be provided a 'queue number' before the meeting.
- ii. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from **Monday, 7<sup>th</sup> August, 2023 (9:00 a.m. IST) to Wednesday, 9<sup>th</sup> August, 2023 (5:00 p.m. IST)**.
- iii. The Company reserves the right to restrict the number of questions and number of speakers, depending on the availability of time for the AGM.
- 15. The details of the process and manner for remote e-voting and voting during AGM are explained herein below:**
- Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
- Step 2:** Access to KFinTech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
- Step 3:** Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.
- Procedure for Login for E-voting and Attending AGM through VC/OAVM for Individual Shareholders holding securities in Demat mode.**
- In terms of SEBI circular dated December 09, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their Demat accounts to access e-Voting facility.

**I) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with National Securities Depository Limited ("NSDL")</b>	<ol style="list-style-type: none"> <li>1. <b>User already registered for IDeAS facility:</b> <ol style="list-style-type: none"> <li>i. Open <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>ii. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>iii. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>iv. Click on Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol> </li> <li>2. <b>User not registered for IDeAS e-Services</b> <ol style="list-style-type: none"> <li>i. To register, open <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile.</li> <li>ii. Select "Register Online for IDeAS "Portal or click on <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>iii. Proceed with completing the required fields.</li> </ol> </li> <li>3. <b>By visiting the e-Voting website of NSDL</b> <ol style="list-style-type: none"> <li>i. Open <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>ii. Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>iii. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>iv. Post successful authentication, you will be requested to select the name of the Company and the e-Voting Service Provider name, i.e. KFinTech.</li> <li>v. On successful selection, you will be redirected to KFinTech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>



Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with Central Depository Services (India) Limited (“CDSL”)</b>	<ol style="list-style-type: none"> <li>1. <b>Existing user who have opted for Easi / Easiest</b> <ol style="list-style-type: none"> <li>I. Click at <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Click on New System Myeasi</li> <li>III. Login with your registered user id and password.</li> <li>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. Kfintech e-Voting portal.</li> <li>V. Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. <b>User not registered for Easi/Easiest</b> <ol style="list-style-type: none"> <li>I. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>II. Proceed with completing the required fields.</li> </ol> </li> <li>3. <b>By visiting the e-Voting website of CDSL:</b> <ol style="list-style-type: none"> <li>I. Visit at <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Provide your demat Account Number and PAN No.</li> <li>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>IV. After successful authentication, user will be provided links for the respective ESP, i.e. <b>Kfintech</b> where the e- Voting is in progress.</li> </ol> </li> </ol>
<b>Individual Shareholder (holding securities in Demat mode) login through their demat accounts / Website of Depository Participant</b>	<ol style="list-style-type: none"> <li>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>III. Click on options available against Company name or e-Voting service provider <b>Kfintech</b> and you will be redirected to e-Voting website of <b>Kfintech</b> for casting your vote during the remote e-Voting period.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at abovementioned websites.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

Details on Step 2 are mentioned below:

**(II) Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode:**

- i. Initial password is provided in the body of the e-mail.
- ii. Launch internet browser by typing the URL:<https://evoting.kfintech.com>
- iii. Enter the login credentials (**User ID and password provided in the e-mail**). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.kfintech.com> or contact toll-free numbers 1800 309 4001 (from 9.00 a.m. IST to 6.00 p.m. IST on all working days) for assistance on your existing password.
- iv. After entering these details appropriately, click on "LOGIN".
- v. 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.,). **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.**
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the E-Voting Event Number (EVEN) for Surat Textile Mills Limited.
- viii. 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 "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.
- x. 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.
- xi. You may then cast your vote by selecting an appropriate option and click on "SUBMIT".
- xii. A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.
- xiii. Once you have voted on the resolution (s), you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xiv. Institutional/ Corporate members (i.e. other than individuals, HUFs, NRIs, etc.) are also required to send legible scanned certified true copy (in PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signatures of the duly authorised representative(s), to the Scrutinizer at E-mail id: [sharedepartment@stml.in](mailto:sharedepartment@stml.in). It is also requested to upload the same in the e-voting module in their login.
- xv. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).

**A) Voting at e-AGM**

- i. Only those members/shareholders, who will be present in the e-AGM and who have not cast their vote through remote e-voting and are otherwise not barred from doing so are eligible to vote.
- ii. Members who have voted through remote e-voting will still be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- iv. Voting at e-AGM will be available at the end of the e-AGM and shall be kept open for 15 minutes. Members viewing the e-AGM, shall click on the 'e-voting' sign placed on the left-hand bottom corner of the video screen. Members will be required to use the credentials, to login on the e-Meeting webpage, and click on the 'Thumbs-up' icon against the unit to vote.

**B) Instructions for members for attending the e-AGM**

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Company can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.
- iv. Members may join the meeting using headphones for better sound clarity.

- v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- vi. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.
- vii. Members who need technical assistance before or during the e-AGM can contact KFin at [emeetings@kfintech.com](mailto:emeetings@kfintech.com) or Helpline: 1800 309 4001.

**Procedure for Registration of email and Mobile: securities in physical mode**

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16th, 2023, all holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx>

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
- b) Through hard copies which are self-attested, which can be shared on the address below; or

**Name:** KFIN Technologies Limited

**Address:** Selenium Building, Tower-B,  
Plot No 31 & 32, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad, Rangareddy, Telangana India - 500 032.

- c) Through electronic mode with e-sign by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx#>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

**GENERAL GUIDELINES FOR SHAREHOLDERS:**

- a) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Friday, 4th August, 2023**, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- b) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after the Notice is sent through email and holds shares as of the **cut-off date i.e. Friday, 4th August, 2023** may obtain the User ID and Password by sending a request at **evoting@Kfintech.com**. However, if he / she is already registered with Kfintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- c) In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
- d) The Board of Directors has appointed Mr. Jigar Vyas of Jigar Vyas & Associates, Practicing Company Secretaries (FCS No. 8019 and COP No.14468) as the Scrutinizer, for conducting the e-voting process in a fair and transparent manner.

- e) The Chairman shall, at the AGM, at end of discussion on the resolution on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of electronic voting for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- f) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses who are not in the employment of the Company and make, not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or to a person authorized by the Chairman in writing who shall countersign the same.

- g) The voting results shall be declared within two working days from conclusion of the AGM and the Resolutions shall be deemed to be passed on the date of the AGM i.e. **Friday, 11th August, 2023**, subject to receipt of requisite number of votes. The declared results along with the report of the Scrutinizer shall be placed on the website of the Company i.e., <https://www.surattextilemillsLtd.com> after the declaration of result by the Chairman or a person authorized by him. The results along with the report of the Scrutinizer shall also be immediately forwarded it to BSE Limited.

**16. Updation of PAN, KYC and nomination details**

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16<sup>th</sup> March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to, inter alia, furnish PAN, KYC and nomination details. Physical folios wherein the PAN, KYC and nomination details were not available on or after 1<sup>st</sup> April, 2023, were to be frozen by RTA and would be eligible for lodging grievance or any service request only after registering the required details. The said time limit of 1<sup>st</sup> April, 2023 for freezing of folios has been extended to 1<sup>st</sup> October, 2023.

The said physical folios shall be referred by the Company or RTA to the administering authority under the Prohibition of Benami Property Transactions Act, 1988 and/or Prevention of Money- Laundering Act, 2002, if they continue to remain frozen as on 31<sup>st</sup> December, 2025.

If a Shareholder holding shares in physical form desires to opt out or cancel the earlier nomination and record a fresh nomination, the Shareholder may submit the same in the prescribed form.

Shareholders holding shares in demat form who have not furnished nomination nor have submitted declaration for opting out of nomination, are required to register or opt out from nomination, as the case may be, on or before 30<sup>th</sup> September, 2023, failing which their trading accounts shall be frozen for trading and demat account shall be frozen for debits.

The Company has sent individual letters to all the shareholders holding shares of the Company in physical form for furnishing their PAN, KYC and nomination details. The relevant Circular(s) and necessary forms in this regard have been made available on the website of the Company at <https://www.surattextilemillsLtd.com>.

Accordingly, the members are advised to register their details with the RTA or DPs, in compliance with the aforesaid SEBI guidelines for smooth processing of their service requests and trading without any hindrance.

#### 17. Issue of securities in dematerialised form

- a. SEBI vide its notification dated 24th January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialised form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, the members are advised to dematerialise their holdings.
- b. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated listed companies to issue securities only in dematerialised form while processing service requests viz, Issue of duplicate securities certificate; Claim from unclaimed suspense account; Renewal/exchange of securities certificate; Endorsement; Sub-division/splitting of securities certificate; Consolidation of securities certificates/folios; Transmission; and Transposition.

#### 18. Process for availing various investor service requests:

Members are requested to refer SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16<sup>th</sup> March, 2023 for common and simplified norms for processing any service requests before making an application to the Company/ RTA.

By Order of the Board of Directors

Place: Surat  
Date: 6th July, 2023

**Mahek Gaurav Jaju**  
Company Secretary and  
Compliance Officer

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Item No. 3:**

Mr. Alok P. Shah (DIN: 00218180), Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting ("AGM") and being eligible seeks re-appointment under Item No. 2 of this Notice.

At the 76<sup>th</sup> Annual General Meeting held on 13<sup>th</sup> September, 2022, the shareholders of the Company had approved the appointment of Mr. Alok P. Shah as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> July, 2022, upon the terms and conditions as specified in the explanatory statement annexed to the Notice of the said meeting. Considering the initial stage of new business activities, Mr. Alok P. Shah opted not to draw any remuneration by way of monthly salary.

Mr. Alok P. Shah is a graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA. Mr. Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, corporate finance, operations & business management etc.

Mr. Alok P. Shah shared his rich experience and made valuable contribution and guided the Company and under his able leadership, the Company ventured into and successfully implemented new business vertical from November, 2022 which contributed to revenue from operations of the Company for F.Y. 2023.

Further taking into consideration his profile and experience, the responsibilities shared by him and the industry benchmarks, the Board of Directors of the Company (the 'Board'), at its meeting held on 24<sup>th</sup> May, 2023 has, subject to the approval of members, approved the proposal for revision in terms of appointment and payment of remuneration of Mr. Alok P. Shah as Managing Director of the Company with effect from 1<sup>st</sup> April, 2023 up to the remaining period of his present tenure ending on 30<sup>th</sup> June, 2025 as recommended by the Nomination and Remuneration Committee of the Board in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013.

As per section 197 of the Act, in case a company has no profits or inadequate profit, the Company shall pay remuneration to managerial personnel in the manner as prescribed under Schedule V of the Act with the approval of member by passing Special Resolution as the case may be.

It is therefore proposed to seek the members' approval for the aforesaid revision in terms of appointment and remuneration payable to Mr. Alok P. Shah. The salient features of the terms and conditions of and remuneration payable to Mr. Alok P. Shah as set out in the draft agreement placed before this Meeting are as follows:

- i) **Salary:** Up to Rs.7,50,000/- per month.
- ii) **Perquisites and Allowances:**
  - (a) in addition to the salary as above, Mr. Alok P. Shah shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed Rs. 2,50,000/- per month.
  - (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
  - (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

**iii) Remuneration based on net profits:**

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

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

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

**v) Reimbursement of Expenses:**

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

**vi) Minimum Remuneration:**

In the event of inadequacy or absence of profits in any financial year during his tenure as Managing Director, Mr. Alok P. Shah will be entitled to the foregoing amount of remuneration along with the perquisites and allowances mentioned above as the minimum remuneration for the year subject to the ceiling as applicable and prescribed under Schedule V of the Act.

**vii) Other Terms and Conditions:**

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Wholetime Director will be under the overall authority of the Managing Director.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (iv) The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

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

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

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



The Members are requested to consider the revision in remuneration of Mr. Alok P. Shah, Managing Director of the Company. Pursuant to Clause (iv) of Section II of Schedule V of Companies Act, 2013 the following Statement is given:

<b>I. General information</b>																	
(1) Nature of Industry	The Company is engaged in the business of trading in commodities and other commodity related business.																
(2) Date or expected date of commencement of commercial production	Not applicable since the Company is an existing Company.																
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable since the Company is an existing Company.																
(4) Financial performance based on given indicators– for the year ended 31st March 2023	<table border="1"> <thead> <tr> <th><b>Particulars</b></th> <th><b>(Rs in Lakhs)</b></th> </tr> </thead> <tbody> <tr> <td>Total Revenue (Net)</td> <td>2531.34</td> </tr> <tr> <td>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</td> <td>418.98</td> </tr> <tr> <td>Less: Finance Costs</td> <td>3.46</td> </tr> <tr> <td>Profit before Depreciation and Tax</td> <td>415.52</td> </tr> <tr> <td>Depreciation and Amortization</td> <td>41.34</td> </tr> <tr> <td>Profit before exceptional items</td> <td>374.18</td> </tr> <tr> <td>Profit after Tax</td> <td>303.77</td> </tr> </tbody> </table>	<b>Particulars</b>	<b>(Rs in Lakhs)</b>	Total Revenue (Net)	2531.34	Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	418.98	Less: Finance Costs	3.46	Profit before Depreciation and Tax	415.52	Depreciation and Amortization	41.34	Profit before exceptional items	374.18	Profit after Tax	303.77
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	Depreciation and Amortization	41.34															
Profit before exceptional items	374.18																
Profit after Tax	303.77																
(5) Foreign investments or collaborations, if any.	The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.																
<b>II. Information about the appointee</b>																	
(1) Background details	<p>Mr. Alok P. Shah is a graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA. Mr. Alok P. Shah has had a brilliant academic career. He has wide exposure and knowledge in project appraisal, corporate finance, operations &amp; business management etc</p> <p>He has deep exposure of core business of the Company i.e., commodity trading business.</p>																
(2) Past remuneration	NIL																
(3) Recognition or awards	NIL																



(4)	Job profile and his suitability	<p>As the Managing Director of the Company, Mr. Alok P Shah will be responsible for managing the business affairs of the Company. He is responsible for taking substantial management and policy decisions for the Company.</p> <p>By qualification Mr. Alok P Shah is a graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA and has diverse experience in project appraisal, assessing technical feasibility in respect of projects, corporate finance, operations &amp; business management etc.</p> <p>He has deep exposure of core business of the Company i.e., commodity trading business and has been instrumental in successfully setting it up as a new business vertical for the Company.</p>
(5)	Remuneration proposed	As mentioned above
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is within the permissible remuneration as per Schedule V of the Companies Act, 2013 which is comparable with the Companies of the same size and profitability.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Beside the remuneration proposed, Mr. Alok P. Shah does not have any pecuniary relationship with the Company
<b>III. Other information</b>		
(1)	Reasons of loss or inadequate profits	<p>As on 31<sup>st</sup> March, 2023, the Company has a net profit of Rs. 6241.98 Lakhs.</p> <p>The Profits are still inadequate for the remuneration proposed in terms of the provisions of section 197, 198 and schedule V of the Companies Act, 2013. Hence this proposal under applicable provisions of Schedule V.</p>
(2)	Steps taken or proposed to be taken for improvement	The Company is taking necessary steps to improve its overall business verticals and also focusing on cost control in all areas.
(3)	Expected increase in productivity and profits in measurable terms	During FY 2022-2023, the Company has successfully ventured into new business vertical of commodity trading and is expected to show grow further in the coming years.
<b>IV Disclosures</b>		<ol style="list-style-type: none"> <li>1. Remuneration package of the managerial person: As detailed in the explanatory statement which forms part of the Notice.</li> <li>2. Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2022-23: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2022-23 of the Company.</li> </ol>

The approval accorded herein shall also be deemed to be the approval as contemplated under Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which specifies limits on promoter executive directors' remuneration.

Mr. Alok P. Shah is interested in the resolution set out in Resolution No. 3 of the Notice, which pertains to the remuneration payable to him. The relatives of Mr. Alok P. Shah may be deemed to be interested in the resolution set out in Resolution No. 3 of the Notice, 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 this resolution.

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

By Order of the Board of Directors

Place: Surat  
Date: 6th July, 2023

**Mahek Gaurav Jaju**  
Company Secretary and Compliance Officer

## DISCLOSURE RELATING TO DIRECTOR PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015 AND SECRETARIAL STANDARDS-2 ON GENERAL MEETINGS.

<b>Name of the Director</b>	<b>Mr. Alok P. Shah</b>
<b>DIN</b>	00218180
<b>Date of Birth</b>	11/09/1970
<b>Age</b>	52 Years
<b>Nationality</b>	Indian
<b>Date of first appointment on the Board</b>	29/06/2022
<b>Qualification</b>	Graduate in Electrical Engineering from Stanford University and has an M.B.A. (Finance, General Management and Economics) from University of Chicago, USA.
<b>Expertise in specific Functional areas</b>	He has wide exposure and knowledge in project appraisal, assessing technical feasibility in respect of projects, corporate finance & management etc.
<b>Terms and Conditions of appointment/re-appointment and proposed remuneration to be paid</b>	Terms and conditions of his appointment and proposed remuneration are as per the Nomination and Remuneration Policy of the Company and as specified in the resolution set out at Item no. 3 of the Notice read with explanatory statement thereof.
<b>Remuneration last drawn – For FY 2022-23</b>	NIL
<b>Shareholding in the Company including shareholding as a beneficial owner</b>	5,49,60,680 Equity Shares of Rs.1 each fully paid up comprising of about 24.75% of the paid-up capital of the Company.
<b>Number of Board Meetings attended during the financial year 2022-23</b>	5 (Five)
<b>Directorship in other Public Limited Companies</b>	Bijlee Textiles Ltd. Palomar Textiles Ltd. Prabhat Silk Mills Ltd. Rosekamal Textile Ltd.
<b>Memberships / Chairmanship of committees in other public limited Companies</b>	Nil
<b>Relationship with other Directors, Managers and other Key Managerial Personnel of the Company</b>	No inter se related to any Director or Key Managerial Personnel of the Company.

**Note:** Pursuant to Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, only two committees, viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

**INFORMATION AT A GLANCE:**

Sr. No.	Particulars	Details of access
1	Day, date and time of AGM	Friday, 11 <sup>th</sup> August, 2023 at 3.30 p.m. IST
2	Mode	Through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)
3	Cut-off date for e-voting	Friday, 4 <sup>th</sup> August, 2023
4	Time period for remote e-voting	Commences on Tuesday, 8 <sup>th</sup> August, 2023 (9.00 a.m. IST) and ends on Thursday, 10 <sup>th</sup> August, 2023 (5.00 p.m. IST)
5	Helpline number for VC participation and e-voting	Contact KFin Technologies Limited at 1800 309 4001 or write to them at <a href="mailto:emeetings@kfintech.com">emeetings@kfintech.com</a> Contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no: <b>1800 1020 990 and 1800 22 44 30</b> Contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022-23058738 or 022-23058542-43</b>
6	Link for remote e-voting	<a href="https://evoting.kfintech.com">https://evoting.kfintech.com</a>
7	Link for posting AGM queries and speaker registration and period of registration	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using e-voting credentials and click on “post your queries” / “Speaker registration” as the case may be. Period of registration: <b>Monday, 7<sup>th</sup> August, 2023 (9:00 a.m. IST) to Wednesday, 9<sup>th</sup> August, 2023 (5:00 p.m. IST).</b>
8	Link for participation through VC / OAVM	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using e-voting credentials and click on video conference
9	Username and password for VC	Members may attend the AGM through VC by accessing the link <a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using the remote e-voting credentials. Please refer the instructions provided in this Notice for further information.
10	Book closure dates	Monday, 7 <sup>th</sup> August, 2023 to Friday, 11 <sup>th</sup> August, 2023 (both days inclusive)
11	Link for Members to update e-mail address	<a href="https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx">https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx</a>
12	Registrar and Transfer Agent contact details	KFin Technologies Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Tel: 1800 309 4001 Website: <a href="http://www.kfintech.com">www.kfintech.com</a>
13	Surat Textile Mills Limited – contact details	<b>Registered Office:</b> Tulsi Krupa Arcade, 6 <sup>th</sup> Floor, Puna Kumbharia Road, Dumbhal, Surat 395010 Tel.: 0261 – 2311198 Email: <a href="mailto:sharedepartment@stml.in">sharedepartment@stml.in</a>

## DIRECTORS' REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

Your directors present their 77<sup>th</sup> Annual Report on the performance of the Company together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2023. The disclosures required under the head 'Management's Discussion and Analysis Report' pursuant to Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, also forms part of this report.

### Financial Highlights

The financial performance of discontinued and continuing business operations of the Company for the financial year ended 31<sup>st</sup> March, 2023 is summarised below:

(Rs. in Lakhs)

Particulars	Discontinued Operations		Continuing Operations	
	2023	2022	2023	2022
Revenue from Operations	93.02	1,687.43	2531.34	0.00
Other income	7423.90	1.22	931.53	606.09
Operating Profit/(Loss) / EBITDA	7339.29	(118.29)	418.98	64.61
Finance Costs	0.00	0.00	3.46	6.06
Profit/(Loss) before Depreciation and Amortisation Expenses	7339.29	(118.29)	415.52	58.55
Depreciation and Amortisation Expenses	0.00	7.19	41.34	35.60
Profit/(Loss) before tax	7339.29	(125.48)	374.18	22.95

### Review of Operations

As the Members are aware, the operating environment of Polyester Chips and Yarn segment was unfavourable for the majority part of FY 22 and further to preserve the value of the plant assets (being in shut down condition), the Board after evaluating various options, decided to sell the assets of the company's Manufacturing Division together with all specified tangible assets, including land, buildings and plant and machineries in relation to the unit and entered into the necessary definitive agreements and executed the same in April, 2022.

Consequent to sale/transfer of the assets, the management after considering various options for possible alternate business, commenced the new activities of trading in commodities and other commodity related business from third quarter of FY23 as covered and permissible under the Object Clause of the Memorandum of Association, while considering the resources and size of the Company.

### Discontinued Operations

Your Company earned total income of Rs. 7516.92 Lakhs during FY 23 which includes Rs. 7423.90 Lakhs as other income which comprises of profit on sale of assets of Jolwa Manufacturing division.

The profit before tax for FY 23 was Rs. 7339.29 Lakhs. After necessary provisions for tax expenses etc., the profit after tax for FY23 was Rs. 5938.21 Lakhs.

The Company has been gradually deploying the funds in phase manner in the new activity after considering the safety of funds with sustainable growth and proposes to increase the volume after taking into consideration the other related external risk factors, if any, and the overall business scenario in the related segment.

### Continuing Operations

The Company has initiated the purchase and sale of certain commodities viz. Metal, Energy & Agricultural products which are exchange deliverable in physical Opportunities arise from time to time when safe trading can be entered into to make reasonable gains in profit.

During FY 23, your Company generated Income from Operations of Rs. 2531.34 Lakhs from the Commodity trading business which commenced from 3rd Quarter of FY 23. Further, your Company earned Rs. 931.53 Lakhs from other income which comprises of Income from Investments in Mutual Fund schemes and other money market instruments.

The Company earned other Income of Rs. 606.09 lakhs for FY22. Profit before tax for FY 23 was Rs. 374.18 Lakhs as compared to Rs. 22.95 Lakhs in the previous year. The funds realized on sale of assets of Jolwa manufacturing division were also deployed in good quality financial instruments for the remaining period of FY 23.

### Dividend

With a view to conserve the resources for future growth, the directors of the Company have decided not to recommend any dividend on equity shares of the Company for the year ended 31 March, 2023.

### Transfer to Reserves

The Board of Directors has decided to retain the entire profits for F.Y. 2022-23 in the retained earnings.

### Update on Merger

Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench had vide its order dated 7th September, 2022 (Ref.: CP (CAA) No. 61 / AHM / 2021 in CA (CAA) No. 58 / AHM / 2021), under Sections 230-232 and read with Section 66 of the Companies Act, 2013 and other applicable provisions of the companies Act, 2013 read with the Companies (Compromise, Arrangement and Amalgamations) Rules, 2016 has approved the Scheme of Amalgamation of Vareli Trading Company Limited (VTCL) ("Transferor Company") with Surat Textile Mills Limited (STML) ("Transferee Company") and their respective shareholders and creditors. Pursuant to the order, the appointed date of the scheme is fixed at April 01, 2019 and the scheme has become effective from September 26, 2022 i.e., the last day on which the certified copy of the order was filed with the Registrar of Companies by both companies.

Accordingly, the Company has prepared its financials for F.Y. 2023 after giving effect to the aforesaid Scheme and corresponding figures for the year ended March 31, 2023 and March 31, 2022 have been restated to give effect to the Scheme with effect from April 01, 2019.

### Share Capital

The Paid-up Equity Share Capital of the Company as on 31st March, 2023 was Rs.2220.64 Lakhs comprising of 22,20,64,440 equity shares of Rs.1 each fully paid up.

On the Scheme of Amalgamation becoming effective and with effect from the Appointed Date, all the investment including 7,75,80,026 number of the equity shares of Surat

Textile Mills Limited, the "Transferee Company", being held by Vareli Trading Company Limited (VTCL), stands cancelled off and the same shall amount to Reduction of Share Capital of STML to that extent. Accordingly, the issued, subscribed and paid-up share capital of STML stands reduced from Rs. 22,20,64,440/- to Rs. 14,44,84,414/-.

Further, in compliance to the Order of Hon'ble NCLT Ahmedabad bench in the matter of Scheme of Amalgamation of VTCL with STML, the Board of Directors of the Company at their meeting held on 30th September, 2022 approved the allotment of 7,75,80,026 equity shares of face value of Rs. 1/- (Rupee one) each to the shareholders of VTCL (the transferor company) credited as fully paid up of STML in the ratio of 521 equity shares of the face value Rs. 1/- (Rupee one) each of STML for every 1 equity share of Rs. 10/- (Rupees 10) of VTCL credited as fully paid up held on the record date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in VTCL (the "New Equity Shares").

Therefore, considering the issue of 7,75,80,026 equity shares to the shareholders of VTCL (the transferor Company) in the exchange ratio as approved under the Scheme under Clause 18(vi) of NCLT Order, there is no such reduction in the Issued, Subscribed and Paid-up share capital of STML and as on 31st March 2023, the issued subscribed and paid-up share capital of STML remains unchanged at Rs. 22,20,64,440/.

Further, in response to the Company's application to BSE Limited for Listing of aforesaid 7,75,80,026 equity shares issued pursuant to the approval of Scheme of Arrangement, the exchange vide its E-Letter dated 24th November, 2023 granted its approval to the same.

Upon scheme being effective and on reclassification of capital of VTCL, the Authorised Share Capital of Vareli Trading Company Limited (the transferor Company) got consolidated / added up with the Authorised Share Capital of your Company with effect from 1st April 2019. Accordingly, the Authorized Share Capital of STML stands increased to Rs. 84,00,00,000/- divided into 84,00,00,000 number of Equity Shares of Rs. 1/- each fully paid-up.

During the year under review, your Company has neither issued any shares with differential voting rights nor has granted any stock options or sweat equity. The Company has paid Listing Fees for the Financial Year 2023-24, to BSE Limited where its equity shares are listed.

## Nature of New Business

During the quarter ended 31st December 2022, the Company commenced trading in commodities and other commodity related activities on trial basis while considering the resources and size of the Company. The Company generated Revenue from such operations for FY 2022-23 amounting to Rs. 2531.34 Lakhs.

Commodity trading involves buying and selling commodities via exchanges and hedging them via derivatives. Commodity futures are derivative contracts in which the purchaser agrees to buy or sell a specific quantity of a physical commodity at a specified price on a particular date in the future. Futures are derivative, which are investments that derive their value from the price of another asset, typically called the underlying asset.

## Impact of Covid-19

The operations of the Company were largely unaffected by COVID-19 related impact in FY 2022-23.

## Industry Structure and Development

### Indian Economy

Fiscal 2023 was the first 'normal' year post-pandemic. Consumption rebounded in specific sectors. The performance of two sectors – agriculture and construction – stood out in the fourth quarter.

A stronger than expected fourth quarter lifted India's growth to 7.2% in FY 23, exceeding the 7% cited in the second advance estimates released in February, underscoring the country's economic resilience in the face of multiple challenges.

Data released by NSO showed growth in January-March – the fourth quarter of the 2022-23 fiscal- was 6.1%, higher than the upwardly revised 4.5% in the previous quarter, which helped India retain the fastest growing major economy tag.

The better-than-expected growth in Q4 FY 23 is encouraging and is reflective of the sustained strength in domestic demand amid gloomy global outlook. The fall in commodity prices also helped lift growth, reducing the drag from net exports. It also charts the course of action for businesses so they can fully leverage the benefits of rapid economic expansion.

It shows sustained economic momentum combined with macroeconomic, financial and fiscal stability.

### Opportunities, Challenges, Threats, Risks and Concerns

While comparing with stock and bond markets, we believe it is comparatively safer to trade in commodities as commodity prices are generally less volatile than stocks, and returns typically better than high quality bonds.

However, the commodity markets still remain unpredictable as they are affected by natural and man-made vagaries. To hedge this risk the Company enters into a trade by buying physical and selling forward to lock-in the spread and Returns on Investment and the trades are never kept open but always hedged.

There are also additional risks to transactions of:

- 1. Mark to market risk:** At the time when the transaction is open, there can be volatility in prices of underlying commodity, which may result in providing additional margin or mark-to-market funds, though this does not impact overall profit amount, it might impact ROI as more money will be deployed in the trade than initially planned.
- 2. Exchange counter-party risk:** When we sell the commodity on exchange platform, the counterparty is exchange. i.e., MCX OR NCDEX, these exchanges are highly regulated by SEBI, therefore we do not see any default, but one should be aware if there is a settlement failure at exchange and the exchange is unable to honor pay-outs against the sale transaction, it will be risk of exchange default. This is a highly unlikely scenario

The continuous observance is kept by regulatory authorities to make sure that the commodity prices are market-driven and free from manipulations and other threats.

The Company tries to mitigate these risks by taking quick actions and proactive initiatives and sound business management practices and minimize the impact of these risks to the extent possible.

We believe there is a good opportunity for scaling up this activity.

### Business Outlook

India is expecting another year of solid economic performance.

The investment momentum was solid through the fourth quarter and should continue this fiscal, driven by public investments and a gradual pick-up in private investments aided by the PLI scheme. Government Capex, led by infrastructure, is budgeted for a sharp rise.

This fiscal, private consumption is expected to continue to face crosscurrents. While lower inflation will be supportive, higher interest rates may curtail sectors such as automobile and housing.

The economists predict growth to slow in FY24 as global conditions weigh down the economy. Growth is likely to moderate, in part, due to normalization of base effect.

Slowdown in external demand and some waning of pent-up demand will also result in growth moderation.

India is expected to retain its tag of the fastest-growing major economy. The International Monetary Fund (IMF) has forecast 5.9% growth while the RBI sees a higher 6.5% rise.

Some drag to growth is expected from weaker manufacturing and slowing exports given external headwinds, but the robust domestic demand is anchoring economic growth.

India's growth trajectory is supportive of increased commodity trade and the appeal of financial investments.

## Finance and Liquidity

Our principal sources of liquidity are cash and cash equivalents, investments and the cash flow that we generate from our operations. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements.

Our Cash and cash equivalents include deposits with banks and funds deployed with financial institutions under various Mutual Fund Schemes and Money market instruments. We continue to be debt-free and maintain adequate liquidity to meet our operational requirements.

There was no outstanding term loan at the beginning or at the end of financial year 2022-23. No fresh Term Loan was availed by the Company during the year. The Company has not availed any working capital facility from Banks during the year.

## Directors and Key Managerial Personnel

### (i) Directors liable to retire by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Alok P. Shah (DIN: 00218180) whose office is liable to retire by rotation at the ensuing Annual General Meeting, being eligible, seeks reappointment. Based on performance evaluation and the recommendations of the Nomination and Remuneration Committee, the Board recommends his reappointment.

### (ii) Appointment/Re-appointment

At the 76<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> September, 2022, the members approved the appointment of Mr. Alok P. Shah as Managing Director of the Company for a period 3 (three) years with effect from 1<sup>st</sup> July, 2022 upto 30<sup>th</sup> June, 2025.

The members also approved the appointment of Mr. Deepak N. Shah as an Independent Director of the Company to hold office for 5 (Five) consecutive years from 11<sup>th</sup> August, 2022 to 10<sup>th</sup> August, 2027, not liable to retire by rotation.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 24<sup>th</sup> May, 2023 subject to approval of shareholders, approved the proposal for revision in terms of appointment and remuneration payable to Mr. Alok P. Shah (DIN: 00218180) with effect from 1<sup>st</sup> April, 2023 upto the remaining period of his tenure ending on 30<sup>th</sup> June, 2025.

Necessary Resolutions for the appointment/re-appointment of the aforesaid Directors have been included in the notice convening the ensuing AGM and requisite details have been provided in the explanatory statement of the Notice. The Board recommends their appointment/re-appointment.

A brief resume of directors being appointed / re-appointed along with the nature of their expertise, their shareholding in your Company and other details as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as an annexure to the Notice convening the 77th AGM to be held on 11<sup>th</sup> August, 2023.

### (iii) Resignation / Retirement

Mr. Manikant R. Momaya (DIN: 00023993), Managing Director of the Company resigned as member of the Board with effect from 28th April, 2022.

Further, Mr. Yogesh C. Papaiya (DIN: 0023985) retired from the post of Wholetime Director and CFO of the Company on expiry of his term on 10th August, 2022.

### (iv) Key Managerial Personnel (KMP)

The following Directors/Officials of the Company have been designated as Key Managerial Personnel (KMP) of the Company by the Board of Directors in terms of the provisions of Section 203 of the Companies Act, 2013 and the Regulations:

1. Mr. Alok P. Shah, Managing Director
2. Mr. Paresv V. Chothani, Wholetime Director
3. Mr. Chandresh S. Punjabi, Chief Financial Officer
4. Ms. Mahek Gaurav Jaju, Company Secretary



During the year under review, Mr. Chinmay M. Methiwala resigned from the post of Company Secretary and Compliance officer with effect from 30<sup>th</sup> November, 2022 to pursue better career prospects. Further, pursuant to provisions of Section 203 of the Companies Act, 2013 Ms. Mahek Gaurav Jaju has been appointed as Company Secretary and Compliance Officer with effect from 20<sup>th</sup> March, 2023.

Earlier, the Board of Directors of the Company at their meeting held on 11th August, 2022 approved the appointment of Mr. Chandresh S. Punjabi as Chief Financial Officer (CFO) of the Company designated as Key Managerial Personnel, with immediate effect.

### Independent Directors

The Board is of the opinion that the Independent Directors appointed/re-appointed during the year under review are person(s) of integrity and possess core skills/expertise/competencies (including the proficiency) as identified by the Board of Directors as required in the context of Company's business(es) and sector(s) for the Company to function effectively.

In terms of the provisions of Section 149(7) of the Companies Act, 2013 read with Regulation 25(8) of the Regulations, all the Independent Directors of the Company have furnished a declaration to the Compliance Officer of the Company at the meeting of the Board of Directors held on 24th May, 2023 stating that they fulfil the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Regulations, and are not being disqualified to act as an Independent Director. Further, they have declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Companies Act, 2013 read with the Rules made thereunder and the Regulations, and are independent of the management.

During the year under review, the Company did not have any pecuniary relationship or transactions with any of its directors, other than payment of remuneration to the Executive Directors and payment of sitting fees to Non-executive Directors and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committees of the Company.

The Independent Directors have also given declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to their name appearing in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

The Appointment and Tenure of the Independent Directors, including code for Independent Directors are available on the website of the Company, 'www.surattextilemillsLtd.com'.

### Separate Meeting of Independent Directors

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 25<sup>th</sup> March, 2023.

The Independent Directors at the meeting, inter alia, reviewed the following:

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Board, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed 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.

### Familiarization / Orientation program for Independent Directors

In terms of Regulation 25(7) of the Regulations, the Company has adopted a familiarization program for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities and other relevant details.

These programs aim to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

Pursuant to Regulation 46, the details required are available on the website of your Company at '<http://www.surattextilemillsLtd.com/policies.aspx>'.

## Number of meetings of the Board

During the financial year 2022-23, 7 (Seven) Board Meetings were held on the following dates 30th May, 2022, 30th June, 2022, 11th August, 2022, 30th September, 2022, 14th November, 2022, 14th February, 2023 and 20th March, 2023. The gap between any two meetings was not more than one hundred twenty days as mandated under the provisions of Section 173 of the Companies Act, 2013 and Regulation 17(2) of the Regulations.

## Board 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 established a framework for the evaluation process of performance of the Board, its Committees and Individual Directors and the same was adopted by the Board.

During the period under review, the Board of Directors have carried out the evaluation of the performance of Independent Directors and their independence criteria and the Independent Directors in their meeting held on 25th March, 2023 have evaluated the performance of the Chairman and Non-Independent Directors and the Board as a whole and also assessed the quality, quantity and timeliness of flow of information between the Board and Company management.

## Committees of the Board

As on 31st March, 2023, the Board had four committees: the audit committee, the corporate social responsibility committee, the nomination and remuneration committee and stakeholder's relationship committee. During the year under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company unanimously. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

## Code of Conduct for Directors and Senior Management

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2022-23. 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.

## Code for Prevention of Insider Trading

Your Company has adopted a Code of Conduct to regulate, monitor and report trading by designated persons and their immediate relatives as per the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information which has been made available on the Company's website at '<http://www.surattextilemillsLtd.com/policies.aspx>'.

## Procedure for Nomination, Appointment & Remuneration of Directors

The Nomination and Remuneration Committee (NRC) has been mandated to oversee and develop competency requirements for the Board based on the industry requirements and business strategy of the Company. The NRC reviews and evaluates the profiles of potential candidates for appointment of Directors and meets them prior to making recommendations of their nomination to the Board.

Directors are appointed / re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. The initial appointment of Managing / Wholtime Director is generally for a period of 3-5 years. All Directors other than Independent Directors are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and are eligible for re-appointment.

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 as amended from time to time, are provided as "**Annexure C**".

None of the directors or Managing Director of the Company received any remuneration or commission from Subsidiary Companies of your Company.

The detail of remuneration paid to the Directors including the Managing Director of the Company is provided in Corporate Governance Report.

## Auditors

### (i) Statutory auditors

In line with the requirements of the Companies Act, 2013, Statutory Auditor M/s Sharp and Tannan Associates, Chartered Accountants (ICAI Firm Registration Number 109983W) were re-appointed as Statutory Auditor of the Company at the 76<sup>th</sup> AGM held on 13<sup>th</sup> September, 2022 to hold office from the conclusion of the said meeting till the conclusion of the 81<sup>st</sup> AGM to be held in the year 2027.

The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017, notified on 7th May, 2018.

During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013, the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI). The Audit Committee reviews the independence of the Auditors and the effectiveness of the Audit process. The Auditors attend the Annual General Meeting of the Company.

#### Report on Financial Statements

The report of M/s Sharp & Tannan Associates, Chartered Accountants (ICAI Registration No. 109983W), the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2023 is annexed to the financial statements in terms of the provisions of Section 134(2) of the Companies Act, 2013. The observations of the Auditors in their report are self-explanatory and/or explained suitably in the Notes forming part of the Financial Statements. The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

### (ii) Secretarial Audit

The Board has appointed M/s Jigar Vyas & Associates, Practicing Company Secretaries as Secretarial Auditor for the Financial Year 2022-23 in terms of the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report of the Company for the Financial Year ended 31 March, 2023 in the prescribed form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as "Annexure E" to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

#### Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2022-23 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Mr. Jigar Vyas Practicing Company Secretary (ICSI Membership No. FCS 8019) has been submitted to the Stock Exchanges within the stipulated time, in compliance with the provisions of the Regulation 24A of SEBI (LODR) Regulations, 2015.

### (iii) Cost records and cost audit

Consequent to the sale / transfer of assets of Jolwa Manufacturing division in April 2022 and no other manufacturing activity in operation, maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company for the FY 2022-23. The Company had intimated to the Ministry of Corporate Affairs, Cost Audit Department updating them on the decision of the management with an intimation to the outgoing cost auditors.

### Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rules made thereunder, during the year under review, M/s Aadil Aibada & Associates, Chartered Accountants has acted as Internal Auditors of the Company.

The audit committee in consultation with the Internal Auditor formulates the scope, functioning, periodicity and methodology for conducting the internal audit. Audit observations of Internal Auditors and corrective actions thereto are periodically presented to the Audit Committee of the Board.

The Board of Directors reappointed M/s Aadil Aibada & Associates, Chartered Accountants, to carry out the Internal Audit of the Company for the Financial Year 2023-24.

### Risk Management

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.

Your Company recognizes that the risk is an integral part of business and is committed to managing the risks in proactive and efficient manner.

The business plan for the future is devised and approved by the Board keeping in mind the risk factors which can significantly impact the performance of the particular business. All major financial 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.

### Reporting of frauds by auditors

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

### Internal Financial Control System and their Adequacy

The Company has a proper and adequate system of internal financial controls which includes the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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. During the year, such controls were tested and no material weaknesses in the design or operations were observed.

The internal auditors of the Company have in compliance with provisions of Section 177 (4) of the Companies Act, 2013 confirmed to the Audit Committee that the Company has adequate Internal Financial Controls and the systems of risk management are robust and defensible.

Statutory Auditors of the Company have in their Report dated 24th May, 2023, opined that the Company has, in all material respects adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023.

### Whistle Blower Policy / Vigil Mechanism

In terms of the provisions of Section 177 of the Companies Act, 2013 and the Regulations, the Company has established an effective mechanism called Vigil Mechanism (Whistle Blower Mechanism).

The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees or by any other person who avails such mechanism. It protects employees or any other person who avails such mechanism wishing to raise a concern about serious irregularities, unethical behaviour, actual or suspected fraud within the Company by reporting the same to the Audit Committee.

During the year under review, no complaint has been received and no employee was denied access to the Audit Committee.

The functioning of the Whistle Blower Mechanism/Vigil Mechanism existing in the Company is reviewed by the Audit Committee on Annual basis.

The Whistle Blower Policy has been posted on the Website of the Company at '<http://www.surattextilemillsLtd.com/policies.aspx>'.

### Deposits from Public

The Company has not accepted any deposits from public and as such no amount on account of principal or interest on deposits from public was outstanding as on 31st March, 2023.

### Related Party Transactions

All Related Party Transactions that were entered into during the Financial Year under review were on an arm's length basis and in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations.

The statement giving details of all Related Party Transactions are placed before the audit committee / the Board for review and approval on a quarterly basis. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

Details of transactions with Related Parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in '**Annexure F**' in Form AOC - 2 forms integral part of this Report.

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions which has been uploaded on the Company's website which can be accessed at following link '<http://www.surattextilemillsLtd.com/policies.aspx>'.

In terms of Regulation 23 of the SEBI Listing Regulations, the Company submits details of related party transactions on a consolidated basis as per the format specified in the relevant accounting standards to the stock exchanges on a half-yearly basis.

The details of the transactions with related parties are provided in the accompanying Financial Statements.

### Subsidiary, Joint Venture and Associate Companies

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2023. 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.

The policy for determining material subsidiaries formulated by the Board of Directors is disclosed on the website of the Company and can be accessed at <https://www.surattextilemillslimited.com>

### Particulars of Loans, Guarantees and Investments

During the period under review, the Company has not made any loan, guarantee or investment in terms of the provisions of Section 186 of the Companies Act, 2013.

### Material changes and commitments

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this report.

### 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, the Board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2022-23.

Accordingly, pursuant to Sections 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2023, 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) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the Annual Accounts for the Financial Year ended 31st March, 2023 on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Corporate Governance

The Company is committed to maintain the quality standards of Corporate Governance. A detailed Report on Corporate Governance as stipulated under Schedule V(C) of the Regulations is provided in a separate section in 'Annexure G' and forms part of this Report.

The requisite Certificate of Compliance from a Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance is attached to this Report.

### 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, 2023.

### Corporate Social Responsibility (CSR)

In terms of the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee ("CSR Committee") is in existence to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board. The said policy is available on the website of the Company at '<http://www.surattextilemillsltd.com/policies.aspx>'



The CSR Committee comprises of Mr. Ketan Jariwala as the Chairman, Mr. Harishchandra Bharucha and Mr. Paresh V. Chothani as Members.

The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013. The CSR Committee met on 20<sup>th</sup> March, 2023 to review the Corporate Social Responsibility Policy.

Further, pursuant to Rule 3(2) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 (“the Amendment Rules”) issued by MCA notification dated 20<sup>th</sup> September 2022, the Company is exempted from CSR compliance / spending for the F.Y. 2022-23, since the Company is not falling under the criteria as prescribed in accordance with the provisions of Section 135 (1) of the Companies Act, 2013 with respect to net worth or turnover or net profit during the immediately preceding financial year, however, the disclosure with respect to constitution of CSR Committee and the report of the committee has been made forming part of the **Annexure B**.

### Board policies

The details of the policies approved and adopted by the Board as required under the Companies Act, 2013 and Securities and Exchange Board of India (SEBI) regulations are provided in Corporate Governance Report.

### Policy on Directors’ Appointment and Remuneration

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, Nomination and Remuneration Committee (‘NRC’) has formulated a policy relating to appointment and determination of the remuneration for the Directors, Key Managerial Personnel and Senior Management Personnel which has been adopted by the Board of Directors of the Company. The NRC has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to the Executive and Non-Executive Directors of the Company.

Your directors affirm that the remuneration paid to the Directors, Key Managerial Personnel, Senior Management Personnel and other employees is as per the Nomination and Remuneration Policy of your Company. The said policy is annexed herewith as “**Annexure D**” forming part of this report and available on the website of the Company at ‘<http://www.surattextilemillsLtd.com/policies.aspx>’.

### Particulars of Employees and Related Disclosures

During the financial year 2022-23, 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.

### Annual Return

In accordance with the provisions of the Companies Act, 2013, the annual return will be hosted on website of the Company at ‘<http://www.surattextilemillsLtd.com>’ after necessary certification and filing the same with the authority.

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

The particulars as prescribed under sub section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014 are given in ‘**Annexure A**’ forms integral part of this Report.

### Significant and Material Orders passed by the Regulators/ Proceedings

There are no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and the Company’s operations in the future.

Further no application against the Company has been filed or is pending under the Insolvency and Bankruptcy Code, 2016, nor has the Company done any one-time settlement with any Bank or Financial institutions.

### Compliance with the provisions of Secretarial Standards

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems were adequate and operating effectively.

### Reconciliation of Share Capital Audit

In terms of Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, the Reconciliation of Share Capital Audit is undertaken by a firm of Practicing Company Secretaries on quarterly basis. The audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Reconciliation of Share Capital Audit Report(s) as submitted by the Auditor on quarterly basis was filed with BSE Limited (BSE) through BSE Listing Centre, where the original shares of the Company are listed.

### Health, safety and environment

Your Company believe that organisations' sustainability is directly proportional to the safety, health and environment management. We endeavour to demonstrate environmental and social responsibility at every step.

We are devoted to benefit communities – workforce, public and environment. Our safety, health and environment objectives include complying with all applicable laws relevant to the industry. The Management believes in sharing responsibility throughout the hierarchy in conforming to the existing laws.

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.

### Green Initiatives

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 77th Annual General Meeting of the Company including the Annual Report for FY 2022-23 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

### Code on Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified.

### 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.

### CEO and CFO certification.

Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Managing Director and CFO Certification forms part of the Annual Report.

Managing Director and CFO also provide quarterly certification on financial results, while placing the financial results before the Board in terms of the Listing Regulations.

### Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) and the rules made thereunder. The Company has zero tolerance for sexual harassment at workplace.

The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Policy of the "Prevention of Sexual Harassment of Women at Workplace" of the Company is available on the website of the Company at '<http://www.surattextilemillsLtd.com/policies.aspx>'.

### Internal Complaints Committee

Pursuant to Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has constituted Internal Complaints Committee (ICC) where any grievance of sexual harassment at workplace can be reported.

The Company has also adopted a policy on Prevention of Sexual Harassment at workplace. The objective of the policy is to provide its women employees, a workplace free from harassment/discrimination and every employee is treated with dignity and respect. The said policy is available on the official website of the Company i.e., <http://www.surattextilemillsLtd.com/policies.aspx>

During the year under review, ICC has not received any complaint pertaining to sexual harassment of women at workplace.

## Indian Accounting Standard (Ind AS)

Your Company follows Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements. Your Company has consistently applied applicable accounting policies during the year under review. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses its financial results on a quarterly basis which are subjected to limited review and publishes audited financial results on an annual basis.

The financial statements for the year ended 31 March, 2023 have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as required under the provisions of Section 133 of the Companies Act, 2013 read with rules made there under, as amended.

## Internal Control Systems & their adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

The certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our Internal Control System and procedures.

## Industrial Relations / Human Resources

During the year under review, industrial relations in the Company continued to be cordial and peaceful.

## Segment wise or Product wise Performance

The Company's business segment consists of a single segment of "trading in commodities and other commodity related activities" in accordance with Ind AS 108 - 'Operating Segments' notified pursuant to the Companies (Indian Accounting Standard) Rules, 2015.

## Significant change in Key financial ratios

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes in key sector-specific financial ratios.

**The Company has identified the following ratios as key financial ratios:**

Sr. No.	Particulars	FY 2022-23	FY 2021-22	% Variance	Reason for Variance
1	Debtors Turnover Ratio (times)	-	17.87	-	-
2	Inventory Turnover Ratio (times)	-	3.37	-	-
3	Current Ratio (times)	114.91	11.64	890.26%	Sale Proceeds of Jolwa Assets deployed
4	Debt Service Coverage Ratio	11.65	4.20	177.62%	Decrease in Lease Liability
5	Return on Equity Ratio	2.20%	0.60%	266.84%	Better Returns on Investments
6	Return on Capital employed	2.73%	0.21%	1220.96%	Better Returns on Investments
7	Return on Investment	4.32%	6.56%	(34.18%)	Financial markets Effected due to High Interest Rates/Inflation
4	Debt Equity Ratio (times)	-	-	-	-
5	Operating Profit Margin (%)	-	(0.45 %)	-	-
6	Net Profit Margin (%)	12%	-	-	-
7	Return on Net Worth (%)	35.89%	(3.88 %)	-	-
8	Interest Coverage Ratio	-	-	-	-

### Note:

1. Debt- Equity Ratio, Inventory Turnover Ratio, Trade Receivable Turnover Ratio, Trade Payable Turnover Ratio, Net Capital Turnover Ratio does not apply to the Company in absence of any Debt, Trade Receivables and Trade Payables.
2. The manufacturing operations of the Company at its Polymerisation plant at Jolwa remained suspended since May 21, Hence the Ratios for FY2022 and FY2023 are not comparable.



The manufacturing operations of the Company at its Polymerisation plant at Jolwa remained suspended since May 21, Hence the Ratios for FY2022 and FY2023 are not comparable.

### Other Disclosures / Reporting

Your directors state that no disclosure or reporting is required in respect to the following items, as there were no transactions pertaining to these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme or ESOPs.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).
4. There was no revision in the financial statements.

### Forward Looking Statement

Certain statements made in the Directors Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations.

Actual results may differ from such expectations, whether expressed or implied. Several factors could make significant difference to the Company's Operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, any epidemic or pandemic, natural calamities over which the Company may not have any direct / indirect control.

### Acknowledgement

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 acknowledge with gratitude the support of customers, agents, suppliers and all other stakeholders for their continued faith and support, during these challenging times.

The Board of Directors also wish to place on record its sincere appreciation for the committed services by the Company's executives, staff and workers. Your directors also appreciate and acknowledge the confidence reposed in them by shareholders and other investors of the Company.

**For and on behalf of the Board of Directors**

**Alok P.Shah**  
**Managing Director**  
**DIN: 00218180**  
**Surat, 6th July,2023**

**Annexure – A**

**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, 2023 is given below and forms part of the Directors’ Report.

**A. CONSERVATION OF ENERGY**

During the previous year, for major part of the year the manufacturing activities of the Company remained suspended at its plant Village Jolwa, Taluka Palsana, Dist. Surat. Further, during April, 2022, the Company disposed off its all the assets of manufacturing division at Village Jolwa.

**I. Steps taken or impact on conservation of energy.**

- No major steps were taken or considered necessary, for conservation of energy in view of the sale of assets of manufacturing division at Village Jolwa.

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

- Not Applicable

**III. The Capital investment on energy conservation equipment.**

During the year, the Company has not incurred major capital investment on energy conservation equipment.

**B. TECHNOLOGY ABSORPTION**

**I. The efforts made by the Company towards technology absorption**

Not Applicable

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

Not Applicable

**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 been fully absorbed : Not applicable.

**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	(Rs. In Lakhs)	
	2022-23	2021-22
Foreign Exchange Earned	Nil	Nil
Foreign Exchange Used	Nil	Nil

## Annexure - B

## ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

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.	<p><b>(a) Focus areas:</b></p> <p>The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc.</p> <p><b>(b) CSR Objectives:</b></p> <p>To attain its CSR objectives in a professional and integrated manner, the main objectives are:</p> <ol style="list-style-type: none"> <li>(1) To promote, carry out, support activities relating to Education and Training, Health care, Employment enhancing Vocational skills, Conversion of Natural Resources and Promotion &amp; Development of Art etc.</li> <li>(2) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013 as amended from time to time.</li> <li>(3) Ensuring protection and restoration of wildlife within the scope of operations</li> <li>(4) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance of works of art.</li> </ol> <p>Further, pursuant to Rule 3(2) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 ("the Amendment Rules") issued by MCA notification dated 20th September 2022, the Company is exempted from CSR compliance / spending for the F.Y. 2022-23, since the Company is not falling under the criteria as prescribed in accordance with the provisions of Section 135 (1) of the Companies Act, 2013 with respect to net worth or turnover or net profit during the immediately preceding financial year, however, the Company has complied with the disclosure with respect to constitution of CSR Committee and the report of the committee.</p> <p><b>(c)</b> 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 also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at <a href="http://www.surattextilemills.com">www.surattextilemills.com</a></p>
2	Composition of CSR Committee	<p>The CSR Committee comprises the following members:</p> <ol style="list-style-type: none"> <li>a. Mr. Harishchandra Bharucha, Independent Director - Chairman</li> <li>b. Mr. Ketan Jariwala, Independent Director - Member</li> <li>c. Mr. Pares V. Chotani, Wholetime Director - Member</li> </ol> <p>During the financial year 2022-23, 1 (one) meeting of CSR Committee was held on 20<sup>th</sup> March, 2023. All the members attended the meeting.</p>

3	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.	Web-Link to the CSR Policy: <a href="https://www.surattextilemillsltd.com/policies.aspx">https://www.surattextilemillsltd.com/policies.aspx</a>	
4	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable.	Not applicable.	
5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any.	<b>Financial year</b>	<b>Amount available for set-off from preceding financial years</b>
		2019-20	Nil
		2020-21	Rs.0.09 Lakhs
		2021-22	Nil
6	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	Not Applicable: Since the Company is exempted from CSR compliance / spending for the F.Y. 2022-23, and the Company is not falling under the criteria as prescribed in accordance with the provisions of Section 135 (1) of the Companies Act, 2013.	
7	Prescribed CSR Expenditure (two per cent of the amount as in item 6 above)	Not Applicable	
8	Details of CSR spent during the financial year	Not Applicable	
	(a) Total amount to be spent for the financial year.	Nil	
	(b) Amount unspent, if any.	Not Applicable	
	(c) Manner in which the amount spent during the financial year.	Not Applicable	
9	Excess Amount for set off, if any		
	(i) Two percent of average Net Profit of the Company as per Section 135(5) of the Act	Not Applicable	
	(ii) Total amount spent for the Financial Year	Nil	
	(iii) Excess amount spent for the Financial Year [(ii)-(i)]	Not Applicable	
	(iv) Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable	
	(v) Amount required to be set off in succeeding financial years [(iii)-(iv)]	Nil	

10	(a)	Details of Unspent CSR Amount for the preceding three financial years.	Nil
	(b)	Details of CSR amount spent in the Financial Year for ongoing projects of the preceding financial year(s)	Nil
11		In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year.	Nil
12		Specify the reason(s), if the Company has failed to spend two per cent of the average Net Profit as per Section 135(5) of the Act.	Not applicable.

**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.

Surat, 20th March, 2023

**Alok P. Shah**  
Managing Director  
(DIN 00218180)

**Harishchandra B. Bharucha**  
Chairperson - CSR Committee  
(DIN 02095540)

### 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.	Mr. Manikant R. Momaya Managing Director: N.A. Mr. Yogesh C. Papaiya Wholetime Director & CFO: N.A. Mr. Paresh V. Chothani Wholetime Director: N.A.
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Mr. Paresh V. Chothani Wholetime Director: No increment was proposed during the year. (2) Mr. Chinmay Methiwala, Company Secretary: Resigned from the office w.e.f 30 <sup>th</sup> November, 2022.
3.	The Percentage increase in the median remuneration of employees in the financial year.	Not applicable.
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2023.	23
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 2023 : Rs.77.61 Lakhs * (ii) Total revenue: Rs. 2531.34 Lakhs (iii) Remuneration of KMPs (as percentage of revenue): 3.07 (iv) Profit / (Loss) before tax: 7713.47 Lakhs (v) Remuneration of KMPs (as percentage of PBT): 1.01 * Remuneration of KMPs includes Managing Director / Wholetime Director, Chief Financial Officer 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.	Not applicable.
8.	Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.

9.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
10.	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.
11.	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.
12.	Variations in the market capitalization.	Market capitalization as on 31/03/2023: Rs. 166.55 Crore Market capitalization as on 31/03/2022: Rs.355.97 Crore
13.	Price earnings ratio as at the closing of 31st March, 2022 and 31st March, 2021.	31/03/2023: 2.67 31/03/2022: -84.36
14.	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 Directors

Surat, 6th July, 2023

**Alok P. Shah**  
Managing Director  
DIN: 00218180

## Annexure - D

### POLICY RELATING TO THE REMUNERATION FOR THE WHOLETIME DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

**General:**

1. The remuneration / compensation / commission etc. to the Wholetime Director, Non-Executive/ Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Wholetime Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.

3. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Wholetime Director.

4. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:

- a) The Industry practice for the same level of employment/office.
- b) Past performance/seniority of the concerned appointee.
- c) The nature of duties and responsibilities cast upon such person by reason of his holding that office.

d) The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.

e) The perquisites to be given to Wholetime Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

**Remuneration to Wholetime Director, KMP and Senior Management Personnel:**

The Wholetime Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

**Remuneration to Non- Executive / Independent Director:**

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed in this behalf by the Central Government from time to time.

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.



## Annexure- E

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[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, 6th 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, 2023** ('Audit Period') 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, 2023** 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) 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 (**Not Applicable to the Company during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - (**Not Applicable to the Company during the Audit Period**);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;- (**Not Applicable to the Company during the Audit Period**);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;- (**Not Applicable to the Company during the Audit Period**);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- (**Not Applicable to the Company during the Audit Period**).
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;- (**Not Applicable to the Company during the Audit Period**); and
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;- (**Not Applicable to the Company during the Audit Period**).
- (vi) **I further report that** the management has identified and confirmed the other laws specifically applicable to the Company and has devised a proper system to comply with the provisions of the respective Acts, Rules and Regulations;

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

- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) Listing Agreements entered into by the Company with BSE Limited read with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

**I further report that** the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of account have not been reviewed in this audit since the same have been subject to review by statutory auditor and other designated professionals.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes. During the Audit Period, no specific instances of dissent have been recorded in the Minutes.

**I further report that**, based on the information provided by the Company, its officers, and authorised representatives during the conduct of the audit and also on the review of quarterly compliance report issued by the Company Secretary/Managing Director, taken on record by the Board of Directors at their meeting(s), in my opinion there are adequate systems and processes and control

mechanism commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded to notices for demand, claim, penalties etc. levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

**I further report that** there are no specific events/major decisions or activities undertaken in pursuance of the above laws, rules and regulations, guidelines, standards etc., during the Audit Period, having a major bearing on the Company's affairs, except the following:

1. Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench had vide its order dated 7th September, 2022 (Ref.: CP (CAA) No. 61 / AHM / 2021 in CA (CAA) No. 58 / AHM / 2021), under Sections 230-232 and read with Section 66 of the Companies Act, 2013 and other applicable provisions of the companies Act, 2013 read with the Companies (Compromise, Arrangement and Amalgamations) Rules, 2016 approved the Scheme of Amalgamation of Vareli Trading Company Limited (VTCL) with Surat Textile Mills Limited (STML) and their respective shareholders and creditors. Pursuant to the order, the appointed date of the scheme is fixed at April 01, 2019 and the scheme has become effective from September 26, 2022 i.e., the last day on which the certified copy of the order was filed with the registrar of the companies by both companies.

On the Scheme becoming effective and with effect from the Appointed Date:

- a. All the investment (including 7,75,80,026 number of the equity shares of STML), held by VTCL, stands cancelled off and the same shall amount to Reduction of Share Capital of STML to that extent. Accordingly, the issued, subscribed and paid-up share capital of STML stands reduced from Rs. 22,20,64,440/- to Rs. 14,44,84,414/-.
- b. In compliance to the Order of Hon'ble NCLT Ahmedabad bench in the matter of Scheme of Amalgamation of VTCL with STML, the Board of Directors of the Company at its meeting held on 30th September, 2022 took note of the order dated 7th September, 2022 and approved the allotment of 7,75,80,026 equity shares of face value of Rs. 1/- (Rupee one) each to the shareholders of VTCL (the transferor company) credited as fully paid up

of STML in the ratio of 521 equity shares of the face value Rs. 1/- (Rupee one) each of STML for every 1 equity share of Rs. 10/- (Rupees 10) of VTCL credited as fully paid up held on the record date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in VTCL (the "New Equity Shares").

Therefore, considering the issue of 7,75,80,026 equity shares to the shareholders of VTCL (the transferor Company) in the exchange ratio as approved under the Scheme under Clause 18(vi) of NCLT Order, there is no reduction in the Issued, Subscribed and Paid-up share capital of STML and the issued subscribed and paid-up share capital of STML remains unchanged at Rs. 22,20,64,440/.

Further, in response to the Company's application to BSE Limited for Listing of aforesaid 7,75,80,026 equity shares issued pursuant to the approval of Scheme of Arrangement, the exchange vide its E-Letter dated 24<sup>th</sup> November, 2022 granted its approval to the same.

- c. Upon scheme being effective and on reclassification of capital of VTCL, the Authorized Share Capital of STML stands increased to Rs. 84,00,00,000/- divided into 84,00,00,000 number of Equity Shares of Rs. 1/- each fully paid-up.

2. The Company during the Audit Period on 29<sup>th</sup> April, 2022, entered into necessary definitive agreements for sale of assets of Jolwa Manufacturing Division together with all specified tangible, including land, buildings and plant and machineries in relation to the said division.

Consequent to sale/transfer of the assets, the management after considering various options for possible alternate business, commenced the new activities of trading in commodities and other commodity related business from third quarter of F.Y. 2023 as covered and permissible under the Object Clause of the Memorandum of Association, while considering the resources and size of the Company.

For **Jigar Vyas & Associates**  
Practicing Company Secretaries

**Jigar Vyas**

Membership No.: FCS 8019  
Certificate of Practice No: 14468  
Peer Reviewed FIRM No: 2273  
UDIN:F008019E000518507

Place: Surat  
Date: 28<sup>th</sup> June, 2023

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

**Annexure to the Secretarial Audit Report**

To,  
**The Members,  
Surat Textile Mills Limited**

Tulsi Krupa Arcade, 6th Floor,  
Puna-Kumbharia Road, Dumbhal,  
Surat 395010

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check 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**  
Practicing Company Secretaries

**Jigar Vyas**

Membership No.: FCS 8019  
Certificate of Practice No: 14468  
Peer Reviewed FIRM No: 2273  
UDIN: F008019E000518507

Place: Surat  
Date: 28<sup>th</sup> June, 2023

**Annexure – F**

Form No. AOC-2

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

**Material Related Party Transactions**

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 arm's length transactions under third proviso thereto.

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

Surat Textile Mills Limited ('the Company') has not entered into any contracts / arrangement / transaction with its related party which are not in ordinary course of business or at arm's length during the Financial Year 2022-23. The Company has laid down policies and processes / procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules.

**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 during Financial Year 2022-23 are as follows.

Sr. No.	Name of the Related Party and Relationship	Nature of Transaction	Duration	Salient Terms	Amount (Rs. in Lakhs)
1	Sorrento Textiles Private Limited (Group Company)	Leave and Licence Fees	Ongoing	On arm's length basis and in ordinary course of business.	82.32

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

Surat, 6th July, 2023

**Alok P. Shah**  
Managing Director  
DIN: 00218180

## Annexure – G

**REPORT ON CORPORATE GOVERNANCE**

This report is prepared in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015) ,and the report contains systems and processes at Surat Textile Mills Limited.

**1. Company's Philosophy on Code of Governance:**

Your Company's Corporate Governance philosophy is based on transparency, accountability, values and ethics, which forms an integral part of the Management's initiative in its ongoing pursuit towards achieving excellence, growth and value creation.

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 and Category of Directors:****(i) Composition of the Board**

The Board of Directors along with its committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing stakeholder value.

The Board along with its committees also undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's Corporate Governance philosophy. The Nomination and Remuneration Committee of the Board ensures the right composition of the Board.

The Board of Directors as at the end of March 31, 2023, comprised of 6 Directors, out of which 2 were Executive Directors and 4 were Non-Executive Directors, all being Independent Directors. The Board Composition is in conformity with Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time and Section 149 of the Companies Act, 2013 ("Act").

The Board comprises of Director that bring wide range of skills, expertise and experience which enhances the overall board effectiveness. Apart from that, the Board also discharges its responsibilities/ duties for the management, general affairs, direction, performance and long-term success of business as a whole.

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.

**(ii) Number of meetings of the Board.**

During the Financial Year 2022-23, Seven (7) meetings of the Board were held on 30.05.2022, 30.06.2022, 11.08.2022, 30.09.2022, 14.11.2022, 14.02.2023 and 20.03.2023. The gap between any two meetings was not more than 120 days, ensuring compliance with the requirement of Regulation 17 of the Listing Regulations and the Act.

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 composition and category of Directors, the number of Directorships and Committee Chairmanships / Memberships etc. and the details of attendance of Directors at the Board meetings and at the previous Annual General Meeting (76<sup>th</sup> AGM) are as under:

Name of Directors	Category	No. of Board Meetings attended #	Attendance at 76 <sup>th</sup> AGM held on 13.09.2022	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies
Mr. Manikant R. Momaya*	Managing Director	NIL	No	-	-
Mr. Yogesh C. Papaiya**	Wholetime Director & CFO	2	No	-	-
Mr. Harishchandra Bharucha	Non-executive, Independent	7	Yes	-	-
Mr. Ketan Jariwala	Non-executive, Independent	7	Yes	-	-
Ms. Kruti Kothari	Non-executive, Independent	7	Yes	-	-
Mr. Paresh V. Chothani	Wholetime Director	7	Yes	-	-
Mr. Alok P. Shah***	Managing Director	5	Yes	-	-
Mr. Deepak N. Shah****	Non-executive, Independent	4	No	-	-

\* Resigned with effect from 28.04.2022

\*\* Retired on expiry of his term on 10.08.2022

\*\*\* appointed with effect from 30<sup>th</sup> June, 2022

\*\*\*\* appointed with effect from 11<sup>th</sup> August, 2022

# excluding Independent Directors meeting.

### (iii) Board Procedures

The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board members to take informed decisions. Additionally, based on the agenda, meetings are attended by members of the senior leadership as invitees, which brings in the requisite accountability and also provides developmental inputs.

The Company Secretary tracks and monitors Board and Committee proceedings to ensure that the Terms of Reference /Charters are adhered to, decisions are properly recorded in the minutes and actions on the decisions are tracked.

The Board periodically reviews the strategy, annual business plan, business performance of the Company and Risk Management, Safety, Business Sustainability and Environmental matters. The Board also reviews the compliance reports of the laws applicable to the Company, Minutes of the Meeting of adoption of quarterly / half-yearly / annual results, minutes of committees of the Board etc. The Board also reviews the declarations made by the Managing Director, the Whole time Director & Chief Financial Officer and the Company Secretary regarding compliance with all applicable laws and reviews the related compliance reports, on a quarterly basis.

The information as required under Part A of Schedule II to the Listing Regulations is also made available to the Board, wherever applicable, for their consideration. Video conferencing facility is used as and when required to facilitate Directors at other locations to participate in the meetings.

**(iv) Disclosure of relationships between Directors inter-se**

None of the Directors of the Company are related to each other and there are no inter-se relationships between the Directors.

**(v) Board Diversity and Expertise**

The Board of the Company is highly structured to ensure a high degree of diversity by age, education/ qualifications, professional background, sector expertise and special skills.

The following are the skills /expertise/competencies as identified by the Board:

<b>Core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s)</b>	<b>Names of Directors who have such skills / expertise / competence</b>
Finance, Law, Management, Administration, Corporate Governance related to the Company's business	Mr. Alok P. Shah, Ms. Kruti Kothari, Mr. Paresh V. Chothani and Mr. Deepak N. Shah
Technical Operations and knowledge on Production, Processing, Quality and Marketing of products	Mr. Alok P. Shah, Mr. Ketan A. Jariwala, Mr. Paresh V. Chothani
Management, Strategy, Sales, Marketing, Administration Technical Operations related to the Company's business	Mr. Alok P. Shah and Mr. Paresh V. Chothani

**(vi) Code of Conduct**

The Company has adopted the 'Code of Conduct' which is applicable to its employees, including the Managing and Executive Directors. The Board has also approved a Code of Conduct for the Non-Executive Directors of the Company, which incorporates the duties of Independent Directors as laid down in the Act. Both these Codes are posted on the Company's website at the web link: <http://www.surattextilemillsLtd.com>.

Key Managerial Personnel have affirmed compliance with the applicable Code of Conduct for the Financial Year 2022-23. A declaration to this effect, signed by the Managing Director and CFO, forms part of this Report.

Apart from receiving remuneration that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its Promoters or Directors, its Senior Management.

**(vii) Code of Conduct for Prevention of Insider Trading & Code of Corporate Disclosure Practices**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors of the Company has adopted the Code of Conduct for prevention of Insider Trading and the Code of Corporate Disclosure Practices (Insider Trading Code). All the Directors, Employees of the Company and their immediate relatives and other connected persons who could have access to the Unpublished Price Sensitive Information of the Company, are governed under this Insider Trading Code.

**(viii) Independent Directors**

The Independent Directors of the Company have been appointed in terms of the requirements of the Act, the Listing Regulations. As required under Regulation 46 of the Listing Regulations, formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at the web link: <https://www.surattextilemillsLtd.com>.



The Company has received declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

The Board is of the opinion that the Independent Directors fulfil the conditions specified in the Act and the Listing Regulations and that they are independent of the management.

**(a) Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company without the presence of the Executive Directors & the Management Representatives was held on 25<sup>th</sup> March, 2023 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the said meeting, the Independent Directors:

- (a) reviewed the performance of Non-Independent Directors and the Board of Directors as a whole;
- (b) reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non- Executive Directors;
- (c) assessed the quality, quantity and timeliness of flow of information between the Management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors of the Company attended the Meeting of Independent Directors held on 25<sup>th</sup> March, 2023. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

**(b) Familiarization Programme of Independent Directors**

Pursuant to Regulations 25 (7) and 46 of Listing Regulations, the Company has a familiarisation programme for its Independent Directors.

The Company familiarizes its Independent Directors with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc., through various programmes. These include orientation programme upon induction of new Director, as well as other initiatives to update the Directors on an ongoing basis.

Further, the Company also makes periodic presentations at the Board and Committee meetings on various aspects of the Company's operations including on Health and Safety, Sustainability, Performance updates of the Company, Industry scenario, Business Strategy, Internal Control and risks involved and Mitigation Plan.

The details of the Familiarization Programme for Independent Directors for 2022-23 is disclosed on the Company's website at the web link: <http://www.surattextilemillsLtd.com>

**(c) Disclosure on resignation of Independent Directors**

None of the Independent directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

**(ix) Board and Directors’ Evaluation and Criteria for Evaluation**

During the year, the Board carried out an Annual Evaluation of its own performance and the performance of individual Directors, as well as evaluation of Committees of the Board.

The Nomination and Remuneration Committee (NRC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The Nomination and Remuneration Committee (NRC) has also formulated criteria for determining qualifications, positive attributes and independence of Directors in terms of Section 178(3) of the Act and the Listing Regulations.

The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Board’s Report, which forms part of the Annual Report.

**3. Committees of Board of Directors**

**(A) Audit Committee**

The Company is having a duly constituted Audit Committee and as on March 31, 2023, majority of the members of Audit Committee are Independent Directors having expertise in financial and accounting areas. The Committee’s composition meets with the requirements of Section 177 of the Act and Listing Regulations.

The Committee’s purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company’s financial statements, the appointment, independence and performance of the Statutory Auditors and the Internal Auditors.

**(i) Composition of Audit Committee**

The Audit Committee comprises of the following members as on March 31, 2023:

Sr. No.	Name of Member	Category of Director	No. of Meeting attended
1	Mr. Deepak N. Shah * Chairman	Non-Executive, Independent	2
2	Mr. Harishchandra Bharucha Member	Non-Executive, Independent	5
3	Mr. Yogesh C. Papaiya # Member	Whole time Director	2
4	Mr. Ketan Jariwala Member	Non-Executive, Independent	5
5	Ms. Kruti Kothari Member	Non-Executive, Independent	5

\* Appointed as member w.e.f. 11/08/2022 and chairman w.e.f. 14/11/2022

# Retired on expiry of his term on 10/08/2022

**(ii) Terms of Reference**

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act. Mr. Deepak N. Shah was appointed as Chairman of the Audit Committee with effect from 14<sup>th</sup> November, 2022 in place of Ms. Kruti Kothari who continued to be a member of the committee. All members of the Committee are financially literate, with Mr. Deepak N. Shah, as Chairman of the Committee, having the relevant accounting and financial management expertise.

The terms of reference of the Audit Committee includes the matters specified under Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Part C of Schedule II of the Listing Regulations.

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.

During the financial year 2022-23, the Audit Committee of the Company met 5 (five) times on 30.05.2022, 30.06.2022, 11.08.2022, 14.11.2022 and 14.02.2023. The gap between any two meetings was not more than 120 days. The Committee, in its meeting held on 24<sup>th</sup> May, 2023 reviewed the Audited Annual Accounts for the year ended 31st March, 2023.

During the year, the Audit Committee reviewed key audit findings covering Operational, Financial and Compliance areas, Risk Mitigation Plan covering key risks affecting the Company which were presented to the Committee. The Chairman of the Audit Committee briefed the Board members on the significant discussions which took place at Audit Committee Meetings.

Ms. Kruti Kothari, Chairperson of the Audit Committee, was present at the 76th Annual General Meeting of the Company held on 13<sup>th</sup> September, 2022 held through video conference.

The Company Secretary acts as a secretary to the Committee.

#### **(iii) Internal Audit**

The Company has adequate Internal Control and Internal Audit system commensurate with its size and nature of its Business. The Internal Audit Plan is approved by the Audit Committee and the Internal Auditors directly present their reports to the Audit Committee for their consideration.

## **4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee (NRC) has been constituted by the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

#### **(i) Composition of the Committee and Attendance at meetings during the year**

The Committee consists of 3 (three) Independent Directors namely Mr. Harishchandra Bharucha as Chairman, Mr. Ketan Jariwala and Ms. Kruti Kothari, Independent Directors as members. During the year 2022-23 3 (Three) meetings of the Nomination and Remuneration Committee were held on 30.06.2022, 11.08.2022 and 20.03.2023 wherein all the members were present.

The Chairman of the Nomination and Remuneration Committee was present at the 76<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> September, 2022.

#### **(ii) Terms of reference**

The terms of reference of the NRC covers the areas mentioned in Section 178 of the Act and Regulation 19 read with Part D (A) of Schedule II to the Listing Regulations.

#### **(iii) Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the Financial Year 2022-23 by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Risk Management, Stakeholders' Relationship and Corporate Social Responsibility Committees.

The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

**(iv) 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 <https://www.surattextilemillsLtd.com>.

**5. Stakeholders’ Relationship & Investor Grievance Committee**

The Stakeholders’ Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (6) of the Act and Regulation 20(4) of the Listing Regulations. Mr. Harishchandra Bharucha, Independent Director is the Chairman of this Committee.

**(i) Composition of Stakeholders’ Relationship & Investors Grievance Committee**

The Stakeholders’ Relationship & Investors Grievance Committee comprises of the following members as on March 31, 2023:

Sr. No.	Name of Member	Category of Director
1	Mr. Harishchandra Bharucha, Chairman	Non-Executive, Independent
2	Mr. Pares V. Chothani, Member	Whole time Director
3	Mr. Ketan Jariwala, Member	Non-Executive, Independent

During the Financial Year 2022-23, the Committee met once on 30.05.2022 All the members were present at the meeting.

**(ii) Terms of reference**

The terms of reference of the Stakeholders Relationship Committee (SRC) covers the areas mentioned in Section 178 (5) of the Act and Regulation 20 read with Part D (B) of Schedule II to the Listing Regulations. The terms of reference of the SRC, inter-alia are as follows:

- (a) Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- (b) Review of measures taken for effective exercise of voting rights by shareholders
- (c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (d) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

**(iii) Investors Grievance**

Continuous efforts are being made to ensure that Investor's grievances are expeditiously redressed to the satisfaction of the Investors. The Company and KFin Technologies Limited (Registrar & Share Transfer Agent) attend to all the grievances of the Investors promptly on their receipt, whether received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs etc.

Details of investor complaints received and redressed to the satisfaction during Financial Year 2022-23 are as follows:

Number of pending complaints at the beginning of the Financial Year	0
Number of complaints received during the Financial Year	48
Number of complaints resolved during the Financial Year	48
Number of complaints pending at the end of the Financial Year	0
Number of complaints not solved to the satisfaction of shareholders	0

The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of Investors' service. Ms. Mahek Gaurav Jaju, Company Secretary is designated as Compliance Officer of the Company.

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 acts as a secretary to the committee.

**6. Corporate Social Responsibility Committee****(i) Composition of Corporate Social Responsibility Committee**

The CSR Committee comprises of the following members as on March 31, 2023:

Sr. No.	Name of Member	Category of Director
1	Mr. Ketan Jariwala, Chairman	Non-Executive, Independent
2	Mr. Harishchandra Bharucha, Member	Non-Executive, Independent
3	Mr. Paresh V. Chothani, Member *	Whole time Director

\* Appointed with effect from 07/01/2023

The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013.

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

The CSR policy of the Company has been placed on the Company's website at <https://www.surattextilemillsLtd.com>.

**(ii) Terms of Reference**

The terms of reference of CSR Committee are as under:

- 1) To formulate and recommend to the Board a Corporate Social Responsibility Policy ("CSR Policy");
- 2) To recommend the amount of expenditure to be incurred on the activities listed in CSR Policy;
- 3) To monitor the CSR Policy of the Company from time to time; and
- 4) Such other roles and functions as may be prescribed in the Act and Rules made thereunder.

**(iii) Meeting and Attendance thereat**

The CSR Committee met on 20th March, 2023 to review the Corporate Social Responsibility Policy.

**7. 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. Consequent to the retirement of Mr. Yogesh C. Papaiya, Mr. Paresh V. Chothani was appointed as member of the said Committee with effect from 24<sup>th</sup> May, 2023. The composition of the Committee of Directors comprises Mr. Mr. Harishchandra Bharucha, Chairman, Mr. Paresh V. Chothani and Mr. Ketan A. Jariwala as Members.

**8. Remuneration to Directors**
**(i) Remuneration paid to Executive Directors during the financial year 2022-23**

(Rs. in Lakhs)

Name of Director	Salary & Perquisites
Mr. Manikant R. Momaya, Managing Director *	2.51
Mr. Yogesh C. Papaiya, Wholetime Director & CFO *	41.07
Mr. Paresh V. Chothani, Wholetime Director	12.55
Mr. Alok P. Shah	NIL

\*Includes retiral benefits

**(ii) 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 other Committee meetings. The aggregate amount of sitting fees paid during the financial year 2022-23 was Rs. 8,90,000.

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.

**9. General Body Meetings**
**(i) Annual General Meetings**

The last three Annual General Meetings ("AGM") of the Company were held within the statutory time period and the details of the same are mentioned herein below:

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

Financial Year	Venue	Date	Time
2021-22	Meeting held through Video Conferencing (VS) / Other Audio - Visual Means (OAVM)	13th September, 2022	03.30 p.m.
2020-21	Meeting held through Video Conferencing (VS) / Other Audio - Visual Means (OAVM)	20th July, 2021	03.00 p.m.
2019-20	Meeting held through Video Conferencing (VS) / Other Audio - Visual Means (OAVM)	22nd September, 2020	03.00 p.m.

During the last 3 years, all the resolutions set out in the respective Notices were passed by the requisite majority of the Shareholders.

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

- (a) A Special Resolution was passed at the 76th Annual General Meeting held on 13<sup>th</sup> September, 2022 for appointment of Mr. Deepak N. Shah (DIN: 07356807) as an independent director of the Company.
- (b) A Special Resolution was passed at the 75th Annual General Meeting held on 20th July, 2021 for alteration in the Object Clause of the Memorandum of Association of the Company.
- (c) There were three Special Resolutions passed at the 74th Annual General Meeting held on 22nd September, 2020. The agenda for Special Resolutions were re-appointment of Mr. Ketan A. Jariwala as an Independent Director for the second term w.e.f. 26th August, 2020 upto 10th August, 2024, adoption of new set of Articles of Association of the Company in conformity with the Companies Act, 2013 and adoption of new set of Memorandum of Association of the Company in conformity with the Companies Act, 2013.

**(iii) Extraordinary General Meeting**

No Extraordinary General Meeting (EGM) was held during the last three Financial Years i.e. FY 2022-23, FY 2021-22 and FY 2020-21

**(iv) Postal Ballot conducted during the year:**

During the year 2022-23, there were no such proposal for approval at the General Meeting of the Shareholders through Postal Ballot process.

Procedure for Postal Ballot – Not Applicable

## 10. Means of Communication:

The Company promptly discloses information on material corporate developments and other events as required under the Listing Regulations. Such timely disclosures indicate the good Corporate Governance practices of the Company.

**(i) Publication of financial results:**

The quarterly and annual financial results of the Company are uploaded on BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE website. The financial results are also published in 'Indian Express' (English) and 'Dhabkar' (Gujarati) newspapers and posted on the Company's website at [www.surattextilemills.com](http://www.surattextilemills.com). In terms of the Listing Regulations, the Company has a designated email ID for dealing with Investors' complaints viz., [sharedepartment@stml.in](mailto:sharedepartment@stml.in).

**(ii) Management Discussion and Analysis report forms part of the Directors Report.**

## 11. General Shareholder information:

(i)	AGM: Date Time and Venue	Friday, 11th August, 2023
		3:30 p.m.
		The Company is conducting AGM through VC / OAVM pursuant to the MCA Circulars issued from time to time (Collectively referred to as "MCA Circulars"). The Venue of the meeting shall be deemed to be the Registered Office of the Company at Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010.

(ii)	Financial Calendar (tentative)	Board Meetings for approval of:	
		Financial Results for the first quarter ending June 30, 2023	Before August 14, 2023
		Financial Results for the second quarter ending September 30, 2023	Before November 14, 2023
		Financial Results for the third quarter ending December 31, 2023	Before February 14, 2024
		Audited Annual Accounts for the Year ending 31 <sup>st</sup> March, 2024	On or before May 30, 2024
(iii)	Dates of Book Closure	Monday, 7th August, 2023 to Thursday, 11th August, 2023 (Both days inclusive)	
(iv)	Listing on Stock Exchange and Stock Code	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 Tel: +91 22 22721233/34 Fax: +91 22 22721919 Stock Code: 530185	

**Payment of Listing Fees:** The Company has paid Listing Fees for the Financial Year 2023-24 to BSE Limited, where the equity shares of the Company are listed.

**(v) Market Price Data**

Monthly High & Low market price of Equity Shares of the Company during financial year 2022-23 at the BSE Limited are as under:

Month	High (Rs.)	Low (Rs.)
April, 2022	16.80	13.50
May, 2022	14.20	11.62
June, 2022	13.05	9.45
July, 2022	11.55	10.40
August, 2022	12.47	10.50
September, 2022	12.44	9.90
October, 2022	10.80	9.30
November, 2022	10.59	9.50
December, 2022	10.89	8.41
January, 2023	10.02	7.32
February, 2023	9.00	7.32
March, 2023	7.90	5.80

Source: Website of BSE



**(vi) Shareholding Pattern as on 31st March, 2023:**

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	1,31,566	98.76	4,06,46,794	18.31
5001 - 10000	1,033	0.78	76,14,594	3.43
10001 - 20000	394	0.29	55,50,014	2.50
20001 - 30000	92	0.07	22,97,341	1.03
30001 - 40000	46	0.03	16,23,504	0.73
40001 - 50000	30	0.02	14,16,194	0.64
50001 - 100000	41	0.03	28,51,466	1.28
100001 & above	22	0.02	16,00,64,533	72.08
<b>TOTAL</b>	<b>1,33,224</b>	<b>100.00</b>	<b>22,20,64,440</b>	<b>100.00</b>

**(vii) Distribution of shareholding as on 31st March, 2023:**

Sr. No.	Category of Shareholders	No. of Shares held	% to Equity Capital
1.	Promoters	15,20,04,917	68.45
2.	Indian Public	6,16,34,950	27.75
3.	Banks, Financial Institutions & Insurance Companies	500	0.00
4.	NRI's / Overseas Body Corporates	7,37,343	0.33
5.	Bodies Corporate	66,31,901	2.99
6.	NBFC Registered with RBI	0	0.00
7.	Others (NSDL+CDSL) Clearing Members	10,54,829	0.48
	<b>TOTAL</b>	<b>22,20,64,440</b>	<b>100.00</b>

**(viii) Dematerialization of Shares and Liquidity:**

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

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.

222064440 Equity Shares aggregating to 100 % of the total Equity Capital as on 31/03/2023 of which 1.02 % (2271358 Equity Shares) of total equity capital is held in Physical form, 62.07% (137824262 Equity Shares) of total equity capital is held with NSDL and 36.91% (81968820 Equity Shares) of total equity capital is held with CDSL as on 31/03/2023.

**(ix) Share Transfer System:**

In accordance with Regulation 40 of the Listing Regulations, as amended, the Company has stopped accepting any fresh transfer requests for securities held in physical form. Accordingly, securities of listed companies can be transferred only in dematerialised form.

Dematerialisation of holdings will, inter alia, curb fraud in physical transfer of securities by unscrupulous entities and improve ease, convenience and safety of transactions for investors. Further, SEBI has, vide its circular dated January 25, 2022, mandated companies to issue its securities in demat form only while processing various service requests such as issue of duplicate share certificates, sub-division, consolidation, transmission, etc. to enhance ease of dealing in securities markets by investors.

Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR- 4, the format of which is available on the Company's website at [https:// www.surattextilemillsLtd.com](https://www.surattextilemillsLtd.com) In view of the aforesaid, Members who are holding shares in physical form are hereby requested to convert their holdings in electronic mode to avail various benefits of dematerialisation.

**(x) Registrar and Share Transfer Agents:**

KFIN Technologies Limited  
Selenium Building, Tower-B, Plot No 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad, Rangareddy, Telangana, India - 500 032.  
Email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Toll Free No.: 1800 309 4001

**12. Other information / Disclosures****(i) Compliance with Corporate Governance Requirements**

The Company has complied with the requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

**(ii) 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 note No.38 of the annual accounts for the financial year 2022-23.

Pursuant to Regulation 23 (9) of the Listing Regulations, the Company has filed the half-yearly reports on related party transactions with the stock exchanges on which the shares of the Company are listed.

**(iii) Disclosure of Accounting Treatments**

The Company has adopted and prepared the accounts in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules 2015 as amended and other recognized accounting practices and policies to the extent applicable.

**(iv) 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 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.

**(v) MD/CEO/CFO Certification**

As required under Regulation 17(8) of SEBI Listing Regulations, 2015, the Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on Financial Reporting and Internal Controls to the Board in terms of requirements of the Listing Regulations.

The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on Financial Results while placing the Financial Results before the Board.

**(vi) Compliance officer**

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

**(vii) 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.

**(viii) 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:

- i. A fine of Rs. 2,17,120/- imposed by BSE Limited during the year 2022-23 for Non-compliance with respect to composition of the Stakeholders Relationship Committee.
- ii. A fine of Rs. 5,42,500/- and Rs.3,30,400/- imposed by BSE Limited during the year 2021-22 for non-compliance of Regulation 17(1) of the SEBI (LODR) Regulations, 2015 with respect to non-compliance with the requirements pertaining to the composition of the Board during the period from 01/04/2021 to 26/11/2021.
- iii. A fine of Rs.18,880/- imposed by BSE Limited during the year 2020-21 for non-compliance of Regulation 27(2) and Regulation 31 of the SEBI (LODR) Regulations, 2015 with respect to delay in filing of quarterly Corporate Governance Compliance Report and quarterly Shareholding Pattern.

**(ix) Whistle Blower Policy / Vigil Mechanism:**

The vigil mechanism as envisaged in the Act and the Listing Regulations is implemented through the Code of Conduct and Whistle Blower Policy.

The scope of the vigil mechanism also enables its stakeholders to report on any cases of leakage of unpublished price sensitive information and consequent non-compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the year under review, the Whistle Blower Policy was amended to formally extend the whistle blower mechanism to all stakeholders of the Company including customers, suppliers, shareholders, and business associates, allowing them to also file protected disclosures in a prescribed manner.

**(x) 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.

**(xi) 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 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 lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company. During the year, the Code was amended to align it with the amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015. As per the revised Code, the Company also adopted Policy on Enquiry in case of leak or suspected leak of UPSI and policy for Determination of Legitimate Purposes.

The Code of Corporate Disclosure Practices along with the Policy for Determination of Legitimate Purposes is also available on the website of the Company at <http://www.surattextilemillsLtd.com>.

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.

**(xii) Reconciliation of Share Capital Audit**

As required, pursuant to Regulation 40(9) of the Listing Regulations, quarterly audit of the Company’s share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the issued and listed capital. The Auditor’s Certificate in regard to the same is submitted on quarterly basis to BSE and is also placed before the Board of Directors of the Company.

**(xiii) 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.

**Payment of Depository Fees:** Annual Custody/ Issuer fees for the Financial Year 2023-24 has been paid by the Company to National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”).

**(xiv) Stock Exchange Intimations**

All price-sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. All submissions to the Exchanges are made through the respective electronic filing systems.

Material events or information as detailed in Regulation 30 of the Listing Regulations are disseminated to the Stock Exchanges by filing them with BSE through BSE Online Portal. They are also displayed on the Company’s website at <https://www.surattextilemillsLtd.com>.

The Company on a yearly basis file with the Stock Exchanges:

- a. a compliance certificate duly signed by both, the Compliance Officer of the Company and the authorized representative of the RTA certifying that all activities in relation to share transfer facility is maintained by KFin Technologies Limited, Registrar and Share Transfer Agent registered with the SEBI.
- b. a certificate of compliance from a Company Secretary in practice confirming issue of share certificates within a period of 30 days of lodgement of the investor service request as prescribed under Regulation 40 (9) of the Listing Regulations.

**(xv) Letters and Reminders to Shareholders**

The Company in terms of circular issued by SEBI time to time with respect to Updation of PAN and Bank details, mandating transfer of securities only in electronic form effective from 1st April, 2019, has communicated to the shareholders through notice of Annual General Meeting.

Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March, 2023, in supersession of earlier Circular(s) issued on the subject, has prescribed common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC (contact details, bank details and specimen signature), and nomination details.

In compliance of the aforesaid circular, the Company vide its letter dated 30th May, 2023 has informed all the shareholders of the Company holding equity shares in physical mode to furnish their PAN, KYC, Nomination Details etc., to the Registrars and Share Transfer Agent of the Company i.e., KFin Technologies Limited.

**(xvi) Credit Ratings**

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds during the financial year ended 31st March, 2023. Accordingly, requirement of obtaining credit rating is not applicable.

**(xvii) Commodity price risk / Foreign Exchange Risk and Hedging Activity**

During the year under review, the Company commenced the new activities of trading in commodities and other commodity related business from third quarter of F Y23.

Commodity trading involves buying and selling commodities via exchanges and hedging them via derivatives. Commodity futures are derivative contracts in which the purchaser agrees to buy or sell a specific quantity of a physical commodity at a specified price on a particular date in the future. Futures are derivative, which are investments that derive their value from the price of another asset, typically called the underlying asset.

The Company tries to mitigate these risks by taking quick actions and proactive initiatives and sound business management practices and minimize the impact of these risks to the extent possible.

**(xviii) Outstanding GDRs/ADRs/Warrants**

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2023.

**(xix) 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.

**(xx) Address for Correspondence:**

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

(i)	<b>For Shares held in Physical Form</b>	KFin Technologies Limited (Unit: Surat Textile Mills Limited) Selenium Tower B, Plot Nos. 31 & 32, Financial District, Serilingampally Mandal, Hyderabad 500032. State: Telengana, India. Email: einward.ris@kfintech.com Toll Free No. 1-800-309-4001
(ii)	<b>For query on Annual Report</b>	Surat Textile Mills Limited Secretarial Department, Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	<b>For Shares held in Demat Form</b>	Respective Depository Participants of the shareholders.

**(xxi) Eliminate Duplicate Mailing**

Members holding Equity Shares of the Company in more than one Folio in one name or with the same address as joint members of the Company, may authorize the Company to discontinue mailing of multiple Annual Reports.

**(xxii) Green Initiatives:**

In compliance with the provisions of Section 20 of the Act and as a continuing endeavor towards the 'Go Green' initiative, the Company proposes to send all correspondence/ communications through email to those shareholders who have registered their email id with their depository participant's/Company's RTA.

**(xxiii) Equity Shares in the suspense account**

During the year under review, there were no shares held in the demat suspense account/unclaimed suspense account. The Company has sent reminders to the shareholders to claim their shares returned undelivered and lying in physical form with the Company.

**(xxiv) Secretarial Audit**

Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been issued, on a half-yearly basis, by a Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, 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 aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2022-23. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, its Memorandum and Articles of Association, Listing Regulations and the applicable SBI Regulations. The Secretarial Audit Report forms part of the Board's Report.

**(xxv) Certificate from Practising Company Secretary**

Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practising Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The certificate forms part of the annexure to Corporate Governance Report.

In accordance with the SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practising Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2023.

**(xxvi) Certificate on Corporate Governance**

The Certificate on Corporate Governance is provided as **Annexure G** to the Board's report.

**(xxvii) Web link for various documents.**

The following documents/information are linked with the website of the Company i.e., <https://www.surattextilemillsLtd.com>

Particulars	Web link
Code Of Conduct	<a href="http://www.surattextilemillsLtd.com/CodeOfConduct.aspx">http://www.surattextilemillsLtd.com/CodeOfConduct.aspx</a>
Annual Return	<a href="http://www.surattextilemillsLtd.com/AnnualReturn.aspx">http://www.surattextilemillsLtd.com/AnnualReturn.aspx</a>
Familiarisation Programme for Independent Director	<a href="http://www.surattextilemillsLtd.com/policies/STMLFamiliarisation-Programme-for-Independent-Director.pdf">http://www.surattextilemillsLtd.com/policies/STMLFamiliarisation-Programme-for-Independent-Director.pdf</a>
Policy For Determining Material Subsidiaries	<a href="http://www.surattextilemillsLtd.com/policies/STMLpolicy-for-determining-material-subsidiaries.pdf">http://www.surattextilemillsLtd.com/policies/STMLpolicy-for-determining-material-subsidiaries.pdf</a>
Policy for Related Party Transaction	<a href="http://www.surattextilemillsLtd.com/policies/STML Policy for Related Party Transaction.pdf">http://www.surattextilemillsLtd.com/policies/STML Policy for Related Party Transaction.pdf</a>
Corporate Social Responsibility Policy	<a href="http://www.surattextilemillsLtd.com/policies/CorporateSocialResponsibility Policy.pdf">http://www.surattextilemillsLtd.com/policies/CorporateSocialResponsibility Policy.pdf</a>
Whistle Blower	<a href="http://www.surattextilemillsLtd.com/policies/STML whistle blower.pdf">http://www.surattextilemillsLtd.com/policies/STML whistle blower.pdf</a>
Preservation of Documents and Archival Policy	<a href="http://www.surattextilemillsLtd.com/policies/STML Preservation of Documents and Archival Policy.pdf">http://www.surattextilemillsLtd.com/policies/STML Preservation of Documents and Archival Policy.pdf</a>
Policy on Determination of Materiality of Events Information	<a href="http://www.surattextilemillsLtd.com/policies/STML Policy on Determination of Materiality of Events Information.pdf">http://www.surattextilemillsLtd.com/policies/STML Policy on Determination of Materiality of Events Information.pdf</a>
Code of Practices and Procedures for Fair Disclosure	<a href="http://www.surattextilemillsLtd.com/policies/STML Code of Practices and Procedures for Fair Disclosure.pdf">http://www.surattextilemillsLtd.com/policies/STML Code of Practices and Procedures for Fair Disclosure.pdf</a>

**(xxviii) 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.

(xxix) The Company does not have any Material Subsidiary Company.

(xxx) Policy on dealing with related party transactions is available on the website of the Company.

(xxxi) The Company does not have any foreign exchange exposure; therefore, the Company has not framed any such policy for activities related thereto.

**(xxxi) 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 newspapers and places on its website and does not send it to shareholders.
3. Modified opinion(s) in audit report: During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.
4. Separate posts of chairperson and chief executive officer: The Company has a Managing Director and a Whole time Director 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.

(xxxiii) Total fees for all services paid by the Company to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part is given below:

(Rs. In Lakh)

<b>Payment to Statutory Auditors</b>	<b>FY 2022-23</b>
Statutory Audit Fees	2.25
Fees for Limited Review Report	3.51
Reimbursement of out-of-Pocket Expenses	0.89
<b>Total</b>	<b>6.65</b>

For Surat Textile Mills Limited

**Alok P. Shah**  
Managing Director  
DIN: 00218180

Surat, 6th July, 2023



## CEO/CFO CERTIFICATION

(Under Regulation 17(8) of SEBI (LODR) Regulations, 2015)

To  
**The Board of Directors,**  
**Surat Textile Mills Limited**  
**Tulsi Krupa Arcade, 6th Floor,**  
**Puna-Kumbharia Road, Dumbhal,**  
**Surat 395010**

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Surat Textile Mills Limited (“the Company”) hereby certify that on the basis of review of the financial Statement and the Cash Flow Statement for the financial year ended 31st March, 2023 and that to the best of our knowledge and belief 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 statements 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.

We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the financial year ended 31st March, 2023 are fraudulent, illegal or violative of the Company’s Code of Conduct.

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 such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee:

- (i) significant changes, if any, in internal control over financial reporting during the financial year ended 31st March, 2023;
- (ii) significant changes, if any, in accounting policies during the financial year ended 31st March, 2023 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**

Place: Surat  
 Date: 20<sup>th</sup> May, 2023

**Alok P. Shah**  
 Managing Director  
 DIN: 00218180

**Chandresh S. Punjabi**  
 Chief Financial Officer

## **DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

**(Regulation 34(3) read with Schedule V (Part D) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2023.

For Surat Textile Mills Limited

Surat, 20th May, 2023

**Alok P. Shah**  
Managing Director  
DIN: 00218180

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Board of Directors,  
**Surat Textile Mills Limited,**  
Tulsi Krupa Arcade,  
6th Floor, Near Aai Mata Chowk,  
Puna-Kumbharia Road, Dumbhal,  
SURAT 395010.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SURAT TEXTILE MILLS LIMITED** having **CIN L17119GJ1945PLC000214** and having registered office at Tulsi Krupa Arcade, 6th Floor, Near Aai Mata Chowk, Puna-Kumbharia Road, Dumbhal, Surat 395 010, Gujarat (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company, as stated below for the financial year ended 31<sup>st</sup> March, 2023, have been debarred or disqualified from being appointed or continuing as Directors by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Alok P. Shah	00218180	30/06/2022
2	Mr. Paresh V. Chothani	00218632	26/11/2021
3	Mr. Harishchandra B. Bharucha	00138430	26/11/2010
4	Mr. Ketan A. Jariwala	02095540	11/08/2014
5	Ms. Kruti Kothari	08502921	09/07/2019
6	Mr. Deepak N. Shah	07356807	11/08/2022
7	Mr. Manikant T. Momaya *	00023993	23/10/2000
8	Mr. Yogesh C. Papaiya **	00023985	23/10/2000

\* Ceased to be a director w.e.f. 28.04.2022

\*\* Ceased to be a director w.e.f. 10.08.2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Jigar Vyas & Associates**  
Company Secretaries

**Jigar Vyas**  
Proprietor

FCS No.: 8019 C.P. No.: 14468  
UDIN: F008019E000342641

Peer Review Certificate No.:2273/2022

Place: Surat  
Date: 20th May, 2023

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members  
**SURAT TEXTILE MILLS LIMITED**

I have examined compliance of the conditions of Corporate Governance by the **SURAT TEXTILE MILLS LIMITED** (the “Company”) for the year ended 31<sup>st</sup> March, 2023, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2023.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

I state that no complaint relating to investor’s grievance received by the Company is pending unresolved as on 31<sup>st</sup> March, 2023.

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

For **Jigar Vyas & Associates**  
Practicing Company Secretaries

Date: 11.05.2023  
Place: Surat

**Jigar Vyas**  
Membership No.: F8019  
COP No.: 14468  
**UDIN:F008019E000288301**  
Peer Reviewed Firm No: 2273

## INDEPENDENT AUDITOR'S REPORT

To the members of SURAT TEXTILES MILLS LIMITED

Report on the audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of **SURAT TEXTILES MILLS LIMITED** (hereinafter referred as "the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 Notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information. (Hereinafter collectively referred as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting policies generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2023, and its profit, other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified Under Section 143(10) of the Act. Our *responsibilities* under those Standards are further described in the *Auditor's responsibilities* for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

### Emphasis of Matter

1. We draw attention to Note 41 to the financial statements w.r.t the Sale of 'assets held for sell' comprising all specified tangible assets and other assets of Jolwa Manufacturing Division to the Garden Silks Mills Private Limited and the required disclosure for the same has been given in the financial statements.
2. We draw your attention to Note 42 to the Statements in respect of Composite Scheme of Amalgamation (the "Scheme") between the Company ("Transferee company") and Vareli Trading Company Limited ("Transferor company"), from the appointed date of April 1, 2019, as approved by Hon'ble National Company Law Tribunal ("NCLT") vide its order dated September 7, 2022. However, the accounting treatment pursuant to the Scheme has been given effect from the date required under Ind AS 103 - Business Combinations, which is the beginning of the preceding period from April 01, 2021. Accordingly, the figures for the year ended March 31, 2022 have been restated to give effect to the aforesaid merger.

Our opinion is not modified in respect of these emphasis of matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report;

Key Audit Matter	Auditor's Response
<p>For the year ended 31<sup>st</sup> March 2023, the company's financial statements include revenue of Rs. 2,531.34 Lakhs generated from trading in commodities and other commodity related activities which were commenced during the year.</p> <p>The company recognises revenue at the point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods.</p> <p>In case of revenue recognition risk of material misstatement significantly increases for its timing of transfer of control, cut-offs, accuracy, completeness and presentation and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the financial statements. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.</p>	<p>With a view to verify the reasonableness of the revenue accounting we carried out following procedures:</p> <ul style="list-style-type: none"> <li>• Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;</li> <li>• Read terms of the contracts and verified accuracy of sales recognition;</li> <li>• Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;</li> <li>• Performed analytical procedures and obtained reasons for major variances;</li> <li>• Evaluated the appropriateness of the management's assessment that the performance obligations arising from sales related activities to satisfy the criteria for revenue recognition, in accordance with Ind AS 115;</li> <li>• Ensured that revenue is recognized in accordance with accounting policy of the Company and adequate &amp; appropriate disclosures made in the financial statements;</li> </ul>

**Information other than the Standalone Financial Statements and Auditor's Report thereon (hereinafter referred as "other information")**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Board's report and Management Discussion and Analysis included in the annual report but does not include in standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

**Board of Directors Responsibilities for the Standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone 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 Ind AS. 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, Company's Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and board of directors.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other matters

In accordance with the Scheme referred to in Note 42 to the standalone financial statements, the figures for the year ended March 31, 2022 have been restated to include the special purpose financial information of the Transferor Companies which reflect total assets (net) of Rs. 0.98 lakhs as at March 31, 2022, total revenue of Rs. NIL lakhs, total net loss after tax of Rs. 0.63 lakhs and total comprehensive loss of Rs. 0.63 lakhs for the year ended March 31, 2022 and cash inflows (net) of Rs. 0.36 lakhs for the period from April 1, 2021 to March 31, 2022. The said special purpose financial information of the Transferor Companies have been audited by other auditors, whose reports have been furnished to us and have been relied upon by us. We have audited the adjustments made by the management consequent to the merger of the Transferor Companies with the Company to arrive at restated figures for the year ended March 31, 2022.

Our opinion is not modified in respect of this other matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act and based on our audit 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - 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 does not have pending litigations as at March 31, 2023.



- ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement; and
  - v. During the year Company has not declared / paid any dividend hence reporting under rule 11 (f) is not applicable to that extent.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023
3. With respect to the other matters to be included in the auditor’s report in accordance with the requirements of Section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. During the year the company has inadequate profit, accordingly the remuneration paid to director by the company is as per the provision of Section 197 of the Act, where requisite approvals have been taken in the general meeting. The ministry of corporate affairs has not prescribed other details under section 197(16) which are required to comment upon by us;

**SHARP & TANNAN ASSOCIATES**

Chartered Accountants

Firm’s Registration No.: 0109983W

by the hand of

**CA Pramod Bhise**

Partner

Membership No.: (F) 047751

**UDIN: 23047751BGTHXG1981**

Pune, May 24, 2023

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- i. (a) According to the information and explanation given to us and records examined by us;
    - (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (PPE) of the Company.
    - (B) The Company has maintained proper records showing full particulars of Intangible assets of the Company.
  - (b) The Company has a program of verification of PPE to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain PPE were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information & explanations given to us and the records examined by us and based on the examination of the registered documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Company as at the balance sheet date.
  - (d) According to the information & explanations given to us and the records examined by us, we report that the company has not made any revaluation of PPE (including Right of use assets) or intangible assets or both during the year. Accordingly, reporting on paragraph 3 Clause (i) (d) of the Order is not applicable to the Company.
  - (e) According to the information & explanations given to us, we report that there is no proceeding initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting on paragraph 3 Clause (i) (e) of the Order is not applicable to the Company.
- ii. In our opinion and according to the information and explanations given to us,
    - (a) having regard to the nature of inventory, the inventory has been physical verified by the management during the year. The physical inventory verification done by the management and certification of physical verifications by competent person, is reasonable, and the procedure & coverage of such verification followed by the management were appropriate. No discrepancies were noticed on the verification between the physical stock and the book records that were 10% or more in aggregate for each class of inventory.
    - (b) during the year company does not have any working capital from banks or financial institution. Accordingly, reporting on paragraph 3 Clause (ii) (b) of the Order is not applicable to the Company.
  - iii. In our opinion and according to the information and explanations given to us;
    - (a) During the year the Company has not made investments in, provided loans or advances in the nature of loans, or stood guarantee, or provided security to subsidiaries, joint ventures and associates and parties other than subsidiaries, joint ventures and associates except the Inter Corporate Deposit (ICD) granted to the parties other than subsidiaries, joint ventures and associates, the details are as follows;

(Rs. In lakhs)

Particulars	(Loans/ICD's)
Aggregate amount granted / provided during the year	
Others	850.00
<b>Total of Aggregate amount granted / provided during the year</b>	<b>850.00</b>
Balance outstanding as at balance sheet date in respect of above cases	
Others	732.06
<b>Total of Balance outstanding as at balance sheet date in respect of above cases</b>	<b>732.06</b>

- (b) During the year company has granted ICDs to the parties other than subsidiaries, joint ventures and associates as per clause (iii) (a) and the terms and conditions of the grant of ICDs are not prejudicial to the company's interest. The company has not given the security or provided any guarantees or advances in the nature of loans to any subsidiaries, joint ventures, associates and other parties.
  - (c) In respect of ICDs granted during the year by the Company as referred in clause (iii)(a), the schedule of repayment of principal and payment of interest has been stipulated, according to the information and explanation given to us and based on our examination, the repayment of principal and interest is not due as on reporting date hence, we are not able to comment on regularity of repayment of principal and interest as per stipulation.
  - (d) According to the information and explanation given to us and based on the audit procedures performed by us, in respect of loans granted during the year, the repayment of principal and interest is not due as on reporting date hence, we are not able to comment on overdue amounts more than 90 days and above.
  - (e) There are no loans or advances in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. Accordingly, reporting on paragraph 3 Clause (iii) (e) of the Order is not applicable to the Company.
  - (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, reporting on paragraph 3 Clause (iii) (f) of the Order is not applicable to the Company.
- iv. According to information and explanation provided to us, during the year the Company has not granted any loans, made any investments and provided any guarantees and securities to the parties covered under section 185 & 186 of the Act. Accordingly reporting on paragraph 3 Clause (iv) of the Order is not applicable.
  - v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits or amounts which are deemed to be deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable. Further, according to the information and explanations given to us, no order in this respect has been passed by the Company Law Board or the National Company Law tribunal or the Reserve Bank of India or any Court or any other Tribunal. Accordingly, reporting on paragraph 3 Clause (v) of the Order is not applicable to the Company.
  - vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, for the business activities carried out by the Company. Accordingly, reporting under paragraph 3 (vi) of the Order is not applicable to the Company.
  - vii. According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues as mentioned above were in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.
    - (b) According to the information and explanation provided to us, no statutory dues as mentioned above in clause (vii) (a), which have not been deposited on account of dispute as at March 31, 2023. Accordingly, reporting on paragraph 3 Clause (vii) (b) of the Order is not applicable to the Company.
  - viii. According to the information & explanations given to us and the records examined by us, there are no such transactions which are not recorded in the books of account, which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), Accordingly, reporting on paragraph 3 Clause (viii) of the Order is not applicable to the Company.

- ix. According to the information & explanations given to us, the company does not have any loans or borrowings from bank or financial institution or any other lenders during the year. Accordingly, reporting on paragraph 3 Clause (ix) (a), (b), (c), (d), (e) & (f) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us and the records examined by us,
  - (a) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments), accordingly reporting on paragraph 3 Clause (x) (a) is not applicable to the company.
  - (b) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly reporting on paragraph 3 Clause (x) (b) is not applicable to the company.
- xi. According to the information and explanations given to us and the records examined by us,
  - (a) Based upon the audit procedures performed by us no material fraud by the Company or any material fraud on the Company has been noticed or reported during the year.
  - (b) Based on the audit procedures performed by us there is no any report under sub-section (12) of section 143 of the companies act 2013 has been filed by the auditors in the form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) (a), (b) & (c) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Ind AS.
- xiv. According to the information and explanations given to us and the records examined by us,
  - (a) the company has an internal audit system commensurate with the size and nature of its business.
  - (b) we have considered the internal audit reports of the company issued till the balance sheet date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.
- xvi. According to the information and explanations given to us and the records examined by us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, Accordingly, reporting on Paragraph 3 Clause (xvi) (a), (b), (c) & (d) is not applicable.
- xvii. In our opinion and according to the information and explanations given to us, during the year the company has not incurred any cash losses and there were cash losses in the immediately preceding financial year of Rs. 853.28 Lakhs.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly, reporting on Paragraph 3 Clause (xviii) is not applicable.

- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx. According to the information and explanation given to us and on the basis of the accounts and record examined by us, we report that company is not falling under the criteria specified in the section 135 of the act and spent the same towards the fund specified in schedule VII of the act. Accordingly, paragraph 3 Clause (xx) (a) & (b) of the order are not applicable.
- xxi. In our opinion and according to the information and explanation given to us, the company does not have any subsidiaries, associates and joint ventures during the year. Hence, the Company is not required to prepare Consolidated Financial Statements. Accordingly, reporting under paragraph 3 Clause (xxi) of the Order is not applicable.

**SHARP & TANNAN ASSOCIATES**

Chartered Accountants

Firm's Registration No.: 0109983W

by the hand of

**CA Pramod Bhise**

Partner

Membership No.: (F) 047751

**UDIN: 23047751BGTHXG1981**

Pune, May 24, 2023

## 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 Over Financial Reporting under Clause (i) Section 143 (3) of the Companies Act, 2013 ("the Act")**

### Opinion

We have audited the internal financial controls over financial reporting of **SURAT TEXTILES MILLS LIMITED** (hereinafter referred as "the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, 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 March 31, 2023, based on the internal financial 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 (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

### Board of Directors Responsibility for Internal Financial Controls

The Company's Management and Board of Directors are 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. 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 the 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 Act.

### 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 and the Standards on Auditing issued by ICAI and deemed to be prescribed Under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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.

**SHARP & TANNAN ASSOCIATES**

Chartered Accountants

Firm's Registration No.: 0109983W

by the hand of

**CA Pramod Bhise**

Partner

Membership No.: (F) 047751

**UDIN: 23047751BGTHXG1981**

Pune, May 24, 2023

**Balance Sheet as at 31st March, 2023**

		(Rs. in Lakhs)	
		As at	As at
		31st March, 2023	31st March, 2022
<b>ASSETS</b>			
<b>1</b>	<b>NON-CURRENT ASSETS:</b>		
(a)	Property, Plant and Equipment	183.13	183.47
(b)	Right of Use Assets	13.34	36.21
(c)	Capital Work-In-Progress	0.00	0.00
(d)	Other Intangible Assets	0.56	0.76
(e)	Investment Property	993.86	1013.70
(f)	Financial Assets		
	(i) Investments	4695.39	3366.47
	(ii) Loans and Advances	0.00	0.00
	(iii) Others Financial Assets	0.00	0.00
(g)	Non-Current Tax Assets (Net)	13.82	150.29
(h)	Deferred Tax Assets (Net)	0.00	0.00
(i)	Other Non-Current Assets	3904.61	2896.27
	<b>TOTAL NON-CURRENT ASSETS</b>	<b>9804.71</b>	<b>7647.17</b>
<b>2</b>	<b>CURRENT ASSETS:</b>		
(a)	Inventories	0.00	96.35
(b)	Financial Assets		
	(i) Investments	9083.74	5631.77
	(ii) Trade Receivables	0.00	0.00
	(iii) Cash and Cash Equivalents	64.63	72.40
	(iv) Bank Balances Other than (iii) above	0.00	66.71
	(v) Loans and Advances	703.95	2.18
	(vi) Others Financial Assets	139.75	70.63
(c)	Other Current Assets	63.78	96.55
	<b>TOTAL CURRENT ASSETS</b>	<b>10055.85</b>	<b>6036.59</b>
<b>3</b>	<b>Non-Current Assets held for Sale / Disposal</b>	<b>0.00</b>	<b>376.69</b>
	<b>TOTAL ASSETS</b>	<b>19860.56</b>	<b>14060.45</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
(a)	Equity Share Capital	2220.64	2220.64
(b)	Other Equity	17391.03	11150.19
	<b>Total Equity</b>	<b>19611.67</b>	<b>13370.83</b>
<b>LIABILITIES:</b>			
<b>1</b>	<b>NON-CURRENT LIABILITIES:</b>		
(a)	Financial Liabilities		
	(i) Borrowings	0.00	0.00
	(ii) Lease Liabilities	0.00	18.08
	(iii) Other Financial Liabilities	5.00	0.50
(b)	Long-Term Provisions	19.34	18.83
(c)	Deferred Tax Liabilities (Net)	137.04	132.00
	<b>Total Non-Current Liabilities</b>	<b>161.38</b>	<b>169.41</b>
<b>2</b>	<b>CURRENT LIABILITIES:</b>		
(a)	Financial Liabilities		
	(i) Borrowings	0.00	0.00
	(ii) Lease Liabilities	18.13	26.52
	(iii) Trade Payables		
	1. Dues of Micro Enterprises and Small Enterprises	0.00	0.00
	2. Dues of Other than Micro Enterprises and Small Enterprises	19.68	29.97
	(iv) Other Financial Liabilities	36.38	31.88
(b)	Other Current Liabilities	7.40	407.97
(c)	Short-Term Provisions	5.92	23.87
(d)	Current Tax Liabilities (Net)	0.00	0.00
	<b>Total Current Liabilities</b>	<b>87.51</b>	<b>520.21</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19860.56</b>	<b>14060.45</b>
The accompanying significant accounting policies and notes form an Integral Part of the Financial Statements.		A to C 1 to 47	

As per our attached report of even date  
For **Sharp & Tannan Associates,**  
Chartered Accountants  
Firm Registration No. 109983W  
by the hand of

**CA Pramod Bhise**  
Partner  
Membership No.(F) 047751  
Pune, 24th May, 2023

For and on behalf of Board of Directors

**Alok P. Shah**  
Managing Director  
DIN: 00218180

**Paresh V. Chothani**  
Wholetime Director  
DIN: 00218632

**Mahek Gaurav Jaju**  
Company Secretary

Surat, 24th May, 2023

**Chandresh S. Punjabi**  
Chief Financial Officer



## Statement of Profit and Loss for the year Ended 31st March, 2023

(Rs. in Lakhs)

	Note No.	2022-23	2021-22
<b>Continuing Operations</b>			
<b>Income:</b>			
Revenue from Operations	21	2531.34	0.00
Other Income	22	931.53	606.09
<b>Total Income</b>		<b>3462.87</b>	<b>606.09</b>
<b>Expenses:</b>			
Cost of Material Consumed		0.00	0.00
Purchase of Stock-In-Trade	23	2478.03	0.00
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		0.00	0.00
Employee Benefits Expense	24	189.50	158.80
Finance Costs	25	3.46	6.06
Depreciation and Amortisation Expense	26	41.34	35.60
Other Expenses	27	376.36	382.68
<b>Total Expenses</b>		<b>3088.69</b>	<b>583.14</b>
<b>Profit / (Loss) before tax from Continuing Operations</b>		<b>374.18</b>	<b>22.95</b>
Tax Expenses of Continuing Operations			
Current tax	8	65.36	0.00
Deferred tax	8	5.05	(55.83)
Taxes in Respect of Earlier Years	8	0.00	0.00
<b>Total Tax Expenses</b>		<b>70.41</b>	<b>(55.83)</b>
<b>(A) Profit / (Loss) after tax from Continuing Operations</b>		<b>303.77</b>	<b>78.78</b>
<b>Discontinued Operations</b>			
Profit/ (Loss) before tax from Discontinued Operations	34	7339.29	(125.48)
Tax Expenses of Discontinued Operations	8	1282.17	0.00
Taxes in Respect of Earlier Years of Discontinued Operations	8	118.91	385.92
<b>(B) Profit/(Loss) after tax from Discontinued Operations</b>		<b>5938.21</b>	<b>(511.40)</b>
<b>(C) Profit / (Loss) for the year (C=A+B)</b>		<b>6241.98</b>	<b>(432.62)</b>
Other Comprehensive Income / (Loss)			
(i) Items that will not be reclassified to profit / (loss)	28	(0.94)	3.26
(ii) Income tax relating to items that will not be reclassified to profit or (loss)	28	0.00	0.00
<b>(D) Other Comprehensive Income / (Loss) for the year</b>		<b>(0.94)</b>	<b>3.26</b>
<b>(E) Total Comprehensive Income / (Loss) for the year (E=C+D)</b>		<b>6241.04</b>	<b>(429.36)</b>
Earnings per Equity Share of face value of Rs.1/- each - Continuing Operation	29	0.14	0.04
Earnings per Equity Share of face value of Rs.1/- each - Discontinued Operation	29	<b>2.67</b>	<b>(0.23)</b>
Earnings per Equity Share of face value of Rs.1/- each		<b>2.81</b>	<b>(0.19)</b>
The accompanying significant accounting policies and notes form an Integral Part of the Financial Statements.	A to C 1 to 47		

As per our attached report of even date  
For **Sharp & Tannan Associates,**  
Chartered Accountants  
Firm Registration No. 109983W  
by the hand of

**CA Pramod Bhise**  
Partner  
Membership No.(F) 047751  
Pune, 24th May, 2023

For and on behalf of Board of Directors

**Alok P. Shah**  
Managing Director  
DIN: 00218180

**Paresh V. Chothani**  
Wholetime Director  
DIN: 00218632

**Mahek Gaurav Jaju**  
Company Secretary  
Surat, 24th May, 2023

**Chandresh S. Punjabi**  
Chief Financial Officer

## Cash Flow Statement For The Year Ended 31st March, 2023

(Rs. in Lakhs)

	2022-23	2021-22
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before tax</b>	374.18	22.95
<b>Adjustment for:</b>		
Depreciation and Amortisation Expense	41.34	35.60
Finance Costs	3.46	6.06
Interest Income	(411.79)	(197.53)
Amalgamation Expenses	0.00	(0.63)
(Profit)/Loss on Redemption of Investments	(35.25)	(2.43)
Mark to Market of bonds (EIR method)	(2.51)	(1.67)
Profit on Sale of Shopping Complex Kamla Estate	(43.16)	0.00
Profit on Sale of Fixed Assets	(0.17)	0.00
Unrealised Gain on Investments	(473.54)	(400.43)
Credit Balance Write Back	0.00	(5.65)
Bad debts and advance written off	0.00	(41.26)
	(921.62)	(607.94)
<b>Operating Profit before Working Capital Changes</b>	(547.44)	(584.99)
<b>Movements in Working Capital</b>		
(Increase) / Decrease in Provisions	17.44	(3.07)
(Increase) / Decrease in Trade and Other Receivables	(36.55)	(233.39)
(Increase) / Decrease in Inventories	0.00	0.00
(Decrease) / Increase in Trade Payables	10.29	44.57
(Decrease) / Increase in Other Financial Liabilities	9.00	(0.56)
(Decrease) / Increase in Other Current Liabilities	(3.57)	4.16
	(3.39)	(188.29)
<b>Cash Generated from Operations</b>	(550.83)	(773.28)
Direct Taxes ( Paid ) / Refund.	(70.00)	12.28
<b>Net Cash Flow used in Operating Activities (A)</b>	<b>(620.83)</b>	<b>(761.00)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(17.97)	(77.22)
Sale of Fixed Assets	0.52	0.00
Sale of Shopping Complex Kamla Estate	63.00	0.00
Sale of UP Power Bonds	150.00	0.00
Advances against Sale of Assets	0.00	7.00
Purchase of Art & Artifacts	(1008.34)	0.00
Purchase of Current Investments	(17776.14)	(3387.50)
Purchase of Aternate Investment Funds	(1248.68)	0.00
Purchase of Debentures	(228.30)	0.00
Sale of Current Investments	14833.03	2097.50
Interest Income	410.87	192.97
Loans to Other Company/Firm	(701.77)	41.59
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(5523.78)</b>	<b>(1125.66)</b>

## Cash Flow Statement For The Year Ended 31st March, 2023

(Rs. in Lakhs)

	2022-23	2021-22
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Payment of Lease Liabilities	(26.47)	(22.65)
Interest (Paid) / Received	(3.46)	(6.06)
Fixed Deposit (more than 3 months)	66.71	124.52
Fixed Deposit Interest	0.92	4.56
Net Cash Flow Generated from Financing Activities (C)	37.70	100.37
<b>D. Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(6106.91)</b>	<b>(1786.29)</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>	<b>72.40</b>	<b>675.87</b>
<b>F. Cash and Cash Equivalents at the end of the year from Continuing Operations</b>	<b>(6034.51)</b>	<b>(1110.42)</b>
<b>G. Net Cashflow from Discontinued Operations</b>	<b>6099.14</b>	<b>1182.82</b>
<b>H. Cash and Cash Equivalents at the end of the year (Refer Note No.11)</b>	<b>64.63</b>	<b>72.40</b>
The accompanying significant accounting policies and notes form an Integral Part of the Financial Statements.	A to C 1 to 47	

## Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS 7) - "Statement of Cash Flows".
- There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

As per our attached report of even date

For **Sharp & Tannan Associates,**

Chartered Accountants

Firm Registration No. 109983W

by the hand of

**CA Pramod Bhise**

Partner

Membership No.(F) 047751

Pune, 24th May, 2023

For and on behalf of Board of Directors

**Alok P. Shah**

Managing Director

DIN: 00218180

**Paresh V. Chothani**

Wholetime Director

DIN: 00218632

**Mahek Gaurav Jaju**

Company Secretary

Surat, 24th May, 2023

**Chandresh S. Punjabi**

Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March, 2023

### A Equity Share Capital \*

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	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
Less: cancellation of shares on amalgamation	77580026	775.80	0	0.00
Add: Issue of Shares to the shareholders of Transferor Company pursuant to the amalgamation	77580026	775.80	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64

\*(Refer Note 13)

### B Other Equity\*

Particulars	As at 31st March 2022 (Rs. in Lakhs)			
	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2021	(6.90)	11561.72	25.36	11580.18
Total Comprehensive Income for the year	0.00	(432.62)	3.26	(429.36)
On Amalgamation of Vareli Trading Company Limited	0.00	(0.63)	0.00	(0.63)
Balance at the end of the reporting period i.e. 31st March, 2022	<b>(6.90)</b>	<b>11128.47</b>	<b>28.62</b>	<b>11150.19</b>

Particulars	As at 31st March 2023 (Rs. in Lakhs)			
	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2022	(6.90)	11128.47	28.62	11150.19
Total Comprehensive Income for the year	0.00	6241.98	(0.94)	6241.04
Transfer to / (from) retained earnings	0.00	0.00	0.00	0.00
On Amalgamation of Vareli Trading Company Limited	0.00	(0.20)	0.00	(0.20)
Balance at the end of the reporting period i.e. 31st March, 2023	<b>(6.90)</b>	<b>17370.25</b>	<b>27.68</b>	<b>17391.03</b>

\*(Refer Note 14)

As per our attached report of even date  
For **Sharp & Tannan Associates**,  
Chartered Accountants  
Firm Registration No. 109983W  
by the hand of

**CA Pramod Bhise**  
Partner  
Membership No.(F) 047751  
Pune, 24th May, 2023

For and on behalf of Board of Directors

**Alok P. Shah**                      **Paresh V. Chothani**  
Managing Director                  Wholetime Director  
DIN: 00218180                      DIN: 00218632

**Mahek Gaurav Jaju**                  **Chandresh S. Punjabi**  
Company Secretary                  Chief Financial Officer  
Surat, 24th May, 2023

## Notes annexed to and forming part of the Financial Statements for the year ended 31st March, 2023

### A. Corporate Information

Surat Textile Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at 6th Floor, Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat-395010. The Company is listed on the Bombay Stock Exchange (BSE). The Company is presently engaged in the business of trading in commodities and commodity related activities while considering the resources and size of the Company.

### B. Summary of Significant Accounting Policies

#### B.1. Basis for Preparation of Financial Statements:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value and assets held for sale are measured at the lower of its carrying amount fair value less cost to sell 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.

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (Rs. ), which is also the functional and presentation currency of the Company, and all values are rounded to the nearest Lakhs with two decimal, except when otherwise indicated.

The financial statements are approved for issue by the Company's Board of Directors on 24th May, 2023.

#### B.2. 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:

- (i) The useful lives and Residual value of Property, Plant and Equipment
- (ii) Income Tax Assets / Liabilities
- (iii) Allowance for Expected Credit Loss of Financial Assets
- (iv) Future Obligations in Respect of Retirement Benefit Plans
- (v) Differences, if any, between the actual results and estimates are recognised in the period in which the results are known
- (vi) Fair value of Investments

#### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described above, 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.

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

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.

**(i) 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 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.

**(ii) Useful Lives and Residual Value 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 current year, there are no major changes required to the useful lives of assets.

**(iii) 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 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.

**(iv) Allowance for Expected Credit Losses :**

The expected credit allowance is based on the ageing of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

**(v) Income Tax:**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

**(vi) Leases:**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses judgement in assessing whether a contract (or part of contract) include a lease, the lease term (including anticipated renewals), the applicable discount rate, variable lease payments whether are in-substance fixed. The judgement involves assessment of whether the asset included in the contract is a fully or partly identified asset based on the facts and circumstances, whether the contract include a lease and non-lease component and if so, separation thereof for the purpose of recognition and measurement, determination of lease term basis, inter alia the non-cancellable period of lease and whether the lessee intends to opt for continuing with the use of the asset upon the expiry thereof, and whether the lease payments are fixed are variable or a combination of both.

### B.3. Current versus Non-current Classification

Assets and liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, and the Company's normal operating cycle.

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

### **An asset is treated as current when it is:**

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

### **All other assets are classified as non-current.**

#### **A liability is current when:**

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

### **All other liabilities are classified as non-current.**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

#### **B.4. Non-current assets held for sale**

Non-current assets comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through a sale rather than through continuing use. Such assets, are generally measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss post tax from discontinued operations in the statement of profit and loss. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned . (For Details Refer Note 12)

#### **B.5. Property, Plant and Equipments and Other Intangible Assets:**

**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.

**Intangible assets** acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Cost of a non monetary asset acquired in exchange of another non-monetary asset is measured at fair value. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

**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.

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

### Depreciation Methods, Estimated Useful Lives and Residual Value

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)
<b>1</b>	<b>Buildings:</b>	
	(i) Factory Buildings	30
	(ii) Other Buildings	60
	(iii) Fences,Wells,Tube wells	5
<b>2</b>	<b>Plant and Machinery:</b>	
	(i) Continuous Process Plants	25
	(ii) Other	8 to 10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office Equipments	5
6	Electrical installations and Equipments	10
7	Computer Equipments	3 to 6
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.

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 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 and Loss.

### Leases:

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.



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

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.

### **B.6. Investment Property:**

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2015 as the deemed cost under IND AS, regarded thereafter as historical cost. Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any.

### **B.7. 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 and 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 and Loss.

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

### B.8. 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 labour 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.9. Revenue Recognition:

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

The Company applies the five-step approach for recognition of revenue.

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

**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.

**Eligible export incentives** are recognised in the year in which the conditions precedent is met and there is significant certainty about the collectability.

**Revenue in respect of other income** is recognised to the extent that the Company is reasonably certain of its ultimate realisation.

### B.10. 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).

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

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.11. 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 discount rates for government securities. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

#### Post-Employment Benefits

##### (i) 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.

##### (ii) 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. Remeasurements, 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. Remeasurements 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 and 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.

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

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.

### (iii) Termination Benefits:

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

### B.12. 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.13. 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.

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

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.14. Provisions and Contingent Liabilities:

**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 if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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** are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### B.15. 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.

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

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 and loss.

### (A) Financial Assets

#### a) Initial Recognition and Measurement

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### b) Subsequent Measurement

##### (i) 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.

##### (ii) 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.

##### (iii) 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.

##### (iv) Investment in Subsidiaries, Associates and Joint Ventures

The Company accounts for its investments in subsidiaries, associates and joint venture at cost as per requirements of Ind AS 27.

#### c) 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'.

#### d) Derivative Financial Instruments

Derivative financial instruments such as forward contracts, option contracts and cross currency swaps, to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

#### e) 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).

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

### 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 booking 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.

### f) Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109 – Financial Instruments.

For financial assets that are measured at FVTOCI, income by way of interest and dividend, provision for impairment and exchange difference, if any, (on debt instrument) are recognised in Profit or Loss and changes in fair value (other than on account of above income or expense) are recognised in Other Comprehensive Income and accumulated in Other equity. On disposal of debt instruments at FVTOCI, the cumulative gain or loss previously accumulated in Other equity is reclassified to Profit and Loss. In case of equity instruments at FVTOCI, such cumulative gain or loss is not reclassified to Profit and Loss on disposal of investments.

## (B) Financial Liabilities

### a) 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.

### b) 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.

### c) 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 and Loss.

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

### d) 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 and 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.16. 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.17. 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.
- (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.18. 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.19. 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. Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) on 31 March 2023, has issued Companies (Indian Accounting Standard Amendment Rules, 2023 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2023 and would thus be applicable for the financial year ending 31 March 2024.



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

The amendments to Ind AS are intended to keep the Ind AS aligned with the amendments made in IFRS.

- **Amendments to Ind AS 1, “Presentation of Financial Statements”**

Companies should now disclose material accounting policy information rather than their significant accounting policies, together with other information, which is relevant to an understanding of financial statements.

- **Amendments to Ind AS 8, “Accounting policies, Change in Accounting Estimates and Errors”**

1. Definition of ‘change in account estimate’ has been replaced by revised definition of ‘accounting estimate’
2. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty
3. A company develops an accounting estimate to achieve the objective set out by an accounting policy.
4. Accounting estimates include: a) Selection of a measurement technique (estimation or valuation technique) b) Selecting the inputs to be used when applying the chosen measurement technique.

- **Amendments to Ind AS 12, “Income Taxes”**

1. Narrowed the scope of the Initial Recognition Exemption (IRE) (with regard to leases and decommissioning obligations)
2. Now IRE does not apply to transactions that give rise to equal and offsetting temporary differences
3. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on financial statements.



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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 2 Investment Property</b>		
Shopping Complex Kamla Estate	0.00	19.84
Land at Varachha	905.46	905.46
Land at Vareli	88.40	88.40
<b>Total</b>	<b>993.86</b>	<b>1013.70</b>

(Rs. in Lakhs)

**Note 2.1 Reconciliation of Investment Property**

	Shopping Complex Kamla Estate	Land at Varachha	Land at Vareli	Total
<b>Gross block</b>				
<b>As at 1st April, 2021</b>	19.84	905.46	88.40	1013.70
Additions	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
<b>As at 31st March, 2022</b>	<b>19.84</b>	<b>905.46</b>	<b>88.40</b>	<b>1013.70</b>
Additions	0.00	0.00	0.00	0.00
Disposals	19.84	0.00	0.00	19.84
<b>As at 31st March, 2023</b>	<b>0.00</b>	<b>905.46</b>	<b>88.40</b>	<b>993.86</b>
<b>Depreciation and Impairment</b>				
<b>As at 1st April, 2021</b>	0.00	0.00	0.00	0.00
Change for the year	0.00	0.00	0.00	0.00
Depreciation on disposals	0.00	0.00	0.00	0.00
<b>As at 31st March, 2022</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Change for the year	0.00	0.00	0.00	0.00
Depreciation on disposals	0.00	0.00	0.00	0.00
<b>As at 31st March, 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Block</b>				
<b>As at 31st March, 2022</b>	<b>19.84</b>	<b>905.46</b>	<b>88.40</b>	<b>1013.70</b>
<b>As at 31st March, 2023</b>	<b>0.00</b>	<b>905.46</b>	<b>88.40</b>	<b>993.86</b>

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 3 Investments</b>		
<b>Non-Current Investment</b>		
<b>Quoted</b>		
<b>Amortised Cost</b>		
<b>Investment in Government Bond</b>		
UP Power Corporation Ltd - 9.75% Taxable Bond, FV Rs.9,75,000 each 60 (31 March 2022 : 60)	446.51	591.90
<b>Investment in Public Sector Unit (PSU) Bonds</b>		
SBI Bank - 8.75% Perpetual Bond, FV Rs.10,00,000 each 50 (31 March 2022 : 50)	503.94	506.44
Bank of Baroda - 8.25% Perpetual Bond, FV Rs.10,00,000 each 50 (31 March 2022 : 50)	500.46	500.63
	<b>1450.91</b>	<b>1598.97</b>
<b>Unquoted</b>		
<b>Amortised Cost</b>		
<b>Investment in Alternative Investment Fund (AIF)</b>		
Aventus Future Leaders	178.50	67.50
Bepa Credit India Fund III	225.00	90.00
Blume Ventures India Fund IV	30.00	20.00
Innoven Capital India Fund	490.00	490.00
Kae Capital Fund III	20.00	20.00
Stride RTI Opportunities	100.00	100.00
Stride Venture Debt Fund II	700.00	700.00
Trifecta Venture Debt Fund	272.00	180.00
Waterbridge Ventures II	120.00	100.00
Aventus Structured Credit Fund II	378.25	0.00
Incred Credit Opportunities Fund I	200.00	0.00
True North Credit Opportunities Fund I	302.43	0.00
	<b>3016.18</b>	<b>1767.50</b>
<b>Unquoted</b>		
<b>Amortised Cost</b>		
<b>Investment in Debentures</b>		
KKR India Financial Services Limited-NCD FV.of Rs.10,00,000 each 20 (31 March 2022 : 0.00)	228.30	0.00
	<b>228.30</b>	<b>0.00</b>
<b>Total Non-Current Investments</b>	<b>4695.39</b>	<b>3366.47</b>

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Current Investment</b>		
<b>Quoted</b>		
<b>Fair Value through Profit and Loss</b>		
Investment in Mutual Funds		
ABSL Corporate Bond Fund - Growth of Rs 10/- each 656960.573 (31 March 2022 : 710592.872)	628.09	648.09
ABSL Income Fund - Growth of Rs 10/- each 503664.664 (31 March 2022 : 503664.664)	570.63	551.42
Kotak Equity Opportunities Fund Growth- of Rs 10/- each 198282.218 (31 March 2022 : 150475.920)	451.14	326.29
Nippon India Corporate Bond Fund - Growth of Rs 10/- each 2671317.634 (31 March 2022 : 1067171.344)	1392.10	528.77
Invesco India Contra Fund Growth- of Rs 10/- each 375963.800 (31 March 2022 : 375963.800)	327.16	320.02
Nippon India Fund CPSE ETF (RGESS) Growth- of Rs 10/- each 800000.000 (31 March 2022 : 800000.000)	317.35	268.66
ABSL CRISIL IBX 60:40 SDL + AAA PSU - Apr 2027 Index Fund Growth of Rs 10/- each 4060120.056 (31 March 2022 : 0.00)	419.25	0.00
ABSL Nifty SDL Apr 2027 Index Fund Growth of Rs 10/- each 4970622.167 (31 March 2022 : 0.00)	520.28	0.00
ICICI Prudential Corporate Bond Fund - Growth of Rs 10/- each 5123237.727 (31 March 2022 : 0.00)	1333.47	0.00
ICICI Prudential Nifty PSU Bond Plus SDL Sep 2027 40:60 Index Fund Growth of Rs 10/- each 4700181.951 (31 March 2022 : 0.00)	492.16	0.00
ICICI Prudential Nifty SDL Sep 2027 Index Fund Growth of Rs 10/- each 5078305.548 (31 March 2022 : 0.00)	526.66	0.00
ICICI Prudential Ultra Short Term Fund Growth of Rs 10/- each 1778227.461 (31 March 2022 : 0.00)	449.91	0.00
Invesco India EQQQ NASDAQ-100 ETF Fund of Fund Growth of Rs 10/- each 3076264.415 (31 March 2022 : 0.00)	310.49	0.00
Kotak Nifty SDL APR 2027 top 12 Equal Weight Index Fund Growth of Rs 10/- each 8365176.524 (31 March 2022 : 0.00)	867.28	0.00
PGIM India Flexi Cap Fund - Growth of Rs 10/- each 369803.995 (31 March 2022 : 0.00)	103.06	0.00

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

	(Rs. in Lakhs)	
	As at 31st March, 2023	As at 31st March, 2022
Nippon India ETF Nifty 50 BeES Growth- of Rs 1/- each 150000.000 (31 March 2022 : 0.00)	284.91	0.00
SBI Nifty 50 ETF Growth of Rs. 10/- each 50000.000 (31 March 2022 : 0.00)	89.80	0.00
ICICI Prudential Banking & PSU Debt Fund - Growth of Rs 10/- each 0.00 (31 March 2022 : 1858280.674)	0.00	500.25
ICICI Prudential Savings Fund - Growth of Rs 10/- each 0.00 (31 March 2022 : 107242.372)	0.00	469.41
IDFC Banking & PSU Debt Fund Direct Plan - Growth- of Rs 10/- each 0.00 (31 March 2022 : 2471744.866)	0.00	504.21
IDFC Ultra Short Term Fund Direct Plan - Growth- of Rs 10/- each 0.00 (31 March 2022 : 1928590.818)	0.00	239.36
Invesco India Corporate Bond Fund Growth- of Rs 10/- each 0.00 (31 March 2022 : 2848.221)	0.00	77.90
Kotak Banking & PSU Debt Fund Growth- of Rs 10/- each 0.00 (31 March 2022 : 713897.037)	0.00	387.51
Kotak Corporate Bond Fund Growth of Rs 10/- each 0.00 (31 March 2022 : 1784.506)	0.00	55.91
Nippon India Short Term Fund - Growth of Rs 10/- each 0.00 (31 March 2022 : 1656056.208)	0.00	753.97
<b>Total Current Investments</b>	<b>9083.74</b>	<b>5631.77</b>
<b>Total Investments</b>	<b>13779.13</b>	<b>8998.24</b>
Aggregate Market Value of Quoted Investments	10534.65	7230.74
Aggregate Carrying Value of Quoted Investments	8576.26	6460.22
Aggregate Carrying Value of Unquoted Investments	3244.48	1767.50

	(Rs. in Lakhs)	
	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 4 Loans and Advances</b>		
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Inter Corporate Deposits (ICD's)	700.00	0.00
Loans to Employees	3.95	2.18
<b>Total</b>	<b>703.95</b>	<b>2.18</b>

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 5 Other Financial Assets</b>		
<b>Current</b>		
Income Receivables - Interest		
On Bonds and AIF	107.64	70.63
On ICDs	32.06	0.00
Other Interest	0.05	0.00
<b>Total</b>	<b>139.75</b>	<b>70.63</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 6 Non-Current Tax Assets</b>		
Advance Income Tax (Net of Provision)	13.82	150.29
<b>Total</b>	<b>13.82</b>	<b>150.29</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 7 Other Assets</b>		
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Deposits - Receivable Long term	12.75	12.75
Paintings & Artefacts	3891.86	2883.52
	<b>3904.61</b>	<b>2896.27</b>
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Advance to Suppliers	0.54	0.72
Prepaid Expenses	11.04	15.83
Balance with Customs, GST and State Authorities	52.20	80.00
	<b>63.78</b>	<b>96.55</b>
<b>Total</b>	<b>3968.39</b>	<b>2992.82</b>

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 8 Taxes on Income</b>		
The Major Components of Income Tax Expense for the year ended March 2023 and March 2022 are:		
<b>(i) Statement of Profit and Loss</b>		
Current Tax on continuing operation	65.36	0.00
Current Tax on discontinued operation	1282.17	0.00
Deferred Tax on continuing operation	5.05	(55.83)
Deferred Tax on discontinued operation	0.00	0.00
Short/(Excess) Provision of tax for earlier years on continuing operation	0.00	0.00
Short/(Excess) Provision of tax for earlier years on discontinued operation	0.00	385.92
<b>Total Income Tax Expense</b>	<b>1352.58</b>	<b>330.09</b>
<b>(ii) Other Comprehensive Income</b>		
Deferred Tax relating to Net Gain/(Loss) on Re-measurement of Defined Benefit Plans	0.00	0.00
<b>(iii) Reconciliation of Effective Tax Rate</b>		
Income before tax	7713.47	(102.53)
Enacted Tax Rate in India (as per MAT)	17.47%	21.55%
Expected Tax Expense (C)=(A)*(B)	1347.54	0.00
<b>Tax Effect of :</b>		
Exempted Income	0.00	0.00
Expenses disallowed	0.00	0.00
Other Items	0.00	0.00
<b>Current Tax Provision (A)</b>	<b>1347.54</b>	<b>0.00</b>
Incremental deferred Tax liability on account of depreciation on property, Plant and Equipment and Intangible Assets	85.40	(119.31)
Incremental deferred Tax liability / (Asset) on account of financial asset and other items	(80.35)	63.48
<b>Deferred Tax Provision (B)</b>	<b>5.05</b>	<b>(55.83)</b>
<b>Taxes in respect of earlier years (C)</b>	<b>118.91</b>	<b>385.92</b>
<b>Tax Expense recognised in statement of profit and loss (A+B+C)</b>	<b>1471.50</b>	<b>330.09</b>



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

(Rs. in Lakhs)

	Opening Balance as on 01/04/2022	Recognised in P & L	Recognised in OCI	Closing Balance as on 31/03/2023
<b>(iv) Movement of Deferred Tax</b>				
<b>Tax effect of Items Constituting Deferred Tax Liabilities:</b>				
Unrealised Gain on MF Investments	221.52	(80.35)	0.00	141.17
<b>Total Deferred Tax Liabilities</b>	<b>221.52</b>	<b>(80.35)</b>	<b>0.00</b>	<b>141.17</b>
<b>Tax effect of Items Constituting Deferred Tax Assets:</b>				
Carried Forward Losses	87.18	(84.39)	0.00	2.79
Employees Benefits	0.00	0.00	0.00	0.00
Revaluation of Investments	0.00	0.00	0.00	0.00
Effect of 43B	0.00	0.00	0.00	0.00
Effect of Lease Asset	2.35	(1.01)	0.00	1.34
<b>Total Deferred Tax Assets</b>	<b>89.53</b>	<b>(85.40)</b>	<b>0.00</b>	<b>4.13</b>
<b>Deferred Income Tax Assets/(Liabilities) after Set Off</b>	<b>(131.99)</b>	<b>(5.05)</b>	<b>0.00</b>	<b>(137.04)</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 9 Inventories (at lower of cost and net realisable value)</b>		
Raw Materials	0.00	0.00
Raw Materials In Transit	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Finished Goods (including Stock in trade)	0.00	0.00
Finished Goods in Transit	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Stores, Spares, Chemicals & Consumables	0.00	96.35
	0.00	96.35
<b>Total</b>	<b>0.00</b>	<b>96.35</b>

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 10 Trade Receivables</b>		
Unsecured, Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
	0.00	0.00
Less: Allowance for credit losses	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 11 Cash and Cash Equivalents</b>		
Cash on Hand	2.73	11.24
Balances with Banks in Current Accounts	61.06	56.16
Fixed Deposits with Banks (maturity in less than 3 months)	0.84	5.00
<b>Total</b>	<b>64.63</b>	<b>72.40</b>
<b>Other Bank Balances</b>		
Fixed Deposits with Banks (maturity in 3 to 12 months)	0.00	66.71
Margin Money with Banks	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>66.71</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 12 Assets held for Sale*</b>		
Land	0.00	55.08
Factory Building	0.00	171.75
Plant & Machinery	0.00	140.23
Other Assets	0.00	9.63
<b>Total</b>	<b>0.00</b>	<b>376.69</b>

\* Refer Note 41

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 13 Equity Share Capital</b>		
<b>Authorised Share Capital *</b>		
84,00,00,000 (75,00,00,000) Equity Shares of Rs.1/- each	8400.00	7500.00
<b>Total</b>	<b>8400.00</b>	<b>7500.00</b>
<b>Issued, Subscribed and Paid up **</b>		
22,20,64,440 (22,20,64,440) Equity Shares of Rs. 1/- each fully paid up	2220.64	2220.64
<b>Total</b>	<b>2220.64</b>	<b>2220.64</b>

\*Upon scheme being effective and on reclassification of capital of Vareli Trading Company Limited (The Transferor Company), the Authorized Share Capital of the Company stands increased to Rs. 84,00,00,000/- divided into 84,00,00,000 number of Equity Shares of Rs. 1/- each fully paid-up

\*\* There was no change in Issued, Subscribed and Paid up share capital of the Company during the year and the immediately preceding financial year.

**13.01 Rights, Preferences and Restrictions****Equity Shares**

- i. The Company has only one class of equity shares referred to as equity shares having a par value of Rs. 1/-. Each holder of equity shares is entitled to one vote per share.
- ii. In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. At present, there is no outstanding Preference Shares.

**13.02 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholder	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	No. of Shares	% to total shares	No. of Shares	% to total shares	
Mr. Alok Praful Shah	54960680	24.75	0	0.00	24.75
Mr. Praful A. Shah (Individual)	37189142	16.75	27830471	12.53	4.21
Mr. Suhail Praful Shah	21652056	9.75	0	0.00	9.75
Mrs. Shilpa Praful Shah	21652056	9.75	0	0.00	9.75
Vareli Trading Company Limited (Refer Note 43)*	0	0.00	77580026	34.94	-34.94

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

### 13.03 Details of shares held by the promoters

Name of the Promoter	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	No. of Shares	% to total shares	No. of Shares	% to total shares	
Mr. Alok Praful Shah #	54960680	24.75	10015000	4.51	20.24
Mr. Praful A. Shah (Individual) #	37189142	16.75	27830471	12.53	4.21
Mr. Suhail Praful Shah	21652056	9.75	10015000	4.51	5.24
Mrs. Shilpa Praful Shah	21652506	9.75	10015450	4.51	5.24
Mr. Praful Amichand Shah (HUF)	10000971	4.50	10000450	4.50	0.00
Vareli Trading Company Limited.*	0	0.00	77580026	34.94	-34.94
Palomar Textiles Limited	6545820	2.95	6545820	2.95	0.00
Introscope Properties Private Limited	1700	0.00	1700	0.00	0.00
Prabhat Silk Mills Limited (Partner Rayban Investments)	1000	0.00	1000	0.00	0.00
Deepika A. Shah	521	0.00	0	0.00	0.00
Alok P. Shah (HUF)	521	0.00	0	0.00	0.00
	<b>152004917</b>	<b>68.45</b>	<b>152004917</b>	<b>68.45</b>	

\* Consequent to the amalgamation of Vareli Trading Company Limited (VTCL) the transferor Company with Surat Textile Mills Limited (STML) the transferee Company, the shares held by VTCL stands cancelled and equivalent number of shares have been issued to the shareholders of VTCL, viz., Mr. Alok Praful Shah, Mr. Praful A. Shah (Individual), Mr. Suhail Praful Shah, Mrs. Shilpa Praful Shah, Mr. Praful Amichand Shah (HUF), Deepika A. Shah and Alok P. Shah (HUF), pursuant to merger of Vareli Trading Company Limited with the Company vide NCLT Order dated 7th September, 2022.

# Further, during the year, Mr. Praful A. Shah transferred 33309666 number of equity shares of Rs. 1 each fully paid up to Mr. Alok P. Shah through inter se transfer by way of gift in compliance with the provisions of SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 2011 [‘SEBI Takeover Regulations’].

### 13.04 For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- i) Allotted as fully paid up pursuant to contracts without payment being received in cash, except the 77580026 numbers of equity shares issued to the shareholders of Vareli Trading Company Limited (The Transferor Company) pursuant to merger of Vareli Trading Company Limited with the Company vide NCLT Order dated 7th September, 2022.
- ii) Allotted as fully paid shares by way of bonus shares.
- iii) Bought back.

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 14 Other Equity #</b>		
<b>Retained Earnings</b>		
Balance as per last Balance Sheet	11128.47	11561.72
Add: Profit/(Loss) for the Year	6241.98	(432.62)
Add: On Amalgamation of Vareli Trading Company Limited	(0.20)	(0.63)
	<b>17370.25</b>	<b>11128.47</b>
<b>Other Comprehensive Income</b>		
Balance as per last Balance Sheet	28.62	25.36
Add: OCI for the year	(0.94)	3.26
Less: Transfer to retained earnings	0.00	0.00
	<b>27.68</b>	<b>28.62</b>
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	(6.90)	(6.90)
Add: On Amalgamation of Vareli Trading Company Limited	0.00	0.00
Less: Transfer to retained earnings	0.00	0.00
	<b>(6.90)</b>	<b>(6.90)</b>
<b>Total</b>	<b>17391.03</b>	<b>11150.19</b>

# Refer Statement of changes in Equity for Movement in Each Reserves and Surplus.

**Nature and Purpose of Reserves**

**Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

**Items of Other Comprehensive Income**

- i) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.
- ii) **Equity Instruments through Other Comprehensive Income:** The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through Other Comprehensive Income. Upon de-recognition, the cumulative fair value changes on the said instruments will not be reclassified to the Statement of Profit and Loss. Based on this on derecognition by way of extinguishment of equity shares of GSML has not been reclassified to Statement of Profit and Loss and cumulative impact given to OCI reserve in previous years has been transferred to accumulated surplus.
- iii) **Capital Reserve:** The excess of fair value of net assets acquired over consideration paid in a common control transaction is recognised as capital reserve. The Company has recognised capital reserve representing the difference between the net identifiable assets acquired and consideration paid, on amalgamation of Vareli Trading Company Limited with the Company.

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

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 15 Lease Liabilities*</b>		
<b>Non-Current</b>		
Lease Liabilities - Building	0.00	18.08
<b>Current</b>		
Lease Liabilities - Building	18.13	26.52
<b>Total</b>	<b>18.13</b>	<b>44.60</b>

\* Refer Note 33

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 16 Provisions*</b>		
<b>Non-Current</b>		
Provisions for Employee Benefits	19.34	18.83
<b>Current</b>		
Provisions for Employee Benefits	5.92	23.87
<b>Total</b>	<b>25.26</b>	<b>42.70</b>

\* Refer Annexure 1 of Note 24

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 17 Non-Current Tax Liabilities</b>		
Deferred Tax Liabilities	137.04	132.00
<b>Total</b>	<b>137.04</b>	<b>132.00</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 18 Trade Payables</b>		
a) Acceptances	0.00	0.00
b) Payable to Others		
i) Payable to Micro and Small Enterprises *	0.00	0.00
ii) Others including Creditors for Expenses #	19.68	29.97
<b>Total</b>	<b>19.68</b>	<b>29.97</b>

\*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2023 as disclosure requirement under MSMED act, 2006 are applicable.

# Refer Note 37.02 for Amount payable to Related Parties.

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

(Rs. in Lakhs)

Particulars	As at	As at
	31st March, 2023	31st March, 2022
(a) Principal Amount Due	Nil	Nil
(b) Interest on Principal Amount Due	Nil	Nil
(c) Interest and Principal Amount paid beyond appointment day	Nil	Nil
(d) The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act.	Nil	Nil
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	Nil	Nil
(f) The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	Nil	Nil

## Trade Payables ageing Schedule as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment			
	Less than 1 year	1-2 years	2-3 years	More than 3 Years
(a) MSME	0.00	0.00	0.00	0.00
(b) Others	19.68	0.00	0.00	0.00
(c) Disputed Dues - MSME	0.00	0.00	0.00	0.00
(d) Disputed Dues - Others	0.00	0.00	0.00	0.00

## Trade Payables ageing Schedule as at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(a) MSME	0.00	0.00	0.00	0.00
(b) Others	29.97	0.00	0.00	0.00
(c) Disputed Dues - MSME	0.00	0.00	0.00	0.00
(d) Disputed Dues - Others	0.00	0.00	0.00	0.00

(Rs. in Lakhs)

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

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 19 Other Financial Liabilities</b>		
<b>Non Current</b>		
Payable - Deposits (Refer Note 37.02)	5.00	0.50
	<b>5.00</b>	<b>0.50</b>
<b>Current</b>		
Payable - Employees Benefit Expenses	16.42	22.36
Payable - Expenses	19.96	9.52
	<b>36.38</b>	<b>31.88</b>
<b>Total</b>	<b>41.38</b>	<b>32.38</b>

(Rs. in Lakhs)

	As at 31st March, 2023	As at 31st March, 2022
<b>Note: 20 Other Current Liabilities</b>		
Advances against Sale of Assets	0.00	397.00
Goods and Services Tax	1.22	1.11
Payable - Expenses	1.67	3.83
Payable - TDS	4.51	6.03
<b>Total</b>	<b>7.40</b>	<b>407.97</b>

(Rs. in Lakhs)

	2022-23	2021-22
<b>Note: 21 Revenue from Operations</b>		
Sale of Products	0.00	0.00
Trading Sales	2531.13	0.00
Other Operating Revenue	0.21	0.00
<b>Total</b>	<b>2531.34</b>	<b>0.00</b>

(Rs. in Lakhs)



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

	2022-23	2021-22
<b>Note: 22 Other Income</b>		
<b>Interest Income</b>		
Bank Deposits	0.92	4.56
Investments in Bonds (At Amortized Cost)	145.58	136.35
Investments in Alternate Investment Fund (At Amortized Cost)	228.05	53.33
On Loans and Advances	32.16	0.00
On Income Tax Refund	5.08	3.29
<b>Other Non-Operating Income</b>		
Unrealised gain on Current Investments (FVTPL)	473.54	400.43
Profit on Sale of Current Investments	35.25	2.43
Profit on Sale of Shopping Complex	43.16	0.00
Profit on Sale of Fixed Assets	0.17	0.00
Profit (Loss) on Commodity MTM	(35.27)	0.00
Penalty Recovered - Late Lifting	1.61	0.00
Capital Gain on AIF	1.25	0.00
Credit Balances Write Back	0.00	5.65
Miscellaneous Receipts	0.03	0.05
<b>Total</b>	<b>931.53</b>	<b>606.09</b>

(Rs. in Lakhs)

	2022-23	2021-22
<b>Note: 23 Purchase of Stock-In-Trade</b>		
Opening Stock of Traded Goods	0.00	0.00
Add: Purchases During the Year	2478.03	0.00
	2478.03	0.00
Less: Closing Stock of Traded Goods	0.00	0.00
<b>Total</b>	<b>2478.03</b>	<b>0.00</b>

(Rs. in Lakhs)

	2022-23	2021-22
<b>Note: 24 Employee Benefits Expense</b>		
Salaries and Wages	163.31	137.79
Contribution to Provident and Other Funds	9.26	7.24
Gratuity	3.34	6.35
Staff Welfare Expenses	13.59	7.42
<b>Total</b>	<b>189.50</b>	<b>158.80</b>

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

### (a) Defined Contribution Plan:

The Company has Recognized Rs.6.08 Lakhs for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2023 (Previous Year Rs.5.53 Lakhs)

### (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	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Present value of unfunded obligations	11.80	25.10	13.45	17.60
Present value of funded obligations	0.00	0.00	0.00	0.00
Fair value of plan assets	0.00	0.00	0.00	0.00
<b>Net Liability (Asset)</b>	<b>11.80</b>	<b>25.10</b>	<b>13.45</b>	<b>17.60</b>

#### Bifurcation of liability as per schedule III (Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Current Liability*	0.22	13.89	5.70	9.97
Non-Current Liability	11.58	11.21	7.75	7.63
<b>Net Liability</b>	<b>11.80</b>	<b>25.10</b>	<b>13.45</b>	<b>17.60</b>

\* The current liability is calculated as expected benefits for the next 12 months.

#### Annexure 2 : Profit and Loss account for the current period (Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
<b>Service cost:</b>				
Current service cost	2.18	3.59	13.91	9.45
Past service cost and loss/(gain) on curtailments and settlement	0.00	0.00	0.00	0.00
Net interest cost	1.16	3.55	0.81	1.51
Net value of remeasurements on the obligation and plan assets	0.00	0.00	(0.46)	(1.23)
<b>Total included in 'Employee Benefit Expense'</b>	<b>3.34</b>	<b>7.14</b>	<b>14.26</b>	<b>9.73</b>
<b>Total Charge to Profit and Loss</b>	<b>3.34</b>	<b>7.14</b>	<b>14.26</b>	<b>9.73</b>

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

## Components of actuarial gain/losses on obligation

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Due to Change in financial assumptions	(0.68)	0.51	(0.36)	0.03
Due to change in demographic assumption	0.00	0.00	0.00	0.00
Due to experience adjustments	1.62	(3.77)	(0.10)	(1.26)
Return on plan assets excluding amounts included in interest income	0.00	0.00	0.00	0.00
<b>Amounts recognized in Other Comprehensive Income</b>	<b>0.94</b>	<b>(3.26)</b>	<b>(0.46)</b>	<b>(1.23)</b>

## Annexure 3: Reconciliation of defined benefit obligation

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Opening Defined Benefit Obligation	25.10	54.24	17.60	23.70
Transfer in/(out) obligation	0.00	0.00	0.00	0.00
Current service cost	2.18	3.59	13.91	9.45
Interest cost	1.16	3.56	0.81	1.50
Components of actuarial (gain)/losses on obligations:				
Due to Change in financial assumptions	(0.68)	0.51	(0.36)	0.03
Due to change in demographic assumption	0.00	0.00	0.00	0.00
Due to experience adjustments	1.62	(3.77)	(0.09)	(1.26)
Past service cost	0.00	0.00	0.00	0.00
Loss (gain) on curtailments	0.00	0.00	0.00	0.00
Liabilities extinguished on settlements	0.00	0.00	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(17.59)	(33.02)	(18.40)	(15.83)
<b>Closing Defined Benefit Obligation</b>	<b>11.80</b>	<b>25.10</b>	<b>13.45</b>	<b>17.60</b>

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

### Annexure 4: Reconciliation of net defined benefit liability

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Net opening provision in books of accounts	25.10	54.24	17.60	23.70
Transfer in/(out) obligation	0.00	0.00	0.00	0.00
Transfer (in)/out plan assets	0.00	0.00	0.00	0.00
Employee Benefit Expense as per Annexure 2	3.34	7.14	14.26	9.73
Amounts recognized in Other Comprehensive (Income)	0.94	(3.26)	0.00	0.00
<b>Total</b>	<b>29.38</b>	<b>58.13</b>	<b>31.86</b>	<b>33.42</b>
Benefits paid by the Company	(17.59)	(33.02)	(18.40)	(15.83)
Contributions to plan assets	0.00	0.00	0.00	0.00
<b>Closing provision in books of accounts</b>	<b>11.80</b>	<b>25.10</b>	<b>13.45</b>	<b>17.60</b>

### Annexure 5: Principle actuarial assumptions

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
Discount Rate	7.35% p.a.	6.40% p.a.	7.35% p.a.	6.40% p.a.
Salary Growth Rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	7.00% p.a.
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: Maturity Profile of Defined Benefit Obligation

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	0.22	1.30%	5.70	33.80%
Year 2	0.22	1.30%	0.34	1.90%
Year 3	1.18	7.20%	4.18	24.80%
Year 4	1.43	8.70%	2.48	14.70%
Year 5	1.22	7.40%	0.68	4.00%
Year 6 to Year 10	3.06	18.70%	1.68	10.00%

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

The Expected contribution for the next year is Rs. 0.22 Lakhs.

The Weighted Average Duration (Years) as at valuation date is 5.87 years.

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

## Annexure 7: Sensitivity to key assumptions

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2023 (12 months)	31/03/2022 (12 months)	31/03/2023 (12 months)	31/03/2022 (12 months)
<b>Discount rate Sensitivity</b>				
Increase by 0.5%	11.46	24.54	13.27	17.28
(% change)	-2.83%	-2.27%	-1.35%	-1.81%
Decrease by 0.5%	12.15	25.71	13.64	17.93
(% change)	2.98%	2.42%	1.40%	1.92%
<b>Salary growth rate Sensitivity</b>				
Increase by 0.5%	12.15	25.68	13.64	17.93
(% change)	2.96%	2.30%	1.39%	1.89%
Decrease by 0.5%	11.46	24.56	13.27	17.28
(% change)	-2.84%	-2.17%	-1.36%	-1.81%
<b>Withdrawal rate (W.R.) Sensitivity</b>				
W.R. x 110%	11.82	25.09	13.46	17.60
(% change)	0.20%	-0.05%	0.04%	0.00%
W.R. x 90%	11.80	25.12	13.45	17.60
(% change)	4.00%	0.05%	-0.04%	0.00%

**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)	
	2022-23	2021-22
<b>Note: 25 Finance Costs</b>		
Interest on Lease Liabilities*	3.03	5.13
Other Financial Charges	0.43	0.93
<b>Total</b>	<b>3.46</b>	<b>6.06</b>

\* Refer Note 33

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>Note: 26 Depreciation and Amortisation Expense</b>		
Depreciation on Tangible Assets	18.13	12.52
Depreciation on Right to Use Assets*	22.87	22.87
Amortisation of Intangible Assets	0.34	0.21
<b>Total</b>	<b>41.34</b>	<b>35.60</b>

\* Refer Note 33

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>Note: 27 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	3.07	2.76
Factory Expenses	4.08	2.97
Repairs & Maintenance - Buildings	0.00	3.14
Repairs & Maintenance - Others	17.38	15.41
	<b>24.53</b>	<b>24.28</b>
<b>Selling and Distribution Expenses</b>		
Brokerage Expense	3.38	0.00
Stamp Duty Charges	0.15	0.00
	<b>3.53</b>	<b>0.00</b>
<b>Establishment Expenses</b>		
General Charges	131.58	69.92
Legal and Professional Charges	126.90	208.25
Rent	65.70	64.50
Insurance	8.83	9.97
Rates and Taxes	8.64	9.91
Auditors' Remuneration (Refer Note 27.01)	6.65	6.30
Corporate Social Responsibility (Refer Note 27.02)	0.00	30.81
Bad and Doubtful Debts / (Recovery) on ECL	0.00	(41.26)
	<b>348.30</b>	<b>358.40</b>
<b>Total</b>	<b>376.36</b>	<b>382.68</b>

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

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>27.01 Payment to Auditors:</b>		
Statutory Audit Fees	2.25	2.25
Limited review	3.51	3.00
Certification Fees	0.00	1.00
Reimbursement of out of Pocket Expenses	0.89	0.05
<b>Total</b>	<b>6.65</b>	<b>6.30</b>

**27.02 Corporate Social Responsibility:**

- (a) In compliance with the guidelines prescribed under Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board. The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013. As per section 135 of the Companies Act, 2013 ('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.
- (b) For the F.Y. 2022-23, the provisions of Section 135 (1) of the Companies Act, 2013 were not applicable since the Company is not falling under the criteria as prescribed with respect to net worth or turnover or net profit during the immediately preceding financial year. Hence, no amount has been spent by the Company during the Financial year 2023 (Previous year: Rs. 26.24 Lakhs) towards the CSR activities.
- (d) Actual amount spent by the company during the year is Rs.NIL (Previous year Rs.30.81 Lakhs) towards Social welfare and Education Programmes.

	(Rs. in Lakhs)	
<b>The amounts expended are as follows:</b>	2022-23	2021-22
i) Construction / acquisition of any asset	0.00	0.00
ii) for purposes other than (i) above	0.00	30.81
(i) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year:	NIL	
(ii) The total of previous years' shortfall amounts;	NIL	
(iii) The reason for above shortfalls by way of a note;	N.A	
(iv) The nature of CSR activities undertaken by the Company.	Social welfare and Education Programmes.	

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

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>Note: 28 Other Comprehensive Income</b>		
<b>Items that will not be Reclassified to Profit or (Loss)</b>		
<b>(i) Changes in Revaluation Surplus:</b>		
Actuarial Gain/(Loss) on Gratuity	(0.94)	3.26
Actuarial Gain/(Loss) on Leave Encashment	0.00	0.00
Gain/(Loss) on Revaluation of Investments	0.00	0.00
	<b>(0.94)</b>	<b>3.26</b>
<b>(ii) Income tax relating to items that will not be reclassified to Profit or (Loss)</b>		
Deferred Tax	0.00	0.00
<b>Total</b>	<b>(0.94)</b>	<b>3.26</b>

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>Note: 29 Earning Per Share</b>		
(a) Net Profit attributable to shareholders (Rs.in Lakhs) from Continuing Operations	303.77	78.78
(b) Net Profit attributable to shareholders (Rs.in Lakhs) from Discontinued Operations	5938.21	(511.40)
(c) Basic and Diluted Earnings per share (Rs.) from Continuing Operations	0.14	0.04
(d) Basic and Diluted Earnings per share (Rs.) from Discontinued Operations	2.67	(0.23)
(e) Weighted average number of Equity Shares outstanding (nos.)	222064440	222064440
(f) Face Value per equity share (Rs.)	1.00	1.00

### Note: 30 Contingent Liabilities:

The Company does not have any claims or contingent Liabilities for the year. (Previous year: NIL)

### Note: 31 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.



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

The **Gearing Ratio** at the end of the reporting period was as follows:

Particulars	31st March, 2023	31st March, 2022
Total Debt (Rs.in Lakhs)	0.00	0.00
Total Equity (Rs.in Lakhs)	19611.67	13370.83
Debt to Equity Ratio	0.00%	0.00%

### Note: 32 Financial Instruments:

#### 32.01 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.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31st March, 2023 and 31st March, 2022:

Particulars	(Rs. in Lakhs)							
	As at 31st March, 2023				As at 31st March, 2022			
	Caring Amount /Fair Value	Level of Input used in			Caring Amount /Fair Value	Level of Input used in		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
<b>Financial Assets</b>								
<b>At Amortised Cost</b>								
(i) Investments	4695.39	1450.91	3244.48		3366.47	1598.97	1767.50	
(ii) Trade receivables	0.00				0.00			
(iii) Cash and cash equivalents	64.63				72.04			
(iv) Bank balances other than (iii) above	0.00				66.71			
(v) Loans and Advances	703.95				2.18			
(vi) Others financial assets	139.75				70.63			
<b>At FVTPL</b>								
(i) Investments	9083.74	9083.74			5631.77	5631.77		
(ii) Others financial assets	0.00				0.00			
<b>At FVTOCI</b>								
(i) Investments	0.00				0.00			
(ii) Others financial assets	0.00				0.00			

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

(Rs. in Lakhs)

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Caring Amount /Fair Value	Level of Input used in			Caring Amount /Fair Value	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Liability</b>								
<b>At Amortised Cost</b>								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	19.68				29.97			
(iii) Other financial liabilities	36.38				32.22			
<b>At FVTPL</b>								
(i) Other financial liabilities	0.00				0.00			
<b>At FVTOCI</b>								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	0.00				0.00			
(iii) Other financial liabilities	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.

**32.02 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 analysing 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.

**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.

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

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

Particulars	(Rs.in Lakhs)	
	31st March, 2023	31st March, 2022
<b>Working Capital Loan</b>		
Amount Used	0.00	0.00
Amount Unused	0.00	0.00

### Foreign Currency Risk Management:

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

### Foreign Currency Exposure:

The Company does not have Foreign Currency exposure as on reporting date.

### Note: 33 Leases:

The Company has elected below practical expedients on transition to Ind AS 116:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.
- Elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Ind AS 17 Leases.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

- The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The weighted average incremental borrowing rate applied to lease liabilities as at 1st April, 2019 is 9% and still continued to this year.

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

**(A) Leases as lessee**

**(i) The movement in Lease liabilities during the year**

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Opening Balance</b>	44.60	67.25
Additions during FY 2022-23	-	-
Deletion during the year	-	-
Finance costs incurred during the year	3.03	5.13
Payments of Lease Liabilities	29.50	27.78
<b>Balance as at 31st March, 2023</b>	<b>18.13</b>	<b>44.60</b>

**(ii) The carrying value of the Rights-of-use Assets and depreciation charged during the year**

For details pertaining to the carrying value of right of use of assets and depreciation charged thereon during the year.

Refer note -1 "Property, Plant & Equipments & Intangible Assets".

**(iii) Amount Recognised in Statement of Profit and Loss during the Year**

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
<b>Expenses related to Short Term Lease &amp; Low Asset Value Lease</b>		
- Finance Cost	3.03	5.13
- Depreciation	22.87	22.87
<b>Total Expenses</b>	<b>25.90</b>	<b>28.00</b>

**(iv) Maturity analysis of lease liabilities**

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Maturity Analysis of contractual undiscounted cash flows</b>		
Less than one year	18.13	26.52
One to five years	-	18.08
More than five years	-	-
<b>Total undiscounted Lease Liability</b>	<b>18.13</b>	<b>44.60</b>
<b>Balances of Lease Liabilities</b>		
Non Current Lease Liability	-	18.08
Current Lease Liability	18.13	26.52
<b>Total Lease Liability</b>	<b>18.13</b>	<b>44.60</b>

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

### Note: 34 Discontinued Operations:

The Company has discontinued its business of manufacturing of Polyester Chips and Partially Oriented Yarn (POY) at Jolwa Location and Sold the Assets of it. (Refer Note 41)

	(Rs. in Lakhs)	
	2022-23	2021-22
<b>Income:</b>		
Revenue from Operations	93.02	1687.43
Other Income	7423.90	1.22
<b>Total Income</b>	<b>7516.92</b>	<b>1688.65</b>
<b>Expenses:</b>		
Cost of Materials Consumed	0.00	1124.95
Purchases of Stock-In-Trade	96.35	233.01
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	0.00	114.23
Employee Benefits Expense	1.96	71.14
Finance Costs	0.00	0.00
Depreciation and Amortisation Expense	0.00	7.19
Other Expenses	79.32	263.61
<b>Total Expenses</b>	<b>177.63</b>	<b>1814.13</b>
<b>Profit / (Loss) before tax</b>	<b>7339.29</b>	<b>(125.48)</b>
<b>Tax Expenses</b>		
Current tax	1282.17	0.00
Taxes in Respect of Earlier Years	118.91	385.92
<b>Profit / (Loss) for the year</b>	<b>5938.21</b>	<b>(511.40)</b>
<b>Other Comprehensive Income / (Loss)</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Comprehensive Income / (Loss) for the year</b>	<b>5938.21</b>	<b>(511.40)</b>

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

### Note: 35 Ratio Analysis:

Only Continuing Operation Activity Figures are considered for making of Financials Ratios

Ratios	Numerator	Denominator	31st March, 2023	31st March, 2022	% Variance	Reason for Variance*
(a) Current Ratio	Current Assets	Current Liabilities	114.91	11.60	890.26%	Sale Proceeds of Jolwa Assets deployed
(b) Debt Service Coverage Ratio,	Net profit after taxes + Exception items + Noncash operating expenses (depreciation) + Finance costs + Other adjustments	Total Debt (Non-current borrowings + Current Borrowings + Finance Lease Liability)	11.65	4.20	177.62%	Decrease in Lease Liability
(c) Return on Equity Ratio,	Net Profit after taxes	Average Shareholder's Equity	2.20%	0.60%	266.84%	Better Returns on Investments
(d) Net profit ratio,	Net Profit after taxes	Sale of Products	12%	0%	0.00%	
(e) Return on Capital employed,	Earnings before interest and taxes (Loss before taxes + Finance costs)	Capital employed (Tangible Net worth + Total Debt)	2.73%	0.21%	1220.96%	Better Returns on Investments
(f) Return on investment.	Income on Investment	Cost of Investment	4.32%	6.56%	-34.18%	Financial markets Effected due to High Interest Rates/ Inflation

\* Reasons for Variance are only provide for the change in the ratio by more than 25% as compared to the ratio of Preceding year.

**Note:** Debt- Equity Ratio, Inventory Turnover Ratio, Trade Recievable Turnover Ratio, Trade Payable Turnover Ratio, Net Capital Turnover Ratio does not apply to the Company in absence of any Debt, Trade Recievables and Trade Payables.

### Note: 36 Segment Reporting:

The Company's business segment consists of a single segment of "Commodity Trading" in accordance with Ind AS 108 - 'Operation Segments' notified pursuant to the Companies (Indian Accounting Standard) Rules, 2015. However, in the previous year company was operating under a single segment "Textile" but based on commencement of trading in commodities and related activities during the year & Discontinuence and insignificant sale of "Textile" operations it treated "Commodity" as its single operating segment. Information with respect to geographical segment, to the extent applicable is as follows:

	(Rs. in Lakhs)	
Segment Revenue - Geographic Segment by Location of Customer	2022-23	2021-22
Within India	2531.13	1687.43
Outside India	0.00	0.00
<b>Total</b>	<b>2531.13</b>	<b>1687.43</b>

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

### The Revenue from customers which is more than 10% of companies total revenue:

Entire revenue of Rs. 2,531.13 Lakhs (previous year Rs. NIL Lakhs) of the company's revenue attributable to only one of its customer NCUBE VENTURES LLP.

**Note: 37 As per Regulation Ind AS 24, the disclosures of transactions with the related party are given below:**

### 37.01 List of related parties where controls exists and Relationships:

Sr. No.	Name of Related Party	Nature of Relationship
1	Mr. Manikant R. Momaya - Managing Director* Mr. Yogesh C. Papaiya - Wholetime Director & CFO** Mr. Alok P. Shah- Managing Director Mr. Paresh V. Chothani - Wholetime Director Mr. Deepak N. Shah - Non Executive Director Mr. Harishchandra B. Bharucha - Non Executive Director Mr. Ketan A. Jariwala - Non Executive Director Ms. Kruti G. Kothari - Non Executive Director Mr. Chandresh S. Punjabi - CFO Mr. Chinmay M. Methiwala - Company Secretary*** Ms. Mahek Gaurav Jaju - Company Secretary	Key Managerial Personnel (KMP)
2	Sorrento Textiles Private Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence

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

\* Resigned w.e.f. 28/04/2022;

\*\* Retired w.e.f. 11/08/2022;

\*\*\*Resigned w.e.f. 30/11/2022

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

### 37.02 Transactions During the year with Related Parties:

			(Rs. in Lakhs)	
Sr. No.	Name and Nature of Transactions of Related Parties	Relationship	2022-23	2021-22
<b>1</b>	<b>Leave &amp; Licence Fees &amp; Reimbursement of Expenses</b>			
	Sorrento Textiles Private Limited	Group Company	82.32	81.89
<b>2</b>	<b>Payment to Key Managerial Personnel and their Relatives*</b>			
	Mr. Manikant R. Momaya	KMP	2.51	8.40
	Mr. Yogesh C. Papaiya	KMP	41.07	28.71
	Mr. Paresh V. Chothani	KMP	12.55	2.00
	Mr. Deepak N. Shah	KMP	1.23	0.00
	Mr. Harishchandra B. Bharucha	KMP	2.70	3.05
	Mr. Ketan A. Jariwala	KMP	2.70	3.05
	Ms. Kruti G. Kothari	KMP	2.28	3.03
	Mr. Chandresh S. Punjabi	KMP	17.59	0.00
	Mr. Chinmay M. Methiwala	KMP	3.78	4.44
	Ms. Mahek Gaurav Jaju	KMP	0.10	0.00
<b>3</b>	<b>Receipt from Key Managerial Personnel**</b>			
	Mr. Chandresh S. Punjabi	KMP	4.50	0.00
<b>4</b>	<b>Proceeds Received on Dissolution of Partership Firm</b>			
	M/s. Isha Enterprises	Partnership Firm	0.00	15.02
	<b>Balance as at 31st March, 2023</b>			
	Sorrento Textiles Private Limited	Group Company		
	Trade Creditors		7.51	7.44

\*Payment to Key Managerial Personnel and their Relatives are Short-term benefits.

\*\* Deposit under Employees Car Scheme.

#### Note: 38 Income in Foreign Currency:

			(Rs. in Lakhs)	
Particulars	2022-23	2021-22		
Sales - Export	0.00	0.00		

#### Note: 39

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2023.

#### Note: 40

Contribution to Political parties during the year 2022-23 is Rs.Nil (Previous Year Rs.Nil).



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

### Note: 41

Pursuant to the approval of shareholders of the Company by way of postal ballot process on 12th February, 2022, and in terms of the powers delegated, the Board of Directors of the Company, during the year under review have entered into the necessary definitive agreements & executed the same on 29th April, 2022, for sale of its assets of Manufacturing Division situated at Village Jolwa, Taluka Palsana, Dist. Surat ('Undertaking'), together with all specified tangible, including land, buildings, and plant & machineries in relation to the Undertaking, by way of an asset transfer on a 'Going Concern' basis on an 'as is, where is and what is' to Garden Silk Mills Private Limited.

Accordingly, the Assets held for Sale (Jolwa Division Assets) of the company were classified as Non-Current Assets as on 31st March, 2022 and the results of the operations were classified as Discontinued Operations

During the year under review, the profit earned on sale of assets of aforesaid location forms part of "Other Income" as disclosed in Note no 34 "Discontinued Operations"

### Note: 42

Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench had vide its order dated 7th September, 2022 (Ref.: CP (CAA) No. 61 / AHM / 2021 in CA (CAA) No. 58 / AHM / 2021), under Sections 230-232 and read with Section 66 of the Companies Act, 2013 and other applicable provisions of the companies Act, 2013 read with the Companies (Compromise, Arrangement and Amalgamations) Rules, 2016 has approved the Scheme of Amalgamation of Vareli Trading Company Limited (VTCL) (Transferor Company) with Surat Textile Mills Limited (STML) (Transferee Company) and their respective shareholders and creditors. Pursuant to the order, the appointed date of the scheme is fixed at April 01, 2019 and the scheme has become effective from September 26, 2022 i.e., the day on which the certified copy of the order was filed with the Registrar of Companies by both Companies.

The amalgamation has been accounted by applying "Pooling of Interest Method" as set out in Appendix C of IND AS 103 "Business Combinations" by combining the assets, liabilities and reserves of the VTCL at their carrying amounts with only such adjustments which are required to harmonize the accounting policies.

Accordingly, the Company has prepared its financial statements for the year ended March 31, 2023 after giving effect to the aforesaid Scheme for the period from April 01, 2022 to September 26, 2022 of Rs. (0.20) lakhs (net) have been given in current reporting period and corresponding figures for the previous year ended March 31, 2022 have been restated to give effect to the Scheme with effect from April 01, 2019. The said effects are based on the special purpose financial statements audited by the auditors of transferor company. The difference between the net identifiable assets acquired and consideration paid on merger has been accounted for as Capital reserve amounting to Rs (6.90) Lakhs. On the Scheme becoming effective and with effect from the Appointed Date:

- a) The Board of Directors of the Company at its meeting held on 30th September, 2022 took note of the order dated 7th September, 2022 of Hon'ble NCLT Ahmedabad bench in the matter of Scheme of Amalgamation of VTCL with STML. At the said meeting the Board of Directors approved the allotment of equity shares of face value of Rs. 1/- (Rupee one) each credited as fully paid up of STML in the ratio of 521 equity shares of the face value Rs. 1/- (Rupee one) each of STML for every 1 equity share of Rs. 10/- (Rupees 10) of VTCL credited as fully paid up held on the record date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in VTCL (the "New Equity Shares").
- b) On the amalgamation of VTCL with STML, all the investment (including 7,75,80,026 number of the equity shares of STML), being held by VTCL, stands cancelled off and the same shall amount to Reduction of Share Capital of STML to that extent". Accordingly, the issued, subscribed and paid-up share capital of STML stands reduced from Rs. 22,20,64,440/- to Rs. 14,44,84,414/-. However, considering the issue of 7,75,80,026 equity shares to the shareholders of VTCL (the transferor company) in the exchange ratio as approved under the Scheme under Clause 18(vi) of NCLT Order, there will not be any net reduction in the Issued, Subscribed and Paid-up share capital of STML and the issued subscribed and paid-up share capital of STML will remain unchanged at Rs. 22,20,64,440/-.

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

### Note: 43

The Company has No borrowings from banks or financial institutions on the basis of security of current assets.

### Note: 44 Additional Regulatory Information

Additional Regulatory Information pursuant to Clause 6L of General Instructions for preparation of Balance Sheet as given in Part I of Division II of Schedule III to the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Consolidated Financial Statements.

- i. The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties, which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- ii. There are no proceeding initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- iii. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- iv. Ratios - Refer Note 36.
- v. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding, that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vi. The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding, that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- vii. The Company has not been declared Wilful Defaulter by any bank or financial institutions or any other lender.
- viii. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013.
- ix. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- x. The company has not revalued its property, plant equipment (including right of use assets) or intangible assets or both during the current or previous year.
- xi. "The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India."

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

### Additional Information

Additional Information pursuant to Clause 7(l) of General Instructions for preparation of Statement of Profit and Loss as given in Part II of Division II of Schedule III to the Companies Act, 2013, are given hereunder to the extent relevant and other than those given elsewhere in any other notes to the Consolidated Financial Statements.

- i. The Company does not have any transaction which is not recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- ii. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

### Note: 45 Code on Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

### Note: 46

Figures for the previous year have been regrouped/reclassified/restated wherever necessary.

### Note:47

The financial statements are approved for issue by the Company's Board of Directors on 24th May, 2023.

For and on behalf of Board of Directors

**Alok P. Shah**  
Managing Director  
DIN: 00218180

**Paresh V. Chothani**  
Wholtime Director  
DIN: 00218632

**Mahek Gaurav Jaju**  
Company Secretary

**Chandresh S. Punjabi**  
Chief Financial Officer

Surat, 24th May, 2023



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SURAT TEXTILE MILLS LIMITED