

## NOTICE

NOTICE is hereby given that the **73rd ANNUAL GENERAL MEETING** of the Members of Surat Textile Mills Limited will be held on **Tuesday, the 3rd September, 2019 at 11:00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019 together with the Reports of the Board of Directors and Auditors' thereon.
- To appoint a Director in place of Shri Yogesh C. Papaiya (DIN: 00023985), who retires by rotation and, being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

- Re-appointment of Shri Manikant R. Momaya (DIN: 00023993) as Managing Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee, Shri Manikant R. Momaya (DIN: 00023993) be and is hereby re-appointed as Managing Director of the Company, for a period of 3 (three) years with effect from 1st June 2019, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors, (hereinafter referred to as the ‘Board’ which expression shall also include the ‘Nomination and Remuneration Committee’ of the Board) to alter and vary from time to time, the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Manikant R. Momaya, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, by making such compliances as provided in the said schedule.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, severally and jointly, be and is hereby authorised to do all such acts, deeds, things and execute all such documents, instruments, writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit.”

- Re-appointment of Shri Yogesh C. Papaiya (DIN: 00023985) as Wholtime Director and CFO of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee, Shri Yogesh C. Papaiya (DIN: 00023985) be and is hereby re-appointed as a Wholtime Director and CFO of the Company, for a period of 3 (three) years with effect from 11th August 2019, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors, (hereinafter referred to as the ‘Board’ which expression shall also include the ‘Nomination and Remuneration Committee’ of the Board) to alter and vary from time to time, the terms and conditions of the said appointment and/or remuneration, subject to the same not exceeding the limits specified under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, during the term of office of Shri Yogesh C. Papaiya, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013, by making such compliances as provided in the said schedule.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, severally and jointly, be and is hereby authorised to do all such acts, deeds, things and execute all such documents, instruments, writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit.”

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

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012), appointed by the Board of Directors of the Company, on the recommendation of Audit Committee, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2020, be paid the remuneration as set out in the explanatory statement annexed to the Notice convening this meeting and the same is hereby ratified and approved.

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

6. **Appointment of Ms. Kruti Kothari (DIN: 08502921) as an Independent Director of the Company.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Rules framed thereunder, read with Schedule IV of the Act and pursuant to Regulation 16 and 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Kruti Kothari (DIN: 08502921), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 9th July, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act, who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as a Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, commencing from 9th July 2019 and up to 8th July 2024.

**Notes:**

1. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (‘the Act’) relating to the Special Business to be transacted at the Annual General Meeting (‘AGM’) is annexed hereto. Notes given in the Notice to the extent applicable also forms part of explanatory statement
2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company.**

The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed not less than FORTY-EIGHT HOURS before the commencement of the AGM i.e. 11.00 a.m. on Tuesday, 3rd September, 2019. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

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

3. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away by Companies Amendment Act, 2017

vide notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of the appointment of Auditors, who were appointed in the Annual General Meeting held on 2nd August, 2017.

4. A proxy shall not have a right to speak at the AGM and shall not be entitled to vote except on a poll.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 29th August, 2019 to Tuesday, 3rd September, 2019 (both days inclusive).
6. The Register of Directors’ and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.
7. A brief resume of Directors proposed to be appointed / re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanship of Board Committees, shareholding and relationship between directors *inter se* as stipulated under Regulation 36 of the SEBI listing regulations and other requisite information as per Secretarial Standards-2 on General Meetings, are annexed and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
8. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board Resolution to the Company, authorising them to attend and vote on their behalf at the AGM.
9. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
10. Relevant documents referred to in the accompanying Notice and the Explanatory Statements are open for inspection by the members at the Registered Office of the Company during normal business hours on all working days except Saturday up to the date of the AGM.
11. Members are requested to intimate changes, if any, pertaining to their names, postal address, email address, telephone / mobile numbers, Permanent Account No. (PAN) mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account numbers, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company’s Registrar and Share Transfer Agent, M/s Karvy Fintech Private Limited (KARVY) in case the shares are held by them in physical form.
12. The Securities and Exchange Board of India (‘SEBI’) has mandated the submission of Permanent Account Number (‘PAN’) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts.

Members holding shares in physical form should submit their PAN to the Company/Registrar & Share Transfer Agent of the Company.

13. All correspondence including share transfer documents should be addressed to the Registrar & Share Transfer Agent of the Company viz. Karvy Fintech Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500032 Toll Free No. (India): 1800 345 4001 Phone No. 040 67162222 Fax No. 040-23420814 Email: einward.ris@karvy.com

If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).

14. In accordance with the provisions of Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Notice of the AGM as well as Annual Report of the Company for the financial year 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depositories, unless any Members has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2018-19 is also be available on the Company's website viz. [www.surattextilemillsLtd.com](http://www.surattextilemillsLtd.com).
15. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Share Transfer Agent for assistance in this regard.
16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
17. Members desirous of obtaining any information concerning account and operations of the Company are requested to address their questions in writing to the Company **at least 7 days** before the date of the meeting so that the information required may be made available at the AGM.

18. To support the "Green Initiative", Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Registrars and Share Transfer Agent in case the shares are held by them in physical form.

19. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agents. In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participants.

20. A route map showing directions to the venue of the 73rd AGM is given at the end of this Notice as per the requirements of the Secretarial Standards-2 on "General Meetings".

**21. Voting through electronic means**

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

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

**Registered Office:**  
Tulsi Krupa Arcade, 6th Floor,  
Puna-Kumbharia Road,  
Dumbhal,  
Surat 395010.

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

**Hanisha Arora**  
Company Secretary

Place: Surat  
Date: 9th July, 2019

## ANNEXURE TO THE NOTICE

### Explanatory Statement

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

#### Item No.3:

The Board of Directors of the Company (the 'Board'), at its meeting held on 14th May 2019 has, subject to the approval of members, re-appointed Shri Manikant R. Momaya as Managing Director of the Company for a further period of 3 (three) years with effect from 1st June 2019 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

Shri Manikant R. Momaya holds B.E. (Mechanical & Electrical) and also an Associate Member of Institute of Chemical Engineering (AMICE). He was associated with one of the most reputed textile company of Surat for more than three decades and at present rendering his services as Consultant Engineer. Shri Manikant R. Momaya is also involved with the various activities of the Group since a long time and has contributed to a large extent to the activities in which the Company is engaged.

The Directors are of the view that the re-appointment of Shri Manikant R. Momaya as Managing Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The material terms of remuneration of Shri Manikant R. Momaya effective from 1st June 2019 to 31st May 2022 as approved by both Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 14th May 2019 are as under:

- i) Salary: Up to ₹24,00,000/- (Rupees Twenty-four Lacs only) per annum
- ii) Perquisites and Allowances:
  - (a) in addition to the salary as above, Shri Manikant R. Momaya shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at sub-point i) above.
  - (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

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

- iii) Remuneration based on net profits:

In addition to the salary, perquisites and allowances as set out above, Shri Manikant R. Momaya 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 Companies Act, 2013 ("the Act"), read with Schedule V to the Act as may for the time being in force.

- v) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary, perquisites and other allowances as specified above as minimum remuneration, subject to the overall ceiling prescribed under Schedule V to the Act.

- vi) Other Terms and Conditions:

- (a) 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.
- (b) 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.
- (c) The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- (d) The Managing Director shall be liable to retire by rotation.

- (e) 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.

Shri Manikant R. Momaya has attained age of seventy years. Shri Manikant R. Momaya has vast experience of the Indian Textile industry and in depth knowledge of the relevant field, the Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his appointment will be in the interest of the Company. It would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Shri Manikant R. Momaya as a Managing Director. Accordingly, approval of the members is sought by Special Resolution for re-appointment of Shri Manikant R. Momaya as a Managing Director, as set out in sub-section (3) of Section 196 of the Act.

Save and except as provided in the foregoing paragraph, Shri Manikant R. Momaya satisfy all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Shri Manikant R. Momaya is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

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

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

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Manikant R. Momaya under Section 190 of the Act.

Shri Manikant R. Momaya is interested in the resolution set out at item No.3 of the Notice, which pertains to his appointment and remuneration payable to him. The relatives of Shri Manikant R. Momaya may be deemed to be interested in the resolution set out at item 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 at item No.3 of the Notice for the approval of members as a Special Resolution.

**Item No.4:**

The Board of Directors of the Company (the 'Board'), at its meeting held on 14th May 2019 has, subject to the approval of members, appointed Shri Yogesh C. Papaiya as Whole-time Director and CFO of the Company for a further period of 3 (three) years with effect from 11th August 2019 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

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

The Directors are of the view that his experience, leadership qualities and excellent managerial capability will further contribute to the growth of the Company and the remuneration payable to him is commensurate with his ability and experience. The Nomination and Remuneration Committee of the Board has approved the same remuneration.

The material terms of remuneration of Shri Yogesh C. Papaiya effective from 11th August, 2019 to 10th August, 2022 as approved by both Nomination & Remuneration Committee and Board of Directors in their respective meetings held on 14th May 2019 are as under.

- i) Salary: Up to ₹24,00,000/- (Rupees Twenty-four Lacs only) per annum
- ii) Perquisites and Allowances:
  - (a) in addition to the salary as above, Shri Yogesh C. Papaiya shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 125% of the salary mentioned at point no. i) above.
  - (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
  - (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.
- iii) Remuneration based on net profits:

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

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

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

v) Reimbursement of Expenses:

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

vi) Minimum Remuneration:

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

vii) Other Terms and Conditions:

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

(ii) The Wholetime Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) The Wholetime Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

(iv) The office of the Wholetime Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

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

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

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

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

Shri Yogesh C. Papaiya is interested in the resolution set out at Item No.4 of the Notice, which pertains to his re-appointment and remuneration payable to him. The relatives of Shri Yogesh C. Papaiya may be deemed to be interested in the resolution set out at Item No.4 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 at item No.4 of the Notice for the approval of members as an Ordinary Resolution.

#### Item No.5:

The Board of Directors at its Meeting held on 14th May 2019, upon the recommendation of the Audit Committee has approved the appointment and remuneration of an amount not exceeding ₹75,000/- (Rupees Seventy Five Thousand only), plus applicable taxes and reimbursement of out of pocket expenses, for the financial year ending 31st March 2020 payable to the Cost Auditor M/s. P. M. Nanabhoy & Co., Cost Accountants to conduct the audit of the cost records of the Company for the aforesaid financial year.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2020.

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

The Board of Directors recommends resolution set out at item No.5 of the Notice for the approval of members as an Ordinary Resolution.

**Item No.6:**

Under recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Ms. Kruti Kothari (DIN: 08502921) as an Additional Director designated as Independent Director with effect from 9th July, 2019. Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ('the Act'), Ms. Kruti Kothari holds office up to the date of ensuing annual general meeting. The Company has received a notice in writing under Section 160(1) of the Act, from a member proposing the candidature of Ms. Kruti Kothari, for the office of director of the Company.

Ms. Kruti Kothari holds membership of The Institute of Chartered Accountants of India (ICAI). She has work experience in service industry and consulting field. She also holds Diploma in IFRS from ACCA, UK and also has post qualification experience of about 6 years in Auditing, Taxation, Accounting and Management Consulting.

Brief profile of Ms. Kruti Kothari and information in terms of Regulation 26(4), 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of appointment of Ms. Kruti Kothari is mentioned in the annexure which forms part of this notice.

The Company has received declaration from Ms. Kruti Kothari to the effect that she meets the criteria of Independence as provided in Section 149(6) of the Act read with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and that she is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

Copy of the draft letter for appointment of Ms. Kruti Kothari as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on any working day, excluding Saturday and Sunday up to the date of this meeting.

Considering the experience and expertise of Ms. Kruti Kothari, the Board recommends her appointment as Independent Director for a period of 5 (five) consecutive years commencing from 9th July 2019 and up to 8th July 2024.

Ms. Kruti Kothari and her relatives may be deemed to be interested in this resolution as set out at item No.6 of the Notice.

Save as otherwise provided above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financial or otherwise, in the Resolution set out at item No.6 of the Notice.

The Board of Directors recommends resolution set out at item No.6 of the Notice for the approval of members as an Ordinary Resolution.

**Registered Office:**  
Tulsi Krupa Arcade, 6th Floor,  
Puna-Kumbharia Road,  
Dumbhal,  
Surat 395010.

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

**Hanisha Arora**  
Company Secretary

Place: Surat  
Date: 9th July, 2019

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

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

<b>Name of the Director</b>	<b>Shri Manikant R. Momaya</b>	<b>Shri Yogesh C. Papaiya</b>	<b>Ms. Kruti Kothari</b>
Age	87 years	67 years	28 years
Qualification	B.E. (Mechanical & Electrical)	B.Com., F.C.A.	B.Com., A.C.A.
Date of first appointment on the Board	23/10/2000	23/10/2000	09/07/2019
Experience (including expertise in specific functional area)	37 years of experience in the field of Textile industry, business and Corporate Management.	A Fellow Member of the Institute of Chartered Accountants of India (ICAI) having experience in Accounting, Taxation and general administration. He is also involved with the various activities of the Group.	An Associate Member of the Institute of Chartered Accountants of India (ICAI) and graduate in commerce. She is having more than 5 years of experience in direct tax, audit and management consultancy related work and expertise in IFRS assignment.
Directorship held in other Public Companies (excluding foreign companies and Section 8 companies)	Nil	Nil	Nil
Memberships/ Chairmanship of committee of other public companies (includes only audit committee and Stakeholders' Relationship Committee)	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil

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

**INSTRUCTIONS FOR REMOTE E-VOTING****The instructions for shareholders voting electronically are as under:**

- I. The remote e-voting period commences on Friday, 30th August, 2019 (10.00 a.m. IST) and ends on Monday, 2nd September, 2019 (5.00 p.m. IST). During this period, Members holding shares either in physical form or dematerialised form, as on Wednesday, 28th August, 2019 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by KARVY for voting thereafter. Once the vote on a resolution is cast by the Member, he/ she shall not be allowed to change it subsequently or cast the vote again.
- II. **The process and manner for remote e-voting are as under:**
  - A. **For Members whose e-mail addresses are registered with the Company / Depositories:** Those members whose e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from Karvy.
    - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
    - (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
    - (iii) After entering these details appropriately, click on "LOGIN".
    - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
    - (v) You need to login again with the new credentials.
    - (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Surat Textile Mills Limited.
    - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total

shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- (viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
  - (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [csjigarvyas@gmail.com](mailto:csjigarvyas@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."
- B. **For Members whose e-mail addresses are not registered with the Company / Depositories: receive the physical copy of the Notice of Annual General Meeting:**
    - i. User ID and initial password as provided above.
    - ii. Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
    - iii. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.

**Other instructions**

1. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, Wednesday, 28th August, 2019. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, 28th August, 2019 only shall be entitled to avail the facility of voting, either through remote e-voting or voting at the AGM through poll paper.
2. The facility for voting through ballot paper shall also be made available at the AGM and the Members attending the AGM, who have not already cast their votes by remote e-voting, may exercise their rights to vote at the AGM.

3. A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both the modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
4. Any person, who acquires shares of the Company and become a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Wednesday, 28th August, 2019, may obtain the User ID / login ID and password by sending a request at evoting@karvy.com or to Ms. Shobha Anand, Contact No. 040-67162222, at [Unit: Surat Textile Mills Limited] Karvy Fintech Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. However, if he/she is already registered with KARVY for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
5. The Board of Directors has appointed Shri Jigar Vyas (Membership No.FCS 8019 CP No.14469), Proprietor of Jigar Vyas & Associates, Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.
6. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 hours of conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
7. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.surattextilemillsLtd.com](http://www.surattextilemillsLtd.com) within 48 hours of conclusion of the 73rd AGM of the Company. The Company shall simultaneously forward the results to BSE Limited where the shares of the Company are listed. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the 73rd Annual General Meeting i.e. Tuesday, 3rd September, 2019.

**Registered Office:**  
 Tulsi Krupa Arcade, 6th Floor,  
 Puna-Kumbharia Road,  
 Dumbhal,  
 Surat 395010.

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

**Hanisha Arora**  
 Company Secretary

Place: Surat  
 Date: 9th July, 2019

**SURAT TEXTILE MILLS LIMITED**

**Regd. Office:** Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010  
**CIN No:** L17119GJ1945PLC000214, **Website:** www.surattextilemillsLtd.com;  
**Tel. No.** (0261) 2311198, **Fax No.** (0261) 2311029

**73RD ANNUAL GENERAL MEETING TUESDAY, 3RD SEPTEMBER, 2019**

**ATTENDANCE SLIP**

**(Only shareholders or the Proxies will be allowed to attend the meeting)**

DP ID*	
Client ID*	

Folio No.	
No. of Shares held	

Name and address of the Shareholder:

I hereby record my presence at the **73rd Annual General Meeting** of the members of the Company held on **Tuesday, 3rd September, 2019 at 11 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

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

\_\_\_\_\_  
Signature of Shareholder/Proxy

**SURAT TEXTILE MILLS LIMITED**

**Regd. Office:** Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010  
**CIN No:** L17119GJ1945PLC000214, **Website:** www.surattextilemillsLtd.com;  
**Tel. No.** (0261) 2311198, **Fax No.** (0261) 2311029

**PROXY FORM**

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

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

\*Applicable for members holding shares in electronic form.

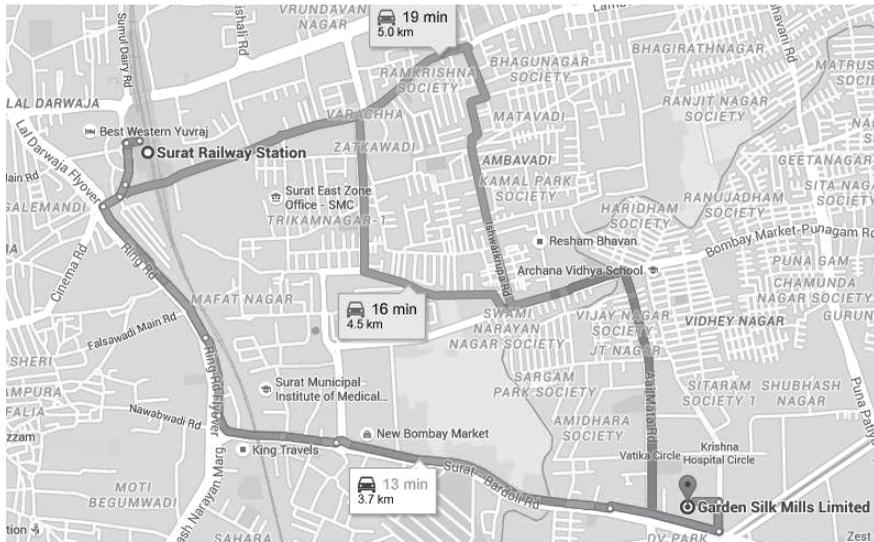
I/We, being the member(s) holding ..... shares of **Surat Textile Mills Limited**, hereby appoint:

- ..... of ..... having e-mail ID ..... or failing him
- ..... of ..... having e-mail ID ..... or failing him
- ..... of ..... having e-mail ID .....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **73rd Annual General Meeting** of the members of the Company, to be held on **Tuesday, 3rd September, 2019 at 11.00 a.m.** at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

**ROUTE MAP TO THE VENUE OF 73RD ANNUAL GENERAL MEETING OF SURAT TEXTILE MILLS LIMITED**



Resolution No.	Resolution	Optional *	
		For	Against
	<b>Ordinary business</b>		
1	Consideration and adoption of Audited Financial Statement for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon.		
2	Appointment of Shri Yogesh C. Papaiya, a Director retiring by rotation.		
	<b>Special business</b>		
3	Re-appointment of Shri Manikant R. Momaya (DIN: 00023993) as Managing Director of the Company		
4	Re-appointment of Shri Yogesh C. Papaiya (DIN: 00023985) as Wholetime Director and CFO of the Company		
5	Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2020.		
6	Appointment of Ms. Kruti Kothari (DIN: 08502921), as an Independent Director of the Company		

Signed this ..... day of ....., 2019, Signature of Shareholder: \_\_\_\_\_

Signature of First Proxy holder(s): \_\_\_\_\_ Signature of Second Proxy holder(s): \_\_\_\_\_

Affix a Revenue Stamp

**Note:**

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

2018 - 2019

ANNUAL REPORT

**STM**

SURAT TEXTILE MILLS LIMITED

## CORPORATE INFORMATION

### Board of Directors

**Manikant R. Momaya** (DIN: 00023993)  
Managing Director

**Yogesh C. Papaiya** (DIN: 00023985)  
Whole-time Director & CFO

**Harishchandra Bharucha** (DIN: 00138430)

**Ketan Jariwala** (DIN: 02095540)

**Anita Mandrekar** (DIN: 00623327)  
(upto 31st March, 2019)

### Hanisha Arora

Company Secretary

### Registered Office

6th Floor, Tulsi Krupa Arcade,  
Near Aai Mata Chowk,  
Puna-Kumbharia Road, Dumbhal,  
Surat 395010.

CIN: L17119GJ1945PLC000214

Tel: (0261) 2311198.

Fax: (0261) 2311029.

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

<http://www.surattextilemillsltd.com>

### Plants:

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

### Registrars & Share Transfer Agents

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

### Statutory Auditors

Sharp & Tannan Associates,  
Chartered Accountants, Mumbai

### Cost Auditors

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

### Bankers

Bank of Baroda

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

**73rd Annual General Meeting on Tuesday, 3rd September, 2019 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.**

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors present the 73rd Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

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

### Financial Results

The Company's performance during the financial year ended 31st March, 2019 as compared to the previous financial year, is summarised below:

### Summarised Financial Results

	(₹ in Crore)	
	2018-19	2017-18
Gross Revenue from Operations	<b>216.28</b>	205.99
Earnings Before Interest, Tax, Depreciation and Amortization	<b>12.18</b>	16.44
Less: Finance Costs	<b>1.08</b>	0.98
Less: Depreciation	<b>0.35</b>	0.50
Profit before tax	<b>10.75</b>	14.96
Less: Tax Expense /(Credit)	<b>(1.40)</b>	6.78
Profit after tax	<b>12.15</b>	8.18

### Review of Operations

The Company achieved 5 per cent year-on-year (YoY) growth in gross operating revenue to ₹ 216.28 Crore against ₹ 205.99 Crore in the previous fiscal. The increase in sales was primarily due to higher volume of sales of polyester chips. Net profit before tax declined to ₹ 10.75 Crore as compared to ₹ 14.96 Crore in the previous year. The total sale of chips in volume term for the year 2018-19 was higher at 22379 MT as compared to 20803 MT in the previous year.

Volatility in raw material prices and in availability resulted into higher input cost which adversely affected the EBITDA of the Company. There was pressure on the operating margins across the board. However, given the current slowdown in consumer demand, near term volume growth seems challenging for the Company.

The production at polyester spinning division of the Company at Village Jolwa remained suspended for the major part of the year due to competitive pressure and market conditions.

Close watch on raw material prices and strict inventory management has helped the Company in securing continued raw material supplies (except in couple of months during the year) and protected against adverse impact of raw material price volatility.

The Company continued its efforts for expanding customer base, developing new products and succeeded to make entry in exports. The focus will be on how the Company balance volume growth, pricing and profitability.

Your Company continues to be the product leader in its speciality chips segment. It continues to be perceived in the market as a premium producer of quality chips.

The overall performance of the Company for FY2019 can be considered satisfactory, despite steep decline in raw material prices in the second half of the year.

### Dividend

In order to strengthen the reserves of the year, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2018-19.

### Transfer to Reserves

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

### Nature of Business

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

### Industry Scenario

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

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

The global crude oil sector is hard to read due to complexity of factors influencing supply and demand. Global growth is slowing. This will lead to softening demand and create downside pressure on prices. The average price this fiscal is about \$70 per barrel. That's much higher than in 2017-18 (\$ 58).

Raw material prices of PTA and MEG during FY19 were low at around USD 787 and USD 607 per metric ton respectively and reached a high of around USD 1106 and USD 1022 per metric ton.

The fate of the rupee is tied to crude. If crude prices stay high, the rupee will be under pressure. If crude prices fall, the trade balance improves and the rupee strengthens.

The current slowdown hinges around the shortage of liquidity in the rural and the informal sector. This apparent stagnancy in income has resulted in reduction in lifestyle consumption. This has impacted the production of intermediate goods such as yarn and fabrics, which saw weakened demand growth during the year.

### Overview of the economy

India continued to remain the fastest growing major economy in the world in 2018-19, despite a slight moderation in its GDP growth from 7.2% in 2017-18 to 6.8% in 2018-19. On the other hand, the world output growth declined from 3.8% in 2017 to 3.6% in 2018.

Indian's economy grew at the average of 7.4% during the last five years (2014-19). The average growth rate of India was not only higher than China's between 2014-15 and 2017-18, but was much higher than that of other top major economies as well.

The Indian situation cannot be seen in isolation from what is happening globally. Global growth, which seemed to revive in 2017 and the first half of 2018, has slowed down from the second half of 2018 onwards. Volume of debt, negative yields in several Advanced Economies (AEs) gets further compounded by trade tensions and the contraction in world trade volume. We are also facing all price volatility, which is perennial issue for the country.

India's rupee is likely to be affected by China's estimated economic slowdown leading to competitive devaluation. Rupee may come under stress due to global factors unless we have positive legal macro head-winds in addition to a stable government. The Indian rupee was at ₹ 69.17 to a US\$ as on 31st March, 2019 as compared to ₹ 65.17 to a US\$ as on 31st March, 2018.

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

The global fibre consumption is dominated by man-made fibres, having 70 per cent of share, while natural fibre constitute only 30 per cent. Contrary to the global trend, fibre consumption in India is skewed towards natural fibres, especially cotton. The growth of cotton is limited owing to less availability of agricultural land, and price volatility.

Domestic man-made fibre and yarn manufacturers might get a larger pie of the global market, at a time when China, the world's largest producer of these products, is cutting production due to high labour cost. Moreover, demand worries, rising input costs, too, will weigh on the Company's margins.

The Company is experiencing pressure on margins due to competition from other low-cost countries like China. Textiles being a labour intensive industry, rising labour and skilled human resources costs can put pressure on margins. Besides this competitive pressure has increased, driven by low priced yarn from China. The export market is not very encouraging either.

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

Crude oil price is expected to be range-bound, within about 15-20 per cent of current prices. The Company covers its foreign currency exposures in forward market based on the business cycle to minimise the impact of currency fluctuation.

Fall in crude oil prices during second half of FY 18-19 has come as a relief for man-made fibre and yarn manufacturers reeling under the pressure of demonetization and the Goods and Service Tax (GST).

The Company reviews its policies and practices to adjust the inventory levels of both raw materials and finished goods in line with changing demand to reduce the impact of volatility in raw material prices while ensuring availability of enough stocks for optimum production plans and supply of finished goods.

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

The Indian economy provides a large opportunity to the Company to market its products. Slower growth of the Indian economy and stress in sectors such as textiles could impact the performance of the Company.

### **Business Outlook**

The year 2018-19 was a challenging year that saw an oil-price volatility resulting in fluctuations in raw material prices and weak market sentiments. Despite this, our emphasis on increased products differentiation along with improved operational efficiencies and careful working capital management helped us to remain competitive.

The downstream industries in the man-made fibre textile value chain-spinning and weaving-the largest employment generator in the value chain – are facing acute stress because of high prices of domestic staple fibre compared to imported material. This affects the export competitiveness of the domestic downstream man-made fabrics (MMF) textile industry.

The global crude oil sector is hard to read due to the complexity of factors influencing supply and demand. Global growth is slowing. This will/may lead to softening demand and create down side pressure on prices. The prospects of synthetic yarn industry in short term is linked with the movements of crude oil prices in international markets however the long term prospects seems good with the growing Indian economy and demand growth in end-use products.

Higher input costs, falling demand from consumers, and competitive pressures are expected to impact the profitability of the Company. Continued slowdown in overall textile industry and slowdown in economic growth in recent months can impact sale growth for current year.

The prices of key raw materials which had increased significantly during the first half of the year under review started declining in the later part of the fiscal. Barring unforeseen circumstances this trend is likely to continue during the initial months of the current year.

### **Share Capital**

The Paid-up Equity Share Capital of the Company as at 31st March, 2019 stood at ₹ 2220.64 Lacs. There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares, nor has it granted stock options. As on 31st March, 2019, none of the directors of the Company hold instruments convertible into equity shares of the Company.

### **Disclosures in respect of voting rights not directly exercised by employees**

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

### **Indian Accounting Standard (Ind AS)**

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') from 1st April, 2017 with a transition date of 1st April, 2016. The financial results for the year 2018-19 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other recognized accounting practices and policies to the extent applicable.

### Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

### Material changes and commitments

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

### Subsidiaries and associates

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2019. Accordingly, the requirements pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is not applicable.

### Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2019.

### Finance

Your Company has repaid Secured Rupee Term Loan from banks to the tune of ₹ 21.59 Lacs during the financial year 2018-19. No fresh Term Loan was availed by the Company during the year. The Company availed working capital facility from Bank of Baroda during the year.

### Information Technology

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

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

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

### Directors and Key Managerial Personnel

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

As per the provisions of Section 152(6) of the Companies Act, 2013 and the Company's Articles of Association, Shri Yogesh C. Papaiya (DIN: 00023985) Retire by Rotation at the ensuing 73rd Annual General Meeting and, being eligible, offers himself for re-appointment as a Director of the Company.

Smt. Anita Mandrekar (DIN: 00623327) a Non-Executive Independent Director on the Board resigned from the directorship of the Company with effect from 31st March, 2019 due to her advanced age and other personal commitments. The Directors places on record the valuable contributions made by Smt. Mandrekar during her tenure with the Company. The Company is in process to identify and appoint an appropriate woman director on the Board.

The Board of Directors of the Company at its meeting held on 14th May, 2019 on recommendation of Nomination and Remuneration Committee reappointed Shri Manikant R. Momaya as Managing Director of the Company for a period of three years with effect from 1st June, 2019 subject to approval of shareholders at the ensuing annual general meeting. The Board also reappointed Shri Yogesh C. Papaiya as Wholetime Director and CFO of the Company for a period of three years with effect from 11th August, 2019 subject to approval of shareholders at the ensuing annual general meeting. The necessary resolutions have been proposed in the notice of annual general meeting.

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

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

### Disclosure Relating to Remuneration of Directors and Key Managerial Personnel

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

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

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

### Corporate Governance

Your Company reaffirms its commitment to good Corporate Governance practices. A report on Corporate Governance pursuant to Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2018-19. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

### Corporate Social Responsibility Committee

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

The CSR committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at <http://www.surattextilemillsLtd.com/policies.aspx>.

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

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

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

#### **Audit Committee**

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

#### **Whistleblower Policy and Vigil Mechanism**

Your Company has adopted a Whistleblower Policy and Vigil Mechanism to provide a formal mechanism to the Directors, employees and its Stakeholders to report their concern about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. Protected disclosures can be made by a whistleblower through several channels.

The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The details of the Policy are given in the Corporate Governance Report and the Policy is also posted on the website of the Company at <http://www.surattextilemillsLtd.com/policies.aspx>.

#### **Prevention of Sexual Harassment ('POSH')**

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes the dignity of all employees. The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace. This is in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. There was no complaint of sexual harassment was received by the Company during the financial year 2018-19 under the aforesaid Act.

#### **Risk Management**

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

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

#### **Insurance**

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

#### **Auditors and Auditors' Report**

In accordance with the provisions of the Companies Act, 2013, M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) have been appointed as the statutory auditors of the Company for a period of five years i.e. up to the conclusion of 76th AGM to be held for the adoption of the accounts for the year ending 31st March, 2022. In view of the amendment to the said section 139 through the Companies (Amendment) Act, 2017 notified on 7th May 2018, ratification of auditor's appointment is no longer required.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Statutory Auditors' Report for the year 2018-19 does not contain any qualification, reservation, adverse remark or disclaimer made by Statutory Auditor.

#### **Cost Auditor and Cost Audit Report**

M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012), were appointed as the Cost Auditor for the financial year 2018-19 to conduct the audit of the cost records of the Company. M/s P. M. Nanabhoy & Co., Cost Accountants, have been reappointed as the Cost Auditor for the financial year 2019-20.

In terms of the provisions of Section 148(3) of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, at the ensuing AGM the Board seeks ratification of the remuneration payable to the Cost Auditors for the financial year 2019-20.

#### **Secretarial Auditor and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have re-appointed, Jigar Vyas of Jigar Vyas & Associates, Practising Company Secretaries, (CP No.8019), Surat to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in the prescribed form MR-3 is attached as **'Annexure D'** There is no qualification or adverse remark in their Report.

#### **Reporting of Fraud**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013 details of which needs to be mentioned in this Report.

#### **Internal Auditors**

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company have appointed M/s Aadil Aibada & Associates, Chartered Accountant as Internal Auditors of the Company, for the financial year 2018-19.

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

### Directors' Responsibility Statement

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

- a) that in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;
- c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors have prepared the annual accounts on a going concern basis;
- e) that the Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Number of meetings of the Board

Five meetings of the Board of Directors of the Company were held during the year. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. For further details, please refer to Corporate Governance section of this Annual Report.

### 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 defined the evaluation criteria for the Performance Evaluation of the Board, its Committees and individual Directors.

The Board has carried out the annual evaluation of its own performance and that of its Committees and individual Directors for the year pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements prescribed under the Listing Regulations. The performance of the Board and individual Directors was evaluated by the Board after seeking inputs from all the Directors.

The criteria for performance evaluation of the Board was based on the Guidance Note issued by SEBI on Board Evaluation which included aspects such as Board composition and structure, effectiveness of Board processes, contribution in the long term strategic planning etc. The result of the evaluation is satisfactory and adequate and meets the requirements of the Company.

### Independent Directors' Meeting

In compliance with the requirements of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held on 23rd March, 2019, without the participation of the Executive Directors or Management personnel.

The Independent Directors carried out performance evaluation of Non-Independent Directors and the Board of Directors as a whole, performance of Chairman of the Company, the quality, contents and timelines of flow of information between the Management and Board, based on the performance evaluation framework of the Company.

### Declaration of Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there is no change in their status of independence. As required under Section 149(7) of the Companies Act, 2013, the said declaration was placed in the Board Meeting held on 14th May, 2019.

### Familiarisation Programme

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

### Internal Financial Control System and their Adequacy

The Company is having in place Internal Financial Control System. The Internal Financial Control Systems with reference to the financial statements were adequate and operating effectively.

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

### Significant / Material Orders passed by the Regulators

There are no significant / material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operation in future.

### Contracts or Arrangement with Related Parties

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

Pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI Listing Regulations, 2015, all Related Party Transactions were placed before the Audit Committee for its approval. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

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

Disclosure of related party transactions with the promoter(s) / promoter(s) group which individually hold 10% or more shareholding of the Company as per Indian Accounting Standards are set out in Note No. 32 of the Financial Statements of the company.

Pursuant to section 134 of the Companies Act, 2013 and Rules made thereunder, particulars of transactions with related parties as required under section 188(1) of the Companies Act, 2013, read with Rule 8(2) of Companies (Accounts) Rules, 2014 is annexed with this Report in Form AOC-2 as 'Annexure E'. The weblink for the Policy for Related Party Transaction is placed on the Company's website <http://www.surattextilemills.com/policies.aspx>.

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

#### **Particulars of Employees and Related Disclosures**

During the financial year 2016-17, none of the employee of the Company was in receipt of remuneration prescribed in terms of the provision of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

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

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

#### **Nomination and Remuneration Policy**

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

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

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

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

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

#### **Fixed Deposits**

Your Company has not accepted any fixed deposits from the public during the financial year ended 31st March, 2019 and there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

#### **Annual Return**

Pursuant to Section 134(3)(s) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return is annexed herewith and forming part of the report as 'Annexure F'. The weblink for the Annual Return placed on the Company's website is <http://www.surattextilemills.com/policies.aspx>.

#### **Loans, Investments and Guarantees by the Company**

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

#### **Green Initiative**

Electronic copy of the Annual Report 2018-19 and the Notice of the 73rd Annual General Meeting are sent to all members whose email addresses are registered with the Company / depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Your Directors would like to draw your attention to Section 20 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as may be amended from time to time which permits paperless compliances and also service of notice / documents (including annual report) through electronic mode to its members. To support this green initiative, we hereby once again appeal to all those members who have not registered their e-mail addresses so far are requested to register their e-mail address in respect of electronic holding with their concerned Depository Participants and/or with the Company.

#### **Financial Performance**

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

#### **Health, safety and environment**

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

Your Company recognizes protection and management of environment as one of its highest priority and every effort is made to conserve and protect the environment. During the year, your Company continued its focus in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surrounding.

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

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

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

#### **Industrial Relations / Human Resources**

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

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

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2019 was 47 Nos.

#### **CAUTIONARY STATEMENTS**

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those express or implied.

Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments, within India and the countries in which the Company conducts business and other ancillary factors. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. The Company disclaims any obligation to update these forward-looking statements, except as may be required by law.

#### **Appreciation**

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

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

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

**Manikant R. Momaya**

Managing Director

DIN: 00023993

Surat, 14th May, 2019

**ANNEXURE – A TO THE DIRECTORS’ REPORT**

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2019 is given below and forms part of the Directors’ Report.

**A. CONSERVATION OF ENERGY**

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

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

- Energy conservation is an ongoing process in our organisation. Continuous monitoring, planning, development and modifications for energy conservation are done at the plants.
- The Company continued efforts for improving energy efficiency through innovative measures to reduce wastage and optimize consumption.
- Maintenance of the machines as per schedule.
- Energy Audit is also being carried out by external agencies.

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

- The Company makes an ongoing study to identify and implement energy saving system to reduce energy consumption and cost of production.

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

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

**B. TECHNOLOGY ABSORPTION**

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

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

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

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

**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 : Not applicable.  
fully absorbed

**IV. The expenditure incurred on Research and Development.**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	2018-19	2017-18
Foreign Exchange Earned	Nil	Nil
Foreign Exchange Used	Nil	Nil

**ANNEXURE - B**

**Annual Report on Corporate Social Responsibility activities**

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>(a) Focus areas: The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc.</p> <p>(b) CSR Objectives: To attain its CSR objectives in a professional and integrated manner, the main objectives are:</p> <p>(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.</p> <p>(2) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013 as amended from time to time.</p> <p>In the financial year 2018-19, the Company has undertaken activities relating to Promoting Education, Social Welfare, Health care and Sanitation etc.</p> <p>(c) Web-Link to the CSR Policy: <a href="http://www.surattextilemillsLtd.com/policies.aspx">http://www.surattextilemillsLtd.com/policies.aspx</a></p> <p>(d) 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.surattextilemillsLtd.com">www.surattextilemillsLtd.com</a></p>
2	Composition of CSR Committee	<p>The CSR Committee comprises the following members:</p> <p>a. Shri Ketan Jariwala, Independent Director- Chairman</p> <p>b. Shri Harishchandra Bharucha, Independent Director- Member</p> <p>c. Shri Yogesh C. Papaiya, Wholetime Director &amp; CFO- Member</p>
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	₹ 1164.81 Lacs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 23.30 Lacs
5	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year.	₹ 7.80 Lacs
	(b) Amount unspent, if any.	₹ 15.50 Lacs
	(c) Manner in which the amount spent during the financial year.	The Company has spent an aggregate amount of ₹7.80 Lacs for social welfare and education program.
6	Reasons for failure to spend the two per cent of the average net profit of the last three financial years or any part thereof:	The CSR activities carried / to be carried out by the Company is driven by the expertise of the management. Additionally, the Company gives preference to the local area(s) of its operations for CSR activities. The Company believes that the CSR should be in the field(s) which have substantial social impact and which co-relate with the philosophy of the Company to improve the quality of life. The CSR Committee will further identify the project which can be covered under the CSR guidelines in compliance with the CSR objectives and policy of the Company.

**Responsibility statement:**

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

For and on behalf of the CSR Committee

**Ketan Jariwala**

Chairman of the Committee

(DIN 02095540)

Surat, 14th May, 2019

**ANNEXURE - C**

**Particulars of employees pursuant to Section 134(3)(q) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No.	Requirement under Rule 5(1)	Details
1.	The Ratio of the remuneration of each executive Director to the median remuneration of the employees of the Company for the Financial Year.	(1) Shri Manikant R. Momaya Managing Director: 0.58 (2) Shri Yogesh C. Papaiya Wholetime Director & CFO: 1.85
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Shri Manikant R. Momaya Managing Director: No increment was proposed during the year (2) Shri Yogesh C. Papaiya Wholetime Director & CFO: No increment was proposed during the year (3) Smt. Hanisha Arora, Company Secretary: No increment was proposed during the year
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, 2019.	47
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 2019: ₹ 34.74 Lacs (ii) Total revenue: ₹ 22034.75 Lacs (iii) Remuneration of KMPs (as percentage of revenue): 0.16 (iv) Profit before tax: ₹ 1074.49 Lacs (v) Remuneration of KMPs (as percentage of PBT): 3.23. * Remuneration of KMPs includes Managing Director / Wholetime Director and Company Secretary.
7.	Average percentile increase made in the salaries of employees other than the managerial personnel in last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.  Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.  Not applicable.
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
9.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	Not applicable.
10.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.

Sr. No.	Requirement under Rule 5(1)	Details
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2019: ₹ 64.36 Crore. Market capitalization as on 31/03/2018: ₹ 87.72 Crore.
12.	Price earnings ratio as at the closing of 31st March, 2019 and 31st March, 2018.	31/03/2019: 5.27 31/03/2018: 10.68
13.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison have not been made.

For and on behalf of the Board of Director

Surat, 14th May, 2019.

**Manikant R. Momaya**  
Managing Director

**ANNEXURE - D**

**FORM No. MR-3**

**Secretarial Audit Report**

**For the Financial Year Ended 31st March, 2019**

[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, 2019** 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, 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- (e) 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**);
- (f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
- (g) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (**Not applicable to the Company during the Audit Period**);
- (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
- (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**).
- (v) Other laws applicable specifically to the Company as per representations made by the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards (i.e. SS-1 relating to Board Meetings & SS-2 relating to General Meeting) issued by The Institute of Company Secretaries of India and the Listing Agreements entered into by the Company with the Stock Exchanges.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company. I report that during the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including one Woman Director. No change took place in the composition of the Board of Directors during the year under review in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, except when Board meetings were called by giving less than 7 days notice in accordance

with the provisions of Section 173 of the Act 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that as per the explanations given to me and the representation made by the Management and Report of the Statutory Auditors relied upon by me, there are adequate systems and processes in the Company commensurate with the size and operations of the

Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there was no other event / action having major bearing on the Company's affair.

**For Jigar Vyas & Associates**

Company Secretaries

sd/-

**Jigar Vyas**

Proprietor

Place: Surat

Date: 13th May, 2019

FCS No. 8019 CP No. 14468

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

**'Appendix A'**

To,

**The Members,**

**Surat Textile Mills Limited**

**Tulsi Krupa Arcade, 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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the 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 basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Jigar Vyas & Associates**

Company Secretaries

sd/-

**Jigar Vyas**

Proprietor

Place: Surat

Date: 13th May, 2019

FCS No. 8019 CP No. 14468

**ANNEXURE - E**

**Form No. AOC-2**

**Material Related Party Transactions**

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019 which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2019 are as follows.

<b>Sr. No.</b>	<b>Name of the Related Party and Relationship</b>	<b>Nature of Transaction</b>	<b>Duration</b>	<b>Salient Terms</b>	<b>Amount (₹ in Lacs)</b>
1	Garden Silk Mills Limited (Group Company)	Electric power and other utilities	Ongoing	On arm's length basis and in ordinary course of business.	885.44
2	Garden Silk Mills Limited (Group Company)	Purchase of Gym Equipments	Ongoing	On arm's length basis and in ordinary course of business.	12.98
3	Garden Silk Mills Limited (Group Company)	Others miscellaneous purchases	Ongoing	On arm's length basis and in ordinary course of business.	86.02
4	Garden Silk Mills Limited (Group Company)	Revenue from operations	Ongoing	On arm's length basis and in ordinary course of business.	10069.64

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

Place: Surat  
Date : 14th May, 2019

**Manikant R. Momaya**  
Managing Director

**ANNEXURE - F**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31.03.2019**

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

**I REGISTRATION AND OTHER DETAILS**

- i) CIN L17119GJ1945PLC000214
- ii) Registration Date 29-11-1945
- iii) Name of the Company Surat Textile Mills Limited
- iv) Category / Sub-Category of the Company Public Company/Limited by shares.
- v) Address of the Registered office and contact details Tulsi Krupa Arcade, Sixth Floor,  
Puna-Kumbharia Road,  
Dumbhal, Surat 395010  
Tel. No. 91-261-2311198  
Fax No. 91-261-2311029
- vi) Whether listed company Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any Karvy Fintech Private Limited  
Karvy Selenium, Tower-B  
Plot No. 31 and 32,  
Financial District, Nanakramguda  
Serilingampally Mandal  
Ranga Reddy District  
Hyderabad 500032  
State Telengana, India  
Toll Free No. (India) : 1800 345 4001  
Phone No. 040 67162222  
Fax No. 040 – 23420814  
Email: einward.ris@karvy.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	97.68

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

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

i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2018			No. of Shares held at the end of the year 31/03/2019			% change during the year
	Demat	Physical	% of Total Shares	Demat	Physical	% of Total Shares	
<b>(A) Promoter</b>							
(1) Indian							
(a) Individuals / Hindu Undivided Family	67956397	0	30.60%	67876371	0	30.57%	-0.04%
(b) Central Government / State Government	0	0	0.00%	0	0	0.00%	0.00%
(c) Bodies Corporate	98548520	0	44.38%	98628546	0	44.41%	0.04%
(d) Financial Institutions / Banks	0	0	0.00%	0	0	0.00%	0.00%
(e) Any Other (Specify)	0	0	0.00%	0	0	0.00%	0.00%
<b>Sub-Total (A)(1)</b>	<b>166504917</b>	<b>0</b>	<b>74.98%</b>	<b>166504917</b>	<b>0</b>	<b>74.98%</b>	<b>0.00%</b>
(2) Foreign							
(a) Individuals (Non-Resident individuals / Foreign Individuals)	0	0	0.00%	0	0	0.00%	0.00%
(b) Bodies Corporate	0	0	0.00%	0	0	0.00%	0.00%
(c) Institutions	0	0	0.00%	0	0	0.00%	0.00%
(d) Any Other (Specify)	0	0	0.00%	0	0	0.00%	0.00%
<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>166504917</b>	<b>0</b>	<b>74.98%</b>	<b>166504917</b>	<b>0</b>	<b>74.98%</b>	<b>0.00%</b>
<b>(B) Public Shareholding</b>							
(1) Institutions							
(a) Mutual Funds / UTI	0	0	0.00%	0	0	0.00%	0.00%
(b) Financial Institutions / Banks	11854957	300	5.34%	11457609	300	5.16%	-0.18%
(c) Central Government / State Government(s)	0	0	0.00%	0	0	0.00%	0.00%
(d) Venture Capital Funds	0	0	0.00%	0	0	0.00%	0.00%
(e) Insurance Companies	0	0	0.00%	0	0	0.00%	0.00%
(f) Foreign Institutional Investors/Companies	0	0	0.00%	0	0	0.00%	0.00%
(g) Foreign Venture Capital Investors	0	0	0.00%	0	0	0.00%	0.00%
(h) Qualified Foreign Investors	0	0	0.00%	0	0	0.00%	0.00%
(i) Any Other (Specify)	0	0	0.00%	0	0	0.00%	0.00%
<b>Sub-Total (B)(1)</b>	<b>11854957</b>	<b>300</b>	<b>5.34%</b>	<b>11457609</b>	<b>300</b>	<b>5.16%</b>	<b>-0.18%</b>

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2018			No. of Shares held at the end of the year 31/03/2019			% change during the year	
	Demat	Physical	Total	Demat	Physical	Total		% of Total Shares
<b>(2) Non-Institutions</b>								
(a) Bodies Corporate	6220901	3150	6224051	5836153	3850	5840003	2.63%	
(b) Individuals								
i. Individual Shareholders holding nominal share capital upto ₹2 lakhs.	27249255	2186730	29435985	27576790	2036137	29612927	13.34%	
ii. Individual Shareholders holding nominal share capital in excess of ₹2 lakhs.	7095893	360744	7456637	7515608	360744	7876352	3.55%	
(c) Qualified Foreign Investors	0	0	0	0	0	0	0.00%	
(d) Any Other (Specify)								
i. NRI with and without repatriation	431153	0	431153	537429	0	537429	0.24%	
ii. Trusts/Overseas Body Corporates	2500	0	2500	2500	0	2500	0.00%	
iii. Clearing Member	153940	0	153940	232403	0	232403	0.10%	
<b>Sub-Total (B)(2)</b>	41153642	2550624	43704266	41700883	2400731	44101614	19.86%	
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>53008599</b>	<b>2550924</b>	<b>55559523</b>	<b>53158492</b>	<b>2401031</b>	<b>55559523</b>	<b>25.02%</b>	
<b>TOTAL (A)+(B)</b>	<b>219513516</b>	<b>2550924</b>	<b>222064440</b>	<b>219663409</b>	<b>2401031</b>	<b>222064440</b>	<b>100.00%</b>	
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>								
1. Held by Promoter/promoters group	0	0	0	0	0	0	0.00%	
2. Held by Public	0	0	0	0	0	0	0.00%	
<b>TOTAL (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>219513516</b>	<b>2550924</b>	<b>222064440</b>	<b>219663409</b>	<b>2401031</b>	<b>222064440</b>	<b>100.00%</b>	

## (ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 01/04/2018			Shareholding at the end of the year 31/03/2019			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Vareli Trading Company Ltd.	77500000	34.90%	0.00%	77580026	34.94%	0.00%	0.04%
2	Shri Praful A. Shah (Ind)	27910497	12.57%	0.00%	27830471	12.53%	0.00%	-0.04%
3	Garden Silk Mills Limited	14500000	6.53%	0.00%	14500000	6.53%	0.00%	0.00%
4	Shri Alok P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
5	Shri Suhail P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
6	Smt. Shilpa Shah	10001400	4.50%	0.00%	10001400	4.50%	0.00%	0.00%
7	Shri Praful A. Shah (HUF)	10000450	4.50%	0.00%	10000450	4.50%	0.00%	0.00%
8	Palomar Textiles Ltd.	6545820	2.95%	0.00%	6545820	2.95%	0.00%	0.00%
9	Smt. Shilpa Shah	14050	0.01%	0.00%	14050	0.01%	0.00%	0.00%
10	Introscope Properties Pvt. Ltd.	1700	0.00%	0.00%	1700	0.00%	0.00%	0.00%
11	Prabhat Silk Mills Limited Partner Rayban Investment	1000	0.00%	0.00%	1000	0.00%	0.00%	0.00%
	<b>Total</b>	<b>166504917</b>	<b>74.98%</b>	<b>0.00%</b>	<b>166504917</b>	<b>74.98%</b>	<b>0.00%</b>	<b>0.00%</b>

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

Sr. No.	Particulars	Shareholding at the beginning of the year				Cumulative Shareholding during the year	
		Date	No. of Shares	% of total shares of the Company	Reason	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	01/04/2018	166504917	74.98	-	166504917	74.98
	Date wise Increase / Decrease in Share in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)						
	At the end of the year	31/03/2019	166504917	74.98		166504917	74.98

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2018		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	IDBI Bank Ltd.	11854957	5.34%	15.06.2018	-100000	Sold	11754957	5.29%		
				22.06.2018	-21472	Sold	11733485	5.28%		
				29.06.2018	-12191	Sold	11721294	5.28%		
				06.07.2018	-238	Sold	11721056	5.28%		
				13.07.2018	-8405	Sold	11712651	5.27%		
				27.07.2018	-45042	Sold	11667609	5.25%		
				29.03.2019	-210000	Sold	11457609	5.16%	11457609	5.16%
2	Madhuvan Securities Pvt. Ltd.	1824750	0.82%		0		1824750	0.82%	1824750	0.82%
3	Madhuram Traders Pvt. Ltd.	1384977	0.62%		0		1384977	0.62%	1384977	0.62%
4	Jamson Securities Pvt Ltd	1229866	0.55%		0		1229866	0.55%	1229866	0.55%
5	Neelam Nitinkumar Gheewala	1100000	0.50%		0		1100000	0.50%	1100000	0.50%
6	Ilaben Nitinbhai Gheewala	1049000	0.47%		0		1049000	0.47%	1049000	0.47%
7	Kushal Nitin Gheewala	1000000	0.45%		0		1000000	0.45%	1000000	0.45%
8	Vartik Choksi	959378	0.43%		0		959378	0.43%	959378	0.43%
9	Shreyas Vasantbhai Parikh	846990	0.38%		0		846990	0.38%	846990	0.38%
10	Uma Shreyas Parikh	838900	0.38%		0		838900	0.38%	838900	0.38%

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name	Shareholding at the beginning of the year 01/04/2018		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2019	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Manikant R. Momaya Managing Director	0	0			0	0	0	0	0
2	Shri Yogesh C. Papaiya CFO	0	0			0	0	0	0	0
3	Shri Harishchandra Bharucha Director	0	0			0	0	0	0	0
4	Shri Ketan Jariwala Director	0	0			0	0	0	0	0
5	Smt. Anita Mandrekar Director	0	0			0	0	0	0	0

**V INDEBTEDNESS**

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	172.33	0.00	0.00	172.33
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>172.33</b>	<b>0.00</b>	<b>0.00</b>	<b>172.33</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	0.00	0.00	0.00	0.00
• Reduction	172.33	0.00	0.00	172.33
<b>Net Change</b>	<b>-172.33</b>	<b>0.00</b>	<b>0.00</b>	<b>-172.33</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0.00	0.00	0.00	0.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors:**

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Manikant R. Momaya Managing Director	Yogesh C. Papaiya Wholetime Director & CFO	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7.86	24.90	32.76
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00
5	<b>Others, please specify</b>	0.00	0.00	0.00
	<b>Total (A)</b>	7.86	24.90	32.76
	<b>Ceiling as per the Act</b>	Not applicable	Not applicable	Not applicable

**B. Remuneration to other Directors:**

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Harishchandra Bharucha	Ketan Jariwala	Anita Mandrekar	
<b>I</b>	<b>Independent Directors</b>				
1	Fee for attending board committee meetings	1.13	1.13	0.70	2.96
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total (I)</b>	1.13	1.13	0.70	2.96
<b>II</b>	<b>Other Non-Executive Directors</b>				
1	Fee for attending board committee meetings	0.00	0.00	0.00	0.00
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	<b>Total (II)</b>	0.00	0.00	0.00	0.00
	<b>Total (B) = (I + II)</b>	1.13	1.13	0.70	2.96
	Total Remuneration	1.13	1.13	0.70	2.96
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	

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

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Hanisha Arora
		Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00
2	<b>Stock Option</b>	0.00
3	<b>Sweat Equity</b>	0.00
4	<b>Commission</b>	
	- as % of profit	0.00
	- others, specify...	0.00
5	<b>Others, please specify</b>	0.00
	<b>Total</b>	1.98

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCL1 / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

**ANNEXURE - G****REPORT ON CORPORATE GOVERNANCE**

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policy and practices adopted by the Company for the year 2018-19.

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

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

The Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interest of all its stakeholders and the Company's Code of Conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices.

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

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

The Board regularly reviews and updates Corporate Governance practices to accommodate developments within the market place in general and the business in particular.

The Company has an active, experienced and a well-informed Board. The Board along with its Committees 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 Company currently has right mix of Directors on the Board who possess the requisite qualifications, experience and expertise in General Corporate Management, finance, taxation, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

As on 31st March, 2019, the Board of the Company consisted of 5 Directors, of whom 2 were executives and 3 were non-executive independent (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

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

The Independent Directors of the Company are in compliance with the provision of Regulation 16(2) of SEBI Listing Regulations, 2015. Further, disclosures have been made by the Directors regarding their Chairmanship / Membership of the mandatory Committees of the Board and that the same are within the maximum permissible limit as stipulated under Regulation 16(2) of SEBI Listing Regulations, 2015.

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

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

Transactions with related parties are disclosed in Note No. 32 of 'Notes to the Financial Statements' for the year ended 31st March, 2019. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/ or independent Directors during the year 2018-19.

**(b) Number of meeting of the Board.**

During the financial year 2018-19, the Board of Directors met 5 times viz. 08/05/2018, 31/07/2018, 29/08/2018, 24/10/2018 and 05/02/2019. The gap between any two meetings has been less than one hundred and twenty days.

The Board oversees the entire functioning of the Company and is involved in strategic decision-making on a collective basis. The Company Secretary under the direction of the Chairman and in consultation with Chief Financial Officer (CFO) prepares the agenda along with the explanatory notes thereto and circulates it to the Directors, along with the notice of the meeting.

The composition and category of Directors, the number of Directorships and Committee Chairmanships / Memberships held by them and Directorships held by them in other listed entities as on 31st March, 2019 are as follows:

<b>Name</b>	<b>Category</b>	<b>No. of Board Meetings attended #</b>	<b>Attendance at the last AGM held on 08/08/2018</b>	<b>No. of Directorships in other public limited companies</b>	<b>No. of Committee positions held in other public limited companies ***</b>
Shri Manikant R. Momaya	Managing Director	5	Yes	N.A.	N.A.
Shri Yogesh C. Papaiya	Wholetime Director & CFO	5	No	N.A.	N.A.
Shri Harishchandra B. Bharucha	Non-executive, Independent	5	Yes	1	N.A.
Shri Ketan Jariwala	Non-executive, Independent	5	Yes	1	2
Smt. Anita Mandrekar *	Non-executive, Independent	5	No	1	N.A.

# excluding Independent Directors meeting.

\* Resigned with effect from 31st March, 2019.

\*\*\* In accordance with SEBI Listing Regulations, 2015, Memberships / Chairmanships of only the Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (excluding Surat Textile Mills Limited) have been considered.

**(c) Board Meeting Procedures**

The Board plays a critical role in the strategy development of the Company. The Managing Director appraises the Board on the overall performance of the Company every quarter. The Board periodically reviews the strategy, annual business plan, business performance of the Company, quality, customer centricity, capital expenditure budgets and risk management, safety and environment matters.

Amongst other things, the Board also reviews the compliance report of the laws applicable to the Company, internal financial controls and financial reporting systems, minutes of the Board Meetings, adoption of quarterly / half yearly / annual results, minutes of the meeting of the Audit and other Committees of the Board.

In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, which is required to be placed before the Board, the Directors are also kept informed of major events and approvals obtained, if necessary.

The agenda papers with relevant explanatory notes and material documents relating to matters for perusal of the Board / Committee are circulated in advance, so as to facilitate discussion and informed decision-making in the meeting, especially those that require deliberation at the highest level.

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

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

The Board of Directors of the Company at its meeting held on 14th May, 2019 on recommendation of Nomination and Remuneration Committee reappointed Shri Manikant R. Momaya as Managing Director of the Company for a period of three years with effect from 1st June, 2019 subject to approval of shareholders of the Company. The Board also reappointed Shri Yogesh C. Papaiya as Wholetime Director and CFO of the Company for a period of three years with effect from 11th August, 2019 subject to approval of shareholders of the Company at the ensuing annual general meeting.

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

**(e) Separate Meeting of Independent Directors**

During the year under review one meeting of Independent Directors of the Company was held on 23rd March, 2019 as required under Schedule IV of the Act and Regulation 25(3) of the Listing Regulation, 2015.

At their meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, Chairman (as elected by the Board for each meeting of the Board of Directors) after taking the views of Executive Directors and Non-Executive Directors and also 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. The meeting was attended by all the Independent Directors and Shri Ketan A. Jariwala chaired the said meeting.

All the Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the Listing Regulations. Formal letters of appointment were issued to the Independent Directors. As required by Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at <http://www.surattextilemills.com>

**(f) Familiarization Programme for Independent Directors**

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

Moreover, the Management has also endeavoured to appraise the Directors regarding their responsibilities under the new Listing Regulations vis-a-vis those contained in the erstwhile Listing Agreements. Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programme are available on the website of the Company at <http://www.surattextilemills.com>

**Code of Conduct**

The Company has adopted the Code of Conduct for its Whole-time Directors, Senior Management Personnel and other Executives which is available on the Company website at <http://www.surattextilemills.com>.

The Board has also adopted a Code of Conduct for Non-Executive Directors, which incorporates the duties of Independent Directors as laid down in Schedule IV of the Act ('Code for Independent Directors') and Regulation 17(5) of the Listing Regulations.

As on 31st March, 2019, all the Board Members and Senior Management of the Company have affirmed compliance with the respective Codes of Conduct. A declaration to this effect duly signed by the Managing Director forms part of this Report.

Senior Management of the Company have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large. None of the Directors has any other material pecuniary relationship or transaction except remuneration by way of sitting fees, with the Company, its Promoters, its Directors, its Senior Management.

**3. BOARD COMMITTEES:**

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

**(a) Audit Committee**

The Audit Committee's role is to assist the Board fulfil its corporate governance and overseeing responsibilities in relation to the Company's financial reporting process carried out by the Management, internal control system, risk management system and internal and external audit functions.

Presently the Audit Committee comprises of Shri Harishchandra Bharucha, Independent Director as Chairman, Shri Yogesh C. Papaiya, Wholetime Director and Shri Ketan Jariwala, Independent Director as its Members. All the members of the Committee are professionals and financially literate within the meaning of Regulation 18 of SEBI Listing Regulations, 2015.

The terms of reference of the Audit Committee includes the matters specified under Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Part C of Schedule II of the Listing Regulations. During the year under review, the terms of reference of the Audit Committee were amended to align the role of the Committee with amendments to the Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

The Audit Committee also assures the Board about the adequate internal control procedures and financial disclosures commensurate with the size of the Company and in conformity with the requirements of the new Listing Regulations. The Finance Head, Internal Auditor and Statutory Auditors are invitees to the Meeting. The Company Secretary acts as the Secretary to the Audit Committee.

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

The Chairman of the Audit Committee was present at the 72nd Annual General Meeting of the Company held on 8th August, 2018. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

**Meetings and attendance**

During the financial year 2018-19, the Audit Committee of the Company met four times on 08/05/2018, 31/07/2018, 24/10/2018 and 05/02/2019. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 14/05/2019 reviewed the Annual Accounts for the year ended 31st March, 2019.

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

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

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

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

Sr. No.	Name	Category	No. of Meeting attended
1	Shri Harishchandra Bharucha	Non-Executive, Independent	4
2	Shri Yogesh C. Papaiya	Executive	4
3	Shri Ketan Jariwala	Non-Executive, Independent	4

**(b) Stakeholders’ Relationship Committee**

The Company has constituted the Stakeholders’ Relationship and Investors’ Grievance Committee in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations (erstwhile Listing Agreements). The Stakeholder Relationship Committee oversee investors’ grievances and redressal mechanism and recommends measures to improve the level of Investor’s Services.

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

The Stakeholders’ Relationship Committee (‘SRC’) looks in to various aspects of interest of shareholders. During the year under review, the terms of reference of the SRC were amended to align the role of the Committee with amendments to the Listing Regulations. The minutes of the Stakeholders’ Relationship Committee were noted at the Board Meeting. In addition, the committee also looked into matters that can facilitate investor services and relation.

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

Further, as per regulation 40(2) of the Listing Regulation, a report on transfer of shares / deletion of name / issue of duplicate share certificates / transmission of securities is also placed at each meeting of the Board of Directors. The Company Secretary and Compliance Officer acted as the secretary to the committee.

During the Financial Year under review, 90 complaints were received and as on date all of them have been redressed / answered to the satisfaction of the shareholders. No investor grievance remained unattended / pending for resolution for more than 30 days and no request for share transfers and dematerialization received for the financial year under review was pending for more than the time limit prescribed under the SEI (LODR) Regulations, 2015.

**(c) Nomination and Remuneration Committee**

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

The Committee consists of three Independent Directors namely Shri Harishchandra Bharucha as Chairman, Shri Ketan Jariwala, Independent Director and Smt. Anita Mandrekar. During the year 2018-19 one meeting of the members of Nomination and Remuneration Committee was held on 29th January, 2019 wherein all the members were present.

**Nomination and Remuneration Policy**

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

The details of the remuneration policy are available on the website of the Company [www.surattextilemillsLtd.com](http://www.surattextilemillsLtd.com).

**Remuneration to Directors**

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

**Remuneration paid to Executive Directors**

Name of Director	Salary & Perquisites
Shri Manikant R. Momaya	₹ 7,85,844
Shri Yogesh C. Papaiya	₹ 24,89,918

**Remuneration paid to Non-Executive Directors**

The Company has paid sitting fees to Non-Executive directors for attending meetings of the Board, Audit Committee and Share Transfer Committee meetings. The aggregate amount of sitting fees paid during the financial year 2018-19 was ₹2,95,000/-.

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

**(d) Other Committees of Directors**

**Management Committee of the Board**

The Board of Directors has constituted Management Committee of Directors to approve routine and specific matters delegated by the Board. The composition of the Committee of Directors comprises Shri Yogesh C. Papaiya, Chairman, Shri Harishchandra Bharucha and Shri Ketan A. Jariwala as Members.

**(e) Corporate Social Responsibility Committee**

The Committee’s constitution and terms of reference are in compliance with provisions of the Section 135 of the Companies Act, 2013.

The composition of the Committee of Directors comprises Shri Ketan Jariwala, Chairman, (Independent Director), Shri Harishchandra Bharucha, Independent Director and Shri Yogesh C. Papaiya, Wholetime Director as Members.

During the year 2018-19 the Committee met once on 23rd March, 2019 to discuss the matters coming within the Committee’s purview.

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

The Company has also adopted CSR policy in compliance with the aforesaid provisions and the same is placed on the Company’s website at [www.surattextilemillsLtd.com](http://www.surattextilemillsLtd.com).

**4. MD/CEO/CFO Certification**

As required under Regulation 17(8) of SEBI Listing Regulations, 2015, the CEO and CFO certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting for the financial year ended was placed before Board of Directors at its Meeting held on 14th May, 2019.

**5. Compliance officer**

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

**6. General Body Meetings**

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

Year	Location	Date	Time
2017-18	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	8th August, 2018	11.00 a.m.
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	2nd August, 2017	11.00 a.m.
2015-16	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	31st August, 2016	11.00 a.m.

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

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

- i) A Special Resolution was passed at the 71st Annual General Meeting of the Company held on 2nd August, 2017 for approval of Related Party Transactions. Further at the 72nd Annual General Meeting of the Company held on 8th August, 2018 a Special Resolution was passed for approval of reappointment of Shri Harishchandra B. Bharucha and another Special Resolution was passed at the said AGM for approval of Related Party Transactions.
- ii) There was no Special Resolution passed in the financial year 2018-19 by postal ballot.
- iii) As of date, there is no proposal to pass any Special Resolution by postal ballot.

**(c) Passing of Special Resolutions by Postal Ballot:**

Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended no postal ballot were held during 2018-19.

**7. DISCLOSURES**

**(a) Related Party Transactions**

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

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – ‘Related Party Disclosures’ notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under note No.32 of the annual accounts for the financial year 2018-19.

**(b) Disclosure of Accounting Treatments**

The Company has adopted and prepared the accounts in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

**(c) Subsidiary Company**

The Company does not have any material unlisted Indian subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. Your Company has voluntarily formulated a Policy on Material Subsidiary as required under Regulation 24 of the SEBI Listing Regulations, 2015 and the Policy is hosted on the website of the Company.

**(d) Risk Management**

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

**(e) Statutory Compliance, Penalties and Strictures**

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years.

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

The Company has established a Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviours, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. The said policy provides for adequate safeguard against victimization and also direct access to the higher levels of supervisors.

**(g) 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.

**(h) Insider Trading Code**

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

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

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

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

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

**8. MEANS OF COMMUNICATION:**

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

**9. GENERAL SHAREHOLDER INFORMATION:**

**(a) 73rd Annual General Meeting:**

Date : Tuesday, 3rd September, 2019  
 Time : 11:00 a.m.  
 Venue : Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

**(b) Financial Calendar (2018-19) :**

Results for the quarter ending June 30, 2019 : July/August, 2019.  
 Results for the quarter ending September 30, 2019 : October/November, 2019  
 Results for the quarter ending December 31, 2019 : January/February, 2020  
 Results for the year ending March 31, 2020 : April/May, 2020

**(c) Book closure dates**

: Thursday, 29th August, 2019 to  
 Tuesday, 3rd September, 2019  
 (Both days inclusive)

**(d) Listing on Stock Exchange**

BSE Limited,  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Mumbai 400001

: **Stock Code**

530185

Demat ISIN for NSDL & CDSL.

INE 936A01025

(e) **Annual Listing Fees:** The Company has paid the Annual Listing fee to the above stock exchange for the financial year 2019-2020.

(f) **Market Price Data**

The High/Low market price of the shares during the year 2018-19 at the BSE Limited are as under.

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April, 2018	4.59	3.84	October, 2018	4.14	2.36
May, 2018	5.20	3.65	November, 2018	3.75	2.98
June, 2018	4.25	3.60	December, 2018	3.83	2.90
July, 2018	4.28	3.35	January, 2019	3.78	3.03
August, 2018	4.25	3.20	February, 2019	3.68	2.25
September, 2018	3.45	2.53	March, 2019	3.62	2.62

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

**Karvy Fintech Pvt. Ltd.**

(Unit: Surat Textile Mills Limited),

Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India.

Phone No. 040 67162222 | Fax No. 040 23420814 | Email: einward.ris@karvy.com

(h) **Share Transfer System:**

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

(i) **Distribution of shareholding as on 31st March, 2019:**

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters	166504917	74.98
2.	Indian Public	37489279	16.88
3.	Banks, Financial Institutions & Insurance Companies	11457909	5.16
4.	NRI's / Overseas Body Corporates	537429	0.24
5.	Bodies Corporate	5840003	2.63
6.	NBFC Registered with RBI	2500	0.00
7.	Others (NSDL+CDSL) Clearing Members	232403	0.11
	<b>TOTAL</b>	<b>222064440</b>	<b>100.00</b>

(j) **Categorywise Summary of Holders / Holdings as on 31st March, 2019:**

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	32694	96.99	11884121	5.35
5001 - 10000	518	1.54	4064075	1.83
10001 - 20000	246	0.73	3550512	1.60
20001 - 30000	86	0.26	2186773	0.98
30001 - 40000	35	0.10	1193037	0.54
40001 - 50000	31	0.09	1462873	0.66
50001 - 100000	48	0.14	3508288	1.58
100001 & above	58	0.17	194214761	87.46
<b>TOTAL</b>	<b>33716</b>	<b>100.00</b>	<b>222064440</b>	<b>100.00</b>

**(k) Depository Services:**

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

**(l) Dematerialisation of Shares:**

219663409 Equity Shares aggregating to 98.92% of the total Equity Capital is held in dematerialized form as on 31/03/2019 of which 91.32% (202780556 Equity Shares) of total equity capital is held with NSDL and 7.60% (16882853 Equity Shares) of total equity capital is held with CDSL as on 31/03/2019.

**(m) 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 <http://www.surattextilemillsLtd.com>.

**(n) 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.

**(o) 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, 2019. Accordingly requirement of obtaining credit rating is not applicable.

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

Certain key raw materials, such as MEG / PTA used by the Company are derivatives of commodities such as crude oil. Any material price fluctuation in such commodities can impact the margins of the Company till the impact is appropriately factored in the pricing of Company's products. The Company does not undertake commodity hedging activities. Exposure to commodity and commodity risks faced by the Company throughout the year is Nil.

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

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2019.

**(r) 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.

**(s) Address for Correspondence:**

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

(i) For Shares held in Physical Form	Karvy Fintech Pvt. Ltd. (Unit: Surat Textile Mills Limited), Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India. Phone No. 040 67162222 Fax No. 040 23420814 Email: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>
(ii) For query on Annual Report	Karvy Computershare Pvt. Ltd. Secretarial Department, Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii) For Shares held in Demat Form	Respective Depository Participants of the shareholders.

**(t) 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.

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

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

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares credited in the suspense account as on 31st March, 2018	3131	360744
Shareholders who approached the Company for transfer of shares from suspense account during the year	0	0
Shareholders to whom shares were transferred from the suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31st March, 2019	3131	360744

The voting rights on the shares outstanding in the suspense account as on 31st March, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

**(v) 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 And Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2018-19. 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.

**Certificate from Practising Company Secretary**

Mr. Jigar Vyas of M/s Jigar Vyas And Associates, Practicing Company Secretaries, has issued a certificate 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.

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 And Associates, Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2019.

**(w) 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.

**(x)** The Company does not have any material subsidiary company.

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

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

**10. Compliance of Discretionary requirements under Part E of Schedule II of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

1. The Board: The Chairperson does not maintain his separate office at the Company's expense.
2. Shareholder Rights: The Company publishes the financial results in news papers and places on its website and does not send it to shareholders.

3. Modified opinion(s) in audit report: The Audit opinion received by the Company has not been modified.
4. Separate posts of chairperson and chief executive officer: The Company has a Managing Director and a Wholetime Director designated as Executive Director and CFO of the Company.
5. Reporting of internal auditor: The Internal Auditor of the Company directly reports to the Audit Committee of the Company and their Internal Audit Reports are presented in the meeting of the Audit Committee.

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

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

**12. Non-Mandatory Requirements**

**Shareholders' Rights**

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

For Surat Textile Mills Limited

**Manikant R. Momaya**

Managing Director

DIN: 00023993

Place: Surat, 14th May, 2019

## 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") to the best of our knowledge and belief certify that:

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statement together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.

We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these efficiencies.

We have indicated to the Auditors and the Audit Committee:

- (i) significant changes, if any, in internal control over financial reporting during the year;
- (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

For Surat Textile Mills Limited

Place: Surat, 14th May, 2019

**Manikant R. Momaya**  
Managing Director  
DIN: 00023993

**Yogesh C. Papaiya**  
Wholtime Director & CFO  
DIN 00023985

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY**

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

This is to confirm and certify that the Company has adopted a Code of Conduct for Board member and Senior Management Personnel. As provided under sub-regulation (3) of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board member and Senior Management have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2019.

For Surat Textile Mills Limited

Place: Surat, 14th May, 2019

**Manikant R. Momaya**  
Managing Director  
DIN: 00023993

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

1. We have examined the compliance of conditions of Corporate Governance by Surat Textile Mills Limited (“the Company”), for the year ended on 31st March, 2019, as stipulated in Regulations 17 – 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’), pursuant to the Listing Agreement of the Company with Stock exchanges.

**Management Responsibility**

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

**Auditors Responsibility**

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

**Opinion**

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

**For Sharp & Tannan Associates**

Chartered Accountants

Firm Registration Number: 109983W

**Tirthraj Khot**

Partner

Membership No.: (F) 037457

Place: Mumbai,  
14th May, 2019

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SURAT TEXTILE MILLS LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of **SURAT TEXTILE MILLS LIMITED** (hereinafter referred as "the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flows 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.

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 Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2019, and its profit (financial performance including 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 of the Standalone Financial Statements 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 (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 made thereunder, 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

##### 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.

#### 1. Accounting treatment for customer contracts

##### Description of Key Audit Matter

Revenue amounting to ₹21,532.45 Lakhs reported in the company's financial statements pertains to customer specific contracts and the same are required to satisfy the recognition

and measurement criteria as prescribed in IND AS 115, 'Revenue from Contracts with Customers'. Revenue recognition is considered as an inherent risk and also as a fraud risk. In case of revenue recognition risk of material mis-statement significantly increases for its 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 results. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

##### Description of Auditor's Response

With a view to verify the reasonableness of the revenue accounting we carried out following procedures:

- Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;
- Read terms of the contracts and verified accuracy of sales recognition;
- Discussed with the management process of identification of variable consideration;
- Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;
- Performed analytical procedures and obtained reasons for major variances;
- Ensured that revenue is recognized in accordance with accounting policy of the Company and Ind AS 115 and necessary disclosures are made in the financial statements;

#### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon (hereinafter referred as "Other Information")**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in Directors Report, including Annexure to Directors Report, and Management Discussion and Analysis, Corporate Governance and Information for Shareholder, but does not include the 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 and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's 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, including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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.

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

## Auditor's Responsibility 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.
- 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

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.

## Communication with those charged with governance

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 standalone 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the 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), the Statement of Changes in Equity and the Statement of Cash Flows 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, read with rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 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 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; and
- h) 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. There is no pending litigation of Company as at 31st March 2019.
  - 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 - refer note 38 to the standalone financial statements.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Tirtharaj Khot**  
Partner

Mumbai, 14th May 2019

Membership No.: (F) 037457

**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 of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. property, plant and equipment, investment property and other intangible assets of the Company).
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.
- (c) According to the information and explanation provided to us, all title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting on paragraph 3(iii) of the Order is not applicable.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits during the years and does not have any unclaimed deposits as at March 31, 2019 and, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March 2019, 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 dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute as at 31st March 2019.
- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purposes for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xv) is not applicable.

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

**Tirtharaj Khot**  
Partner

Mumbai, 14th May 2019

Membership No.: (F) 037457

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

### Report on the Internal Financial Controls [under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")]

#### Opinion

We have audited the internal financial controls over financial reporting of **Surat Textile Mills Limited** (hereinafter referred as "the Company") as of 31st March 2019 in conjunction with our audit of the standalone Ind AS 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 31st March 2019, 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").

#### Management's 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.

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

**Tirtharaj Khot**  
Partner

Mumbai, 14th May 2019

Membership No.: (F) 037457

**BALANCE SHEET AS AT 31ST MARCH, 2019**

(₹ in Lakhs)

	Note No.	As at 31st March, 2019	As at 31st March, 2018
<b>ASSETS</b>			
<b>1 NON-CURRENT ASSETS:</b>			
(a) Property, Plant and Equipment	1	537.88	640.55
(b) Investment Property	2	1013.70	1023.54
(c) Financial Assets			
(i) Investments	3	486.34	872.63
(ii) Loans and Advances	4	0.00	1.79
(iii) Others Financial Assets	5	0.00	0.42
(d) Deferred Tax Assets (Net)	6	82.67	397.54
(e) Other Non-Current Assets	7	2931.88	2917.96
<b>Total Non-Current Assets</b>		<b>5052.47</b>	<b>5854.43</b>
<b>2 CURRENT ASSETS:</b>			
(a) Inventories	8	1583.82	1703.51
(b) Financial Assets			
(i) Investments	3	6073.45	3555.25
(ii) Trade Receivables	9	400.13	108.18
(iii) Cash and Cash Equivalents	10	565.13	1641.54
(iv) Loans and Advances	4	136.25	1099.89
(c) Other Current Assets	7	370.87	65.91
<b>Total Current Assets</b>		<b>9129.65</b>	<b>8174.28</b>
<b>TOTAL ASSETS</b>		<b>14182.12</b>	<b>14028.71</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
(a) Equity Share Capital	11	2220.64	2220.64
(b) Other Equity	12	9870.23	8985.78
<b>Total Equity</b>		<b>12090.87</b>	<b>11206.42</b>
<b>LIABILITIES:</b>			
<b>1 NON-CURRENT LIABILITIES:</b>			
(a) Financial Liabilities			
(i) Borrowings	13(a)	0.00	0.00
(ii) Other Financial Liabilities		0.00	0.00
(b) Long-Term Provisions	14	40.32	88.01
(c) Other Non-Current Liabilities		0.00	0.00
<b>Total Non-Current Liabilities</b>		<b>40.32</b>	<b>88.01</b>
<b>2 CURRENT LIABILITIES:</b>			
(a) Financial Liabilities			
(i) Borrowings	13(b)	0.00	150.74
(ii) Trade Payables			
1. Dues of Micro Enterprises and Small Enterprises	15 (a)	0.27	4.57
2. Dues of Other than Micro Enterprises and Small Enterprises	15 (a)	1917.76	1621.42
(iii) Other Financial Liabilities	15 (b)	96.00	251.82
(b) Other Current Liabilities	16	19.17	35.01
(c) Short-Term Provisions	14	13.12	12.17
(d) Current Tax Liabilities (Net)	14	4.61	658.55
<b>Total Current Liabilities</b>		<b>2050.93</b>	<b>2734.28</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14182.12</b>	<b>14028.71</b>
<b>Summary of Significant Accounting Policies</b>	<b>A to C</b>		
The accompanying Notes are an Integral Part of the Financial Statements.	<b>1 to 36</b>		

As per our attached report of even date

**For Sharp & Tannan Associates.**

Chartered Accountants

Firm Registration No. 109983W

**Tirtharaj Khot**

Partner

Membership No.(F) 037457

Mumbai, 14th May, 2019

For and on behalf of the Board

**Manikant R Momaya**

Managing Director

DIN: 00023993

**Yogesh C Papaiya**

Whole-time Director & CFO

DIN: 00023985

**Hanisha Arora**

Company Secretary

Surat, 14th May, 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Lakhs)

	Note No.	2018-19	2017-18
<b>INCOME:</b>			
Revenue from Operations	17	21628.10	20598.96
Other Income	18	406.65	289.78
<b>TOTAL INCOME</b>		<b>22034.75</b>	20888.74
<b>EXPENSES:</b>			
Cost of Materials Consumed	19	16741.23	16040.13
Purchases of Stock-In-Trade	20	393.62	35.13
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	501.19	(466.10)
Employee Benefits Expense	22	221.04	315.70
Finance Costs	23	108.30	97.63
Depreciation and Amortisation Expense	1	35.06	49.75
Excise Duty Expense	24	0.00	547.92
Other Expenses	25	2959.82	2772.07
<b>TOTAL EXPENSES</b>		<b>20960.26</b>	19392.23
<b>PROFIT BEFORE TAX</b>		<b>1074.49</b>	1496.51
<b>Tax Expenses</b>			
(1) Current tax	6 (i)	201.47	217.98
(2) Deferred tax	6 (I)	354.12	459.98
(3) Taxes in Respect of Earlier Years	6 (i)	(695.95)	0.00
<b>Total Tax Expenses</b>		<b>(140.36)</b>	677.96
<b>PROFIT AFTER TAX</b>		<b>1214.85</b>	818.55
<b>OTHER COMPREHENSIVE INCOME:</b>			
A (i) Items that will not be reclassified to profit or (loss)	26	(369.65)	(20.96)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)	6 (ii)	39.25	9.49
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>(330.40)</b>	(11.47)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>884.45</b>	807.08
<b>Earnings per Equity Share of face value of ₹ 1 each</b>	27	<b>0.55</b>	0.37
Summary of Significant Accounting Policies	A to C		
The accompanying Notes are an Integral Part of the Financial Statements.	1 to 36		

As per our attached report of even date

**For Sharp & Tannan Associates.**

Chartered Accountants

Firm Registration No. 109983W

**Tirtharaj Khot**

Partner

Membership No.(F) 037457

Mumbai, 14th May, 2019

For and on behalf of the Board

**Manikant R Momaya**

Managing Director

DIN: 00023993

**Yogesh C Papaiya**

Whole-time Director &amp; CFO

DIN: 00023985

**Hanisha Arora**

Company Secretary

Surat, 14th May, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

(₹ in Lakhs)

	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit/(Loss) before tax</b>	<b>1074.49</b>	1496.51
<b>Adjustment for:</b>		
Depreciation and Amortisation	<b>35.06</b>	49.75
Finance Costs	<b>108.30</b>	97.63
Interest Income	<b>(48.89)</b>	(89.30)
Dividend Income	<b>(137.98)</b>	(34.88)
(Profit)/Loss on Redemption of Investments	<b>(50.37)</b>	(51.07)
Unrealised Gain on Investments	<b>(94.35)</b>	(111.99)
Share of Loss in Partnership Firm	<b>0.01</b>	0.01
Profit on Sale of Shopping Complex	<b>(53.15)</b>	0.00
Credit Balance Write Back	<b>(19.69)</b>	(2.53)
Bad debts and advance written off	<b>62.30</b>	5.39
Loss on Sale of Fixed Assets	<b>41.75</b>	0.00
Fair Value (Gain) / Loss	<b>3.08</b>	0.00
	<b>(153.93)</b>	(136.99)
<b>Operating Profit before Working Capital Changes</b>	<b>920.56</b>	1359.52
<b>Movements in Working Capital :</b>		
(Increase) / Decrease in Provisions	<b>(44.78)</b>	(28.75)
(Increase) / Decrease in Trade and Other Receivables	<b>(479.20)</b>	476.42
(Increase) / Decrease in Inventories	<b>119.69</b>	(105.36)
Increase / (Decrease) in Trade and Other Payables	<b>148.10</b>	1246.86
	<b>(256.19)</b>	1589.17
<b>Cash Generated from Operations</b>	<b>664.37</b>	2948.69
Direct Taxes ( Paid ) / Refund.	<b>(147.15)</b>	(288.62)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>517.22</b>	2660.07
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(19.75)</b>	0.00
Sale of Fixed Assets	<b>45.62</b>	0.00
Sale of Investment Properties	<b>63.00</b>	0.00
Purchase of Current Investments	<b>(5920.98)</b>	(2435.94)
Sale of Current Investments	<b>3551.10</b>	1251.07
Sale of Long Term Investments	<b>11.08</b>	0.00
Dividend Income on Current Investment	<b>137.98</b>	34.88
Margin Money Deposits	<b>432.38</b>	0.00
Interest Income	<b>36.58</b>	0.00
Loans to Other Company/Firm	<b>350.00</b>	0.00
Investment In Partnership Firm	<b>(0.01)</b>	(0.01)
<b>Net Cash Outflow from Investing Activities (B)</b>	<b>(1313.00)</b>	(1150.00)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

(₹ in Lakhs)

	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>C. Cash Flow from Financing Activities</b>		
(Repayment)/Proceeds from Short Term Borrowings	(150.74)	150.74
Repayment of Long Term Borrowings	(21.59)	(29.58)
Payment of Interest and Bank Charges	(108.30)	(73.45)
<b>Net Cash Outflow from Financing Activities (C)</b>	<b>(280.63)</b>	47.71
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1076.41)</b>	1557.78
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>1641.54</b>	83.76
<b>Cash and Cash Equivalents at the end of the year (Refer Note No.10)</b>	<b>565.13</b>	1641.54

**Notes :**

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

As per our attached report of even date

**For Sharp & Tannan Associates.**

Chartered Accountants

Firm Registration No. 109983W

**Tirtharaj Khot**

Partner

Membership No.(F) 037457

Mumbai, 14th May, 2019

For and on behalf of the Board

**Manikant R Momaya**

Managing Director

DIN: 00023993

**Yogesh C Papaiya**

Whole-time Director &amp; CFO

DIN: 00023985

**Hanisha Arora**

Company Secretary

Surat, 14th May, 2019

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019**

**A Equity Share Capital**

	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	₹ In Lakhs	No. of Shares	₹ In Lakhs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64
Shares issued	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64

**B Other Equity**

(₹ in Lakhs)

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2018	8,953.31	32.47	8,985.78
Total Comprehensive Income for the year	1,214.85	(330.40)	884.45
Transfer to / (from) retained earnings	0.00	0.00	0.00
<b>Balance at the end of the reporting period i.e. 31st March, 2019</b>	<b>10,168.16</b>	<b>(297.93)</b>	<b>9,870.23</b>

As per our attached report of even date

**For Sharp & Tannan Associates.**

Chartered Accountants

Firm Registration No. 109983W

**Tirtharaj Khot**

Partner

Membership No.(F) 037457

Mumbai, 14th May, 2019

For and on behalf of the Board

**Manikant R Momaya**

Managing Director

DIN: 00023993

**Yogesh C Papaiya**

Whole-time Director & CFO

DIN: 00023985

**Hanisha Arora**

Company Secretary

Surat, 14th May, 2019

## Notes annexed to and forming part of the Financial Statements

### A. Corporate Information

Surat Textile Mills Limited (the 'Company') is domiciled in India. The Company's registered office is at 6th Floor, Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat-395010. The Company is listed on the Bombay Stock Exchange (BSE). The Company is engaged in the business of manufacturing Polyester Chips and Partially Oriented Yarn (POY).

### 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 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 (₹), 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 14th May 2019.

#### B.2. Application of New Ind AS

Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Company. The standard permits two possible methods of transaction:

- (i) Retrospective Approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (ii) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch-up approach).

The effective date of adoption of Ind AS 115 is financial period beginning on or after April 01, 2018.

The Company has adopted the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

There is no material impact on adoption of Ind AS 115.

#### B.3. Key Sources of Estimation:

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include:

- (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. 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.

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

**(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.

**B.4. 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.

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

**Property, Plant and Equipments**

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

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

**Depreciation 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)
1	<b>Buildings:</b>	
	(i) Factory Buildings	30
	(ii) Other Buildings	60
2	<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
8	Property, plant and equipment individually costing ₹ 10,000 or less	1

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

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

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

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

Freehold land is not depreciated.

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

### B.6. Impairment of Tangible Assets:

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

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

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

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

### B.7. 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.8. Revenue Recognition:

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

**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.9. Foreign Currencies:

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

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

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

### B.10. 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.

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

**Other Long-term Employee Benefits**

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

**Post-Employment Benefits**

**(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 or loss.

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

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

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

**(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.11. 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.12. 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

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

Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

### Deferred tax

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

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

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

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

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

### Current tax and Deferred tax for the year

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

### B.13. 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 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.14. Financial Instruments:

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

#### (A) Financial Assets

##### a) Initial Recognition and Measurement

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

##### 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.

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

**(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 has accounted for its investments in subsidiaries, associates and joint venture at cost.

**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) Impairment of Financial Assets**

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

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

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

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

**(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 or Loss.

**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 or Loss.

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

**B.15. 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.16. 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.

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

### B.17. 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.18. 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 Indian Accounting Standards (Ind AS)

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases'. The Standard are applicable to the Company with effect from 1st April 2019.

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- (i) Lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.

- (ii) At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- (iii) Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right of-use asset.
- (iv) A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurements normally also adjusts the right-of-use asset.

The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.

The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete. This review included:

- (i) an assessment about whether the contract depends on a specific asset,
- (ii) whether the company obtains substantially all the economic benefits from the use of that asset; and whether the Company has the right to direct the use of that asset.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The company is currently evaluating the effect of this amendment on the financial statement.

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

Note 1 : PROPERTY, PLANTS & EQUIPMENTS

(₹ in Lakhs)

Description	Tangible Assets:							TOTAL	
	Freehold Land	Buildings	Plant & Machinery	Furniture & Fittings	Electrical Installations & Equipments	Motor Vehicles	Office Equipments		Computers & Data Processing Units
<b>GROSS BLOCK</b>									
<b>Balance as at 31st March 2017</b>	72.60	304.37	143.08	1.67	9.05	198.50	37.91	2.05	769.23
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31st March 2018</b>	72.60	304.37	143.08	1.67	9.05	198.50	37.91	2.05	769.23
Additions	0.00	2.41	0.00	4.26	0.00	0.00	11.50	1.58	19.75
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	136.99	0.03	0.00	137.02
<b>Balance as at 31st March 2019</b>	72.60	306.78	143.08	5.93	9.05	61.51	49.38	3.63	651.96
<b>ACCUMULATED DEPRECIATION</b>									
<b>Balance as at 31st March 2017</b>	0.00	11.18	0.50	0.17	0.00	38.41	28.32	0.35	78.93
Additions	0.00	11.18	0.50	0.17	0.00	37.59	0.06	0.25	49.75
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance as at 31st March 2018</b>	0.00	22.36	1.00	0.34	0.00	76.00	28.38	0.60	128.68
Additions	0.00	11.58	0.50	0.26	0.00	21.13	1.16	0.43	35.06
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	49.66	0.00	0.00	49.66
<b>Balance as at 31st March 2019</b>	0.00	33.94	1.50	0.60	0.00	47.47	29.54	1.03	114.08
<b>NET BLOCK</b>									
<b>Balance as at 31st March 2018</b>	72.60	282.01	142.08	1.33	9.05	122.50	9.53	1.45	640.55
<b>Balance as at 31st March 2019</b>	72.60	272.84	141.58	5.33	9.05	14.04	19.84	2.60	537.88

Note: (i) Estimated Amount of Contract Remaining to be Executed on Capital Account is ₹NIL (Previous Year ₹NIL)

(ii) Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 13.

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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 2 Investment Properties</b>		
Shopping Complex Kamla Estate	19.84	29.68
Land at Varachha	905.46	905.46
Land at Vareli	88.40	88.40
<b>Total</b>	<b>1,013.70</b>	1,023.54

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 3 Investments</b>		
<b>Non-Current Investment</b>		
<b>Quoted</b>		
<b>Fair Value through Other Comprehensive Income</b>		
<b>In Equity Shares of Group Company</b>		
Garden Silk Mills Ltd., FV ₹10 fully paid up equity share 480878 (31 March 2018 : 480878)	96.90	156.04
<b>Other Investments in Equity Shares</b>		
Dena Bank Ltd., FV ₹ 10 fully paid up equity share Nil (31 March 2018 : 16600)	0.00	3.12
IDBI Ltd., FV ₹10 fully paid up equity share Nil (31 March 2018 : 16000)	0.00	11.55
	96.90	170.71
<b>Unquoted</b>		
<b>Amortised Cost</b>		
<b>Investment in Government Securities</b>		
National Saving Certificate	0.00	0.01
<b>Fair Value through Other Comprehensive Income</b>		
<b>Investment in Partnership Firm</b>		
M/s. Isha Enterprise	701.90	701.91
Less: Provision for Diminution in Value of Investment <sup>#</sup>	(312.46)	0.00
	389.44	701.92
<b>Total Non-Current Investments</b>	<b>486.34</b>	872.63
<sup>#</sup> The Provision for Diminution in value of investment pertains to fair valuation of equity shares of Garden Silk Mills Ltd held by Isha Enterprise.		

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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Current Investment</b>		
<b>Fair Value through Profit and Loss</b>		
<b>Investment in Mutual Funds</b>		
L&T Short Term Opportunities Fund- Growth of ₹10/- each NIL (31 March 2018 : 3837521.732)	0.00	637.61
L&T Liquid Fund- Regular Growth- of ₹ 100/- each NIL (31 March 2018 : 23145.224)	0.00	549.89
ICICI Prudential Short Term- Growth Option- of ₹ 10/- each NIL (31 March 2018 : 762761.652)	0.00	276.21
ICICI Prudential Regular Saving Fund- Growth Option- of ₹ 10/- each NIL (31 March 2018 : 1300579.538)	0.00	253.28
IDFC Ultra Short Term Fund-Growth- of ₹ 10/- each NIL (31 March 2018 : 1421442.492)	0.00	350.03
IDFC Credit Opportunity Term Fund-Growth- of ₹ 10/- each NIL (31 March 2018 : 1885653.945)	0.00	204.52
ABSL Arbitrage Fund- Dividend-Direct Plan- of ₹ 10/- each 7947480.081 (31 March 2018 : 11626641.525)	876.26	1,283.71
ABSL Corporate Bond Fund- Growth-Direct Plan- of ₹ 10/- each 803966.148 (31 March 2018 : NIL)	580.19	0.00
ABSL Short Term Opportunities Fund- Growth-Direct Plan- of ₹ 10/- each 1352849.679 (31 March 2018 : NIL)	433.77	0.00
Baroda Dynamic Equity Fund- Regular Growth- of ₹ 10/- each 200000.000 (31 March 2018 : NIL)	21.12	0.00
Baroda Ultra Short Duration Fund- Direct Plan Growth- of ₹ 10/- each 4727.360 (31 March 2018 : NIL)	50.57	0.00
Baroda Ultra Short Duration Fund- Regular Plan Growth- of ₹ 10/- each 2917.907 (31 March 2018 : NIL)	31.17	0.00
IDFC Ultra Short Term Fund Direct Plan- Growth- of ₹ 10/- each 7193144.948 (31 March 2018 : NIL)	762.83	0.00
Reliance Arbitrage Fund- Direct Monthly Dividend Reinvest Plan- of ₹ 10/- each 11958425.100 (31 March 2018 : NIL)	1,315.04	0.00
Reliance Arbitrage Fund- Direct Plan Dividend Reinvest Plan- of ₹ 10/- each 3174039.322 (31 March 2018 : NIL)	409.23	0.00
Reliance Arbitrage Fund- Growth Plan- of ₹ 10/- each 276207.049 (31 March 2018 : NIL)	52.30	0.00
Reliance Credit Risk Fund- Direct Growth Plan- of ₹ 10/- each 3056152.431 (31 March 2018 : NIL)	831.14	0.00
Reliance Prime Debt Fund- Direct Plan Growth Plan- of ₹ 10/- each 511082.831 (31 March 2018 : NIL)	205.02	0.00
Reliance Short Term Fund- Direct Growth Plan- of ₹ 10/- each 1399380.354 (31 March 2018 : NIL)	504.81	0.00
<b>Total Current Investments</b>	<b>6,073.45</b>	3,555.25
<b>Total Investments</b>	<b>6,559.79</b>	4,427.88

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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 4 Loans and Advances</b>		
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Loans to Employees	0.00	1.79
	0.00	1.79
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Margin Money with Banks	0.00	432.38
Deposits- Receivable*	185.00	535.00
Less: Provision for ECL on ICD	(59.63)	0.00
Income Receivable	10.88	132.51
	136.25	1,099.89
<b>Total</b>	<b>136.25</b>	<b>1,101.68</b>

\*The Company has used a practical expedient by computing the expected credit loss allowance for Deposit Receivables based on the provision matrix. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 5 Other Financial Assets</b>		
<b>Current</b>		
Income Receivables	0.00	0.42
<b>Total</b>	<b>0.00</b>	<b>0.42</b>

**Note: 6 Taxes on Income**

The Major Components of Income Tax Expense for the year ended March 2019 and March 2018 are:

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>(i) Statement of Profit or Loss</b>		
Current Tax	201.47	217.98
Deferred Tax	354.12	459.98
Short/(Excess) Provision of tax for earlier years	(695.95)	0.00
<b>Total Income Tax Expense</b>	<b>(140.36)</b>	<b>677.96</b>
<b>(ii) Other Comprehensive Income</b>		
Deferred Tax relating to Net Gain/(Loss) on Re-measurement of Defined Benefit Plans	39.25	9.49
<b>(iii) Reconciliation of Effective Tax Rate</b>		
Income before tax	1,074.49	1,496.51
Enacted Tax Rate in India (as per MAT)	20.59%	20.39%
Expected Tax Expense (C)=(A)*(B)	221.24	305.14

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

	As at 31st Mar, 2019	As at 31st Mar, 2018
(₹ in Lakhs)		
<b>Tax Effect of :</b>		
Exempted Income	(28.41)	(7.11)
Expenses disallowed	0.31	0.00
Other Items	8.33	(80.05)
Current Tax Provision (A)	201.47	217.98
Incremental deferred Tax liability on account of depreciation on property, Plant and Equipment and Intangible Assets	(4.68)	(6.54)
Incremental deferred Tax liability / (Asset) on account of financial asset and other items	358.80	466.52
Deferred Tax Provision (B)	354.12	459.98
Taxes in respect of earlier years (C)	(695.95)	0.00
<b>Tax Expense recognised in statement of profit and loss (A+B+C)</b>	<b>(140.36)</b>	677.96

	Opening Balance as on 01/04/2018	Recognised in P & L	Recognised in OCI	Closing Balance as on 31/03/2019
(₹ in Lakhs)				
<b>(iv) Movement of Deferred Tax</b>				
<b>Tax effect of Items Constituting Deferred Tax Liabilities:</b>				
Unrealised Gain on MF Investments	35.82	(9.59)	0.00	26.23
<b>Total Deferred Tax Liabilities</b>	35.82	(9.59)	0.00	26.23
<b>Tax effect of Items Constituting Deferred Tax Assets:</b>				
Carried Forward Losses	423.62	(359.98)	0.00	63.64
Employees Benefits	9.49	0.00	(2.06)	7.43
Revaluation of Investments	(5.70)	0.00	41.31	35.61
Effect of 43B	5.95	(3.73)	0.00	2.22
<b>Total Deferred Tax Assets</b>	433.36	(363.71)	39.25	108.90
<b>Deferred Income Tax Assets after Set Off</b>	397.54	(354.12)	39.25	82.67

	As at 31st Mar, 2019	As at 31st Mar, 2018
(₹ in Lakhs)		
<b>Note: 7 Other Assets</b>		
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Deposits- Receivable	48.36	51.94
Balances with Statutory Authorities	0.00	5.00
Paintings and Artefacts	2,883.52	2,861.02
	<b>2,931.88</b>	2,917.96
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Fixed Deposits in Banks	2.39	5.03
Advance to Suppliers	140.90	15.33
Income Receivables	154.78	0.66
Prepaid Expenses	6.61	28.56
Balances with Statutory Authorities	66.19	16.33
	<b>370.87</b>	65.91
<b>Total</b>	<b>3,302.75</b>	2,983.87

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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 8 Inventories* (at lower of cost and net realisable value)</b>		
Raw Materials	982.70	706.35
Raw Materials In Transit	59.63	30.23
	<b>1,042.33</b>	736.58
Finished Goods (including Stock in trade)	139.48	673.95
Finished Goods in Transit	33.28	0.00
	<b>172.76</b>	673.95
Stores, Spares, Chemicals & Consumables	236.90	200.33
Stores, Spares, Chemicals & Consumables in Transit	131.83	92.65
	<b>368.73</b>	292.98
<b>Total</b>	<b>1,583.82</b>	1,703.51

\*Inventories hypothecated as security for short-term borrowings as disclosed under Note 13

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 9 Trade Receivables</b>		
Unsecured, Considered Good*	400.13	108.18
Considered Doubtful	2.45	0.00
	<b>402.58</b>	108.18
Less: Allowance for credit losses	2.45	0.00
<b>Total</b>	<b>400.13</b>	108.18

\*Refer Note 32 for Amount due from Related Parties.

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 10 Cash and Cash Equivalents</b>		
Cash on Hand	24.99	31.21
Balances with Banks in Current Accounts	540.14	10.58
Fixed Deposits with Banks (maturity in less than 3 months)	0.00	1,599.75
<b>Total</b>	<b>565.13</b>	1,641.54

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 11 Equity Share Capital</b>		
<b>Authorised Share Capital</b>		
75,00,00,000 (75,00,00,000) Equity Shares of ₹1/- each	7,500.00	7,500.00
<b>Total</b>	<b>7,500.00</b>	7,500.00
<b>Issued, Subscribed and Paid up *</b>		
22,20,64,440 (22,20,64,440) Equity Shares of ₹ 1/- each fully paid up	2,220.64	2,220.64
<b>Total</b>	<b>2,220.64</b>	2,220.64

\*No Changes during the year and immediately Preceding Previous year.

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

**11.1 The Details of Shareholders holding more than 5% of Paid-up Equity Share Capital as on Year End.**

Name of the Shareholder	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% held	No. of Shares	% held
Vareli Trading Company Ltd.	<b>77580026</b>	<b>34.94%</b>	77500000	34.90%
Shri Praful A. Shah (Individual)	<b>27830471</b>	<b>12.53%</b>	27910497	12.57%
Garden Silk Mills Limited	<b>14500000</b>	<b>6.53%</b>	14500000	6.53%
IDBI Bank Ltd.	<b>11457609</b>	<b>5.16%</b>	11854957	5.34%

**11.2 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
- ii) Allotted as fully paid shares by way of bonus shares
- iii) Bought back.

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 12 Other Equity</b>		
<b>Retained Earnings</b>		
Balance as per last Balance Sheet	<b>8,953.31</b>	8,134.76
Add: Profit/(Loss) for the Year	<b>1,214.85</b>	818.55
	<b>10,168.16</b>	8,953.31
<b>Other Comprehensive Income</b>		
Balance as per last Balance Sheet	<b>32.47</b>	43.94
Add: OCI for the year	<b>(330.40)</b>	(11.47)
	<b>(297.93)</b>	32.47
<b>Total</b>	<b>9,870.23</b>	8,985.78

**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) **Re-measurements 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.

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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 13 Borrowings</b>		
<b>(a) Long-Term Borrowings (Secured)</b>		
Term Loan from Banks	0.00	21.59
Less: Current Maturities of Long term debt (Note: 15(b))	0.00	(21.59)
	0.00	0.00
<b>(b) Short-Term Borrowings (Secured)</b>		
Cash Credit Facilities	0.00	150.74
<b>Total</b>	<b>0.00</b>	<b>150.74</b>

**13.1** Term loan from Kotak Mahindra Prime Limited aggregating to ₹NIL Lakhs (Previous year ₹21.59 Lakhs) under Vehicle Finance Scheme is secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements.

**13.2** Cash Credit Facility availed from Bank of Baroda is secured by first charge on entire current assets of the Company both present and future by way of Hypothecation of Stock, Book Debts, Stores & Spares, etc. and also by first charge over fixed assets both present and future situated at Jolwa including mortgage of land and building of the Company at Jolwa. Rate of Interest on Cash Credit facility is 11.55% (Previous year 11.90%).

**13.3 Refer Note 1** (Property, Plant and Equipments) for Carrying Amount of Assets Pledged as Securities for Current / Non-current Borrowings.

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 14 Provisions</b>		
<b>Long-Term</b>		
Provisions for Employee Benefits	40.32	88.01
<b>Short-Term</b>		
Provisions for Employee Benefits	13.12	12.17
<b>Others</b>		
Provision for Income Tax (net)	4.61	658.55
<b>Total</b>	<b>58.05</b>	<b>758.73</b>

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 15</b>		
<b>(a) Trade Payables</b>		
a) Acceptances	1,105.78	1,356.26
b) Payable to Others		
i) Payable to Micro and Small Enterprises*	0.27	4.57
ii) Others including Creditors for Expenses#	811.98	265.16
	<b>1,918.03</b>	<b>1,625.99</b>

# Refer Note 32 for Amount payable to Related Parties.

\*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2019 as disclosure requirement under MSMED act, 2006 are applicable.

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

(₹ in Lakhs)

Particulars	As at 31st Mar, 2019	As at 31st Mar, 2018
(a) Principal Amount Due	0.12	4.57
(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.	0.15	nil
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	0.15	0.00
(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

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 15</b>		
<b>(b) Other Financial Liabilities</b>		
Payable- Expenses	95.50	145.22
Deposits- Payable	0.50	84.71
Advances Received	0.00	0.30
Current Maturities of Long Term Debt (Refer Note : 13 a)	0.00	21.59
	96.00	251.82
<b>Total</b>	<b>2,014.03</b>	<b>1,877.81</b>

(₹ in Lakhs)

	As at 31st Mar, 2019	As at 31st Mar, 2018
<b>Note: 16 Other Current Liabilities</b>		
Advances from Customers	11.35	17.85
Payable- Expenses	1.92	3.00
VAT/GST Liability	1.09	12.63
Payable- TDS	4.81	1.53
<b>Total</b>	<b>19.17</b>	<b>35.01</b>

(₹ in Lakhs)

	2018-19	2017-18
<b>Note: 17 Revenue from Operations</b>		
Sale of Products	21,532.45	20,519.42
Other Operating Revenue	95.65	79.54
<b>Total</b>	<b>21,628.10</b>	<b>20,598.96</b>

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

(₹ in Lakhs)

	2018-19	2017-18
<b>17.1 Particulars of Sale of Products</b>		
Chips	20,826.49	16,807.36
POY	300.78	3,697.65
MEG	79.58	14.41
PTA	325.60	0.00
Others	95.65	79.54
<b>Total</b>	<b>21,628.10</b>	<b>20,598.96</b>

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

(₹ in Lakhs)

Particulars	2018-19	2017-18
Sale of Products (including excise duty)	21,532.45	20,519.42
Less: Excise Duty	0.00	547.92
	<b>21,532.45</b>	<b>19,971.50</b>

17.3 Reconciliation of Revenue from Sale of Product with Contracted Price

(₹ in Lakhs)

Particulars	2018-19	2017-18
Contracted Price	22,641.70	21,400.18
Add: Export Benefits	0.29	0.07
Less: Rate Difference, etc.	1,109.54	880.83
	<b>21,532.45</b>	<b>20,519.42</b>

(₹ in Lakhs)

	2018-19	2017-18
<b>Note: 18 Other Income</b>		
<b>Interest Income</b>		
Bank Deposits	14.87	9.49
Others	34.02	77.29
<b>Dividend Income</b>		
on Current Investments	137.98	34.88
<b>Other Non Operating Income</b>		
Profit on Sale of Shopping Complex	53.15	0.00
Profit on Sale of Current Investments	50.37	51.07
Unrealised gain on Current Investments (FVTPL)	94.35	115.63
Unrealised gain/(loss) on Long Term Investments (FVTPL)	0.00	(3.64)
Credit balances Write Back	19.69	2.53
Miscellaneous Receipts	2.22	2.53
<b>Total</b>	<b>406.65</b>	<b>289.78</b>

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

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 19 Cost of Materials Consumed</b>		
Raw Materials	16,741.23	16,040.13
<b>Total</b>	<b>16,741.23</b>	<b>16,040.13</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>19.1 Value of Imports on CIF Basis in Respect of</b>		
Stores, Spares, Chemicals & Consumables	1,389.42	673.38
<b>Total</b>	<b>1,389.42</b>	<b>673.38</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 20 Purchases of Stock-in-trade</b>		
PTA	314.12	0.00
MEG	79.50	13.83
CHIPS	0.00	21.30
<b>Total</b>	<b>393.62</b>	<b>35.13</b>

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 21 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stock</b>		
Finished Goods and Stock-in-trade	673.95	233.83
Work-in-Progress	0.00	0.00
	<b>673.95</b>	<b>233.83</b>
<b>Less: Closing Stock</b>		
Finished Goods and Stock-in-trade	172.76	673.95
Work-in-Progress	0.00	0.00
	<b>172.76</b>	<b>673.95</b>
<b>Add: Excise Duty on Opening Stock of Finished Goods</b>	<b>0.00</b>	<b>(25.98)</b>
<b>Total</b>	<b>501.19</b>	<b>(466.10)</b>

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

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 22 Employee Benefits Expense</b>		
Salaries and Wages	191.74	282.26
Contribution to Provident and Other Funds	11.61	19.67
Gratuity	11.96	9.42
Staff Welfare Expenses	5.73	4.35
<b>Total</b>	<b>221.04</b>	<b>315.70</b>

(a) **Defined Contribution Plan:**

The Company has Recognized ₹3.66 Lakhs for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2019 (Previous Year ₹7.08 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**

Particulars	(₹ in Lakhs)			
	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Present value of unfunded obligations	41.27	77.43	12.17	22.75
Present value of funded obligations	-	-	-	-
Fair value of plan assets	-	-	-	-
<b>Net Liability (Asset)</b>	<b>41.27</b>	<b>77.43</b>	<b>12.17</b>	<b>22.75</b>

Particulars	(₹ in Lakhs)			
	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Current Liability	7.50	5.08	5.63	7.08
Non-Current Liability	33.78	72.35	6.55	15.67
<b>Net Liability</b>	<b>41.28</b>	<b>77.43</b>	<b>12.18</b>	<b>22.75</b>

**Annexure 2 : Profit and Loss account for the current period**

Particulars	(₹ in Lakhs)			
	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
<b>Service cost:</b>				
Current service cost	6.27	5.21	5.03	4.67
Past service cost and loss/(gain) on curtailments and settlement	-	-	-	-
Net interest cost	5.69	4.21	1.73	1.31
Net value of remeasurements on the obligation and plan assets	-	-	3.04	13.64
Total included in 'Employee Benefit Expense	11.96	9.42	9.80	19.62
<b>Total Charge to P&amp;L</b>	<b>11.96</b>	<b>9.42</b>	<b>9.80</b>	<b>19.62</b>

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

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

**Other Comprehensive Income for the current period**

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Due to Change in financial assumptions	(0.16)	(2.69)	(0.04)	(0.76)
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	(4.84)	11.46	3.08	14.40
Return on plan assets excluding amounts included in interest income	-	-	-	-
<b>Amounts recognized in Other Comprehensive Income</b>	<b>(5.00)</b>	8.77	<b>3.04</b>	13.64

**Annexure 3: Reconciliation of defined benefit obligation**

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Opening Defined Benefit Obligation	77.43	59.96	22.75	20.59
Transfer in/(out) obligation	-	-	-	-
Current service cost	6.27	5.21	5.03	4.67
Interest cost	5.69	4.21	1.73	1.31
Components of actuarial gain/losses on obligations:				
Due to Change in financial assumptions	(0.16)	(2.69)	(0.04)	(0.76)
Due to change in demographic assumption	-	-	-	-
Due to experience adjustments	(4.84)	11.46	3.08	14.40
Past service cost	-	-	-	-
Loss (gain) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-	-	-
Exchange differences on foreign plans	-	-	-	-
Benefits paid	(43.12)	(0.71)	(20.37)	(17.46)
<b>Closing Defined Benefit Obligation</b>	<b>41.27</b>	77.44	<b>12.18</b>	22.75

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Net opening provision in books of accounts	77.43	59.96	22.75	20.59
Transfer in/(out) obligation	-	-	-	-
Transfer (in)/out plan assets	-	-	-	-
Employee Benefit Expense as per Annexure 2	11.96	9.42	9.80	19.62
Amounts recognized in Other Comprehensive Income	(5.00)	8.77	-	-
<b>Total</b>	<b>84.39</b>	78.15	<b>32.55</b>	40.21
Benefits paid by the Company	(43.12)	(0.71)	(20.37)	(17.46)
Contributions to plan assets	-	-	-	-
<b>Closing provision in books of accounts</b>	<b>41.27</b>	77.44	<b>12.18</b>	22.75

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

Annexure 5: Principle actuarial assumptions

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
Discount Rate	7.65%	7.60%	7.65%	7.60%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
Withdrawal Rates	2% at all ages			
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Annexure 6: Expected cash flows based on past service liability

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	7.50	8.50%	5.63	21.80%
Year 2	2.80	3.20%	0.67	2.60%
Year 3	2.09	2.40%	0.36	1.40%
Year 4	3.51	4.00%	0.42	1.60%
Year 5	1.02	1.20%	0.20	0.80%
Year 6 to Year 10	22.86	26.00%	4.18	16.20%

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

Annexure 7: Sensitivity to key assumptions

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31-03-19 (12 months)	31-03-18 (12 months)	31-03-19 (12 months)	31-03-18 (12 months)
<b>Discount rate Sensitivity</b>				
Increase by 0.5%	39.75	74.28	11.83	21.87
(% change)	-3.69%	-4.08%	-2.82%	-3.90%
Decrease by 0.5%	42.91	80.82	12.55	23.71
(% change)	3.96%	4.37%	3.10%	4.22%
<b>Salary growth rate Sensitivity</b>				
Increase by 0.5%	42.90	80.83	12.55	23.71
(% change)	3.96%	4.38%	3.10%	4.22%
Decrease by 0.5%	39.74	74.24	11.83	21.86
(% change)	-3.71%	-4.12%	-2.85%	-3.89%
<b>Withdrawal rate (W.R.) Sensitivity</b>				
W.R. x 110%	41.31	77.48	12.19	22.77
(% change)	0.10%	0.06%	0.09%	0.09%
W.R. x 90%	41.23	77.39	12.16	22.73
(% change)	-0.10%	-0.07%	-0.09%	-0.10%

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.)**

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 23 Finance Costs</b>		
Interest Expenses	62.53	61.50
Other Financial Charges	46.45	42.13
	<b>108.98</b>	103.63
Less: Interest Recovered from Party	0.68	6.00
<b>Total</b>	<b>108.30</b>	97.63

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 24 Excise Duty</b>		
Excise Duty Expense	0.00	547.92
<b>Total</b>	<b>0.00</b>	547.92

	(₹ in Lakhs)	
	2018-19	2017-18
<b>Note: 25 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumption of Stores, Spares and Chemicals	1,569.52	1,339.47
Power and Fuel	803.12	934.72
Factory Expenses	25.37	29.04
Packing Charges	52.89	120.79
Repairs & Maintenance - Plant and Machinery	15.72	18.55
Repairs & Maintenance - Buildings	3.65	1.30
Repairs & Maintenance - Others	15.30	11.50
	<b>2,485.57</b>	2,455.37
<b>Selling and Distribution Expenses</b>		
Freight, Octroi, Carting, Loading, Unloading, etc.	67.35	81.55
Commission and Discount	5.95	16.55
Advertisement	0.51	0.43
	<b>73.81</b>	98.53
<b>Establishment Expenses</b>		
General Charges	50.82	61.62
Legal and Professional Charges	98.06	57.11
Rent	74.66	32.22
Insurance	22.03	19.93
Rates and Taxes	25.28	24.27
Auditors' Remuneration	14.66	7.87
Loss on Sale of Fixed Assets	41.75	0.00
Corporate Social Responsibility	7.80	10.53
Miscellaneous Balance Write Off	0.22	5.39
Bad and Doubtful Debts	62.08	0.00
Exchange (Gain) / Loss	3.08	(0.77)
	<b>400.44</b>	218.17
<b>Total</b>	<b>2,959.82</b>	2,772.07

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

(₹ in Lakhs)

	2018-19	2017-18
<b>25.1 Payment to Auditors:</b>		
<b>(a) Paid to Statutory Auditors:</b>		
Statutory Audit Fees	7.00	3.52
Certification Fees/Limited review	3.00	0.75
<b>(b) Paid to Other Auditors:</b>		
Tax Audit Fees	0.75	0.75
Cost Audit Fees	0.75	0.60
Internal Audit Fees	0.75	1.00
GST/VAT Audit Fees	1.30	0.75
Stock Audit Fees	0.41	0.00
Reimbursement of out of Pocket Expenses	0.70	0.50
<b>Total</b>	<b>14.66</b>	<b>7.87</b>

**25.2 Corporate Social Responsibility:**

- As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- Gross amount required to be spent by the Company during the year is ₹23.30 Lakhs (previous year ₹15.09 Lakhs)
- Actual amount spent by the company during the year is ₹7.80 Lakhs (Previous year ₹10.53 Lakhs) towards Social welfare and Education Programmes.
- The CSR activities carried / to be carried out by the company is driven by the expertise of management. Additionally the company gives preference to the local area(s) of its operations for CSR activities. The company believes that CSR should be in the filled(s) which have substantial social impact and which co-relate with philosophy of the company to improve the quality of Life. The CSR committee will further identify the project which can covered under the CSR guild lines in compliance with the CSR objectives and policy of the Company.

(₹ in Lakhs)

	2018-19	2017-18
<b>Note: 26 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	5.00	(8.77)
Actuarial Gain/(Loss) on Leave Encashment	(3.04)	(13.63)
Gain/(Loss) on Revaluation of Investments	(371.61)	1.44
<b>Total</b>	<b>(369.65)</b>	<b>(20.96)</b>

	2018-19	2017-18
<b>Note: 27 Earning Per Share</b>		
(a) Net Profit attributable to shareholders (₹ in Lakhs)	1,214.85	818.55
(b) Weighted average number of Equity Shares outstanding (nos.)*	222064440	222064440
(c) Basic and Diluted Earnings per share (₹)	0.55	0.37
(d) Face Value per equity share (₹)	1.00	1.00

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

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

**28 Contingent Liabilities: Claims against the Company not acknowledged as debts**

(₹ in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Disputed Liabilities in Appeal		
Income Tax	0.00	0.00
Excise Duty / Service Tax	0.00	0.00
<b>Guarantees</b>		
Bank Guarantees	52.00	0.00
(Counter-Guarantees to Banks against guarantees issued to third parties)		
<b>Others</b>		
Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled	36.99	0.00

**29 Capital Management:**

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

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

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

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

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

Particulars	31st March, 2019	31st March, 2018
Total Debt (₹ in Lakhs)	0.00	172.33
Total Equity (₹ in Lakhs)	12,090.87	11,206.42
Debt to Equity Ratio	0.00%	1.54%

**30 Financial Instruments:**

**30.1 Categories of Financial Instruments and Fair Value Measurement:**

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

Additional Information to Financial Statements and Disclosures under Accounting Standards:

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31st March, 2019 and 31st March, 2018:

(₹ in Lakhs)

Particulars	As at 31st March, 2019			As at 31st March, 2018				
	Carrying Amt /Fair Value	Level of Input used in			Carrying Amt /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*	0.00			0.00	0.00			0.00
(ii) Trade receivables	400.13				108.18			
(iii) Cash & cash equivalents	565.13				1641.54			
(iv) Bank balances other than (iii) above	0.00				0.00			
(v) Loans and Advances	185.00				536.79			
(vi) Others financial assets	10.88				132.93			
<b>At FVTPL</b>								
(i) Investments	6073.45	6073.45			3569.92	3569.92		
(ii) Others financial assets	0.00				0.00			
<b>At FVTOCI</b>								
(i) Investments	486.34	96.90	389.44		857.96	156.04	701.92	
(ii) Others financial assets	0.00				0.00			
<b>Financial Liability</b>								
<b>At Amortised Cost</b>								
(i) Borrowings	0.00				150.74			
(ii) Trade Payables	1918.03				1625.99			
(iii) Other financial liabilities	96.00				230.23			
<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.

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

**30.2 Financial Risk Management Framework:**

**Market Risk:**

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

**Credit Risk:**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by 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.

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

(₹ in Lakhs)

Particulars	31st March, 2019	31st March, 2018
<b>Working Capital Loan</b>		
- Amount Used	<b>0.00</b>	150.74
- Amount Unused	<b>500.00</b>	349.26

**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.

**31 Segment Reporting:**

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

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

**32 Disclosures as required by the Ind AS 24 “Related Party Disclosures” are given below:**

**32.1 List of related parties with whom transactions have taken place and relationships:**

<b>Sr.</b>	<b>Nature of Relationship</b>	<b>Name of Related Party</b>
1	Group Company	Garden Silk Mills Limited Vareli Trading Company Ltd.
2	Partnership Firm	M/s. Isha Enterprises
3	Key Management Personnel	Shri. Manikant R. Momaya Shri. Yogesh C. Papaiya Shri. Harishchandra B. Bharucha Smt. Anita Mandrekar Shri. Ketan A. Jariwala Smt. Hanisha Arora

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

**32.2 Transactions During the year with Related Parties:**

(₹ in Lakhs)

<b>Sr. No.</b>	<b>Name and Nature of Transactions of Related Parties</b>	<b>Relationship</b>	<b>2018-19</b>	<b>2017-18</b>
<b>1</b>	<b>Revenue from Operations</b> Garden Silk Mills Limited	Group Company	<b>10,069.64</b>	8,250.01
<b>2</b>	<b>Purchase of Raw Materials &amp; Chemicals</b> Garden Silk Mills Limited	Group Company	<b>121.35</b>	3,775.56
<b>3</b>	<b>Purchase of Power &amp; Other Utilities</b> Garden Silk Mills Limited	Group Company	<b>885.44</b>	942.61
<b>4</b>	<b>Purchase of Gym Equipements</b> Garden Silk Mills Limited	Group Company	<b>12.98</b>	0.00
<b>5</b>	<b>Payment to Key Managerial Personnel and their Relatives*</b>			
	Shri. Manikant R. Momaya	KMP	<b>7.86</b>	8.40
	Shri. Yogesh C. Papaiya	KMP	<b>24.90</b>	25.40
	Shri. Harishchandra B. Bharucha	KMP	<b>1.13</b>	1.00
	Smt. Anita Mandrekar (upto 31.03.2019)	KMP	<b>0.70</b>	0.40
	Shri. Ketan A. Jariwala	KMP	<b>1.13</b>	1.00
	Smt. Hanisha Arora	KMP	<b>1.98</b>	1.97
<b>6</b>	<b>Other Transaction</b> Garden Silk Mills Limited	Group Company	<b>86.02</b>	134.55

\*Key Management Personnel Remuneration and Sitting Fees are Short-Term Employee Benefits.

**33 Income in Foreign Currency:**

(₹ in Lakhs)

Particulars	2018-19	2017-18
Sales- Export	56.77	86.74

34 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2019. 35  
Contribution to Political parties during the year 2018-19 is ₹ Nil (Previous Year ₹ Nil).

36 Figures for the previous year have been regrouped/reclassified wherever necessary.

For and on behalf of the Board

**Manikant R Momaya**

*Managing Director*

DIN: 00023993

**Yogesh C Papaiya**

*Whole-time Director & CFO*

DIN: 00023985

**Hanisha Arora**

*Company Secretary*

Surat, 14th May, 2019



**If undeliverd, please return to:**  
**SURAT TEXTILE MILLS LIMITED**

CIN No: L17119GJ1945PLC000214  
**Regd. Office:** Tulsi Krupa Arcade, 6th Floor,  
Puna-Kumbharia Road, Dumbhal, Surat 395010