

# ANNUAL REPORT 2015 - 2016



STM

SURAT TEXTILE MILLS LIMITED

## CORPORATE INFORMATION

### Board of Directors

**M. R. Momaya**

Managing Director

**Yogesh C. Papaiya**

Whole-time Director & CFO

**Sanjay S. Shah**

Harishchandra Bharucha

Ketan Jariwala

Anita Mandrekar

**Hanisha Arora**

Company Secretary

**Registered Office**

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

CIN: L17119GJ1945PLC000214

Tel: (0261) 2311197, 2311615.

Fax: (0261) 2311029.

e-mail: stmlsecretary@gardenvareli.com

<http://www.surattextilemillsltd.com>

**Statutory Auditors**

Natvarlal Vepari & Co.,  
Chartered Accountants, Surat.

**Cost Auditors**

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

**Secretarial Auditor**

Jigar Vyas & Associates

**Bankers**

Bank of Baroda

**Plants:**

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

**Registrars & Share Transfer Agents**

Karvy Computershare 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

<b>Contents</b>	<b>Page No.</b>
Notice of Annual General Meeting	1
Directors' Report and Management Discussion & Analysis	7
Report on Corporate Governance	28
Independent Auditors' Report	40
Balance Sheet	44
Statement of Profit and Loss	45
Cash Flow Statement	46
Notes forming part of the Financial Statements	47

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

70th Annual General Meeting on Wednesday, 31st August, 2016 at 11.00 a.m. at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010.

## NOTICE

Notice is hereby given that the Seventieth Annual General Meeting of the Members of Surat Textile Mills Limited will be held on Wednesday, the **31st August, 2016 at 11:00 a.m.** at the registered office of the Company at Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010, to transact the following business:-

### Ordinary Business:

#### 1 Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the Year ended 31st March, 2016 together with the Reports of the Board of Directors and the Auditors thereon.

#### 2 Appointment of a Director

To appoint a Director in place of Shri M. R. Momaya (DIN: 00023993), Director, who retires by rotation and, being eligible, offers himself for re-appointment.

#### 3 Ratification of appointment of Statutory Auditors and fixing their remuneration

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

**"RESOLVED THAT** pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), appointment of M/s Natvarlal Vepari & Co. Chartered Accountants, (Registration No.123626W) which has been approved at the Annual General Meeting held on 23rd July, 2014 for a term of 3 (Three) years i.e. from the conclusion of 68th Annual General Meeting until the conclusion of the 71st Annual General Meeting, be and is hereby ratified for financial year 2016-17 and the Board of Directors of the Company be and is hereby authorised to fix their remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

### SPECIAL BUSINESS:

#### 4 Ratification of Cost Auditors' Remuneration

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 of the Companies Act, 2013 and the Companies (Audit and auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of ₹60,000/- (apart from reimbursement of out of pocket expenses and applicable taxes) to M/s. P. M. Nanabhoy & Co., Cost Accountants, Mumbai, who were appointed as Cost Auditors by the Board of Directors in their meeting held on 25th May, 2016

for carrying out Cost Audit of the Company for financial year 2016-17, be and is hereby approved and ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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

Place: Surat  
Date: 25th May, 2016

**Hanisha Arora  
Company Secretary**

### Notes:

1. A member entitled to attend and vote at the annual general meeting ("meeting") is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy cannot vote on e-voting.

The instrument appointing a proxy, in order to be effective, should be deposited at the Registered office of the Company not less than 48 hours before the commencement of the Meeting. A proxy form is annexed to this Notice.

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

2. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at the ensuing Annual General Meeting (AGM) is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Register Books of the Company will remain closed from Tuesday, 23rd August, 2016 to Wednesday, 31st August, 2016 (both days inclusive).
4. 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.
5. In terms of Section 152 of the Act and the Articles of Association of the Company, Shri M. R. Momaya (holding DIN: 00023993), Director retires by rotation and being eligible, offers himself for re-appointment. The Board of Directors commends the aforesaid re-appointment. As per explanation to Section 152(6)(e) of the Act, total number of Directors for the purpose of determining Directors liable to retire by rotation shall not include Independent Directors, whether appointed under the Act or any other law for the time being in force.

6. Corporate members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of their Board Resolution together with the respective specimen signature of the representative(s) authorised under the said resolution to attend and vote on their behalf at the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
8. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment or re-appointment.
9. Members are requested to furnish their Bank Account details, change of address and all other required details to the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Limited in respect of shares if held in physical form. In case of shares held in electronic form, these details should be furnished to the respective Depository Participants (DPs).
10. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their copies of PAN card to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent.
11. For convenience of the Members and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by way of attendance slip, which is annexed to this Notice. Members are requested to bring their Attendance Slip, fill up and sign the same at the place provided and hand it over at the entrance of the venue.
12. Members are requested to send all communications relating to shares to the Registrar & Share Transfer Agent of the Company at the following address:  
**By Post / Courier / Hand Delivery**  
 Karvy Computershare Private Limited  
 Karvy Selenium, Tower – B, Plot 31-32, Gachibowli  
 Financial District, Nanakramguda,  
 Hyderabad 500032  
 Toll Free No. (India) : 1800 345 4001  
 Phone No. 040 67162222  
 Fax No. 040 - 23420814  
 Email: einward.ris@karvy.com  
 If the shares are held in electronic form, then change of address and change in the Bank Accounts, etc. should be furnished to the respective Depository Participants (DPs).
13. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report for 2015-16 including Financial Statements, Board's report etc. and this Notice of the 70th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting with Attendance Slip and Proxy Form is being sent by electronic mode to all those Members whose email addresses are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a physical copy of the same. For Members, who have not registered their e-mail addresses, physical copies of the Notice convening the Seventieth AGM of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the modes permitted under the Companies Act, 2013.
14. Members may also note that the Notice of the 70th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.surattextilemillsLtd.com for their download.
15. To support the "Green Initiative", the Members who have not registered their e-mail addresses are requested to register the same with Registrars and Share Transfer Agent/ Depositories.
16. **Voting through electronic means**
  - I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members the 'remote e-voting' facility to exercise their rights to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting services.
  - II. The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting shall be able to exercise their rights to vote at the meeting through ballot paper in case they have not casted their vote by remote e-voting.
  - III. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM **but shall not be entitled to cast their vote again at the AGM.**
  - IV. In terms of requirements of the Companies Act, 2013 and the relevant Rules, voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, 25th August, 2016.
  - V. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Thursday, 25th August, 2016 only shall be entitled to avail the facility of remote e-voting as well as vote in the Seventieth Annual General Meeting.

- VI. Any person who acquires shares of the Company and become a member of the Company after dispatch of the Notice of the Seventieth Annual General Meeting and holding shares as on the cut-off date i.e. Thursday, 25th August, 2016, may obtain the User ID and password by writing to the Karvy on the email Id - [evoting@karvy.com](mailto:evoting@karvy.com) or to Shri P. A. Varghese, Contact No. 040-33215424, at [Unit: Surat Textile Mills Limited] Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot 31-32, Gachibowli, Hyderabad 500032. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in A below to cast the vote.
- VII. The remote e-voting period commences on Saturday, 27th August, 2016 (10.00 a.m.) and ends on Tuesday, 30th August, 2016 (5.00 p.m.) during this period, the members of the Company, holding shares either in physical form or dematerialised form, as on the cut-off date of 25th August, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by KARVY upon expiry of the aforementioned period.
- VIII. Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.
- IX. A person who is not a member as on cut-off date should treat this Notice for information purpose only.
- X. **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 valid e-mail IDs are registered with the Company / Depository Participant(s) will receive an e-mail from Karvy.
- (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - (ii) Enter the login credentials (i.e. User ID and Password mentioned above). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
  - (iii) After entering these details appropriately, click on "LOGIN".
  - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- (v) You need to login again with the new credentials.
  - (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Surat Textile Mills Limited.
  - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - (viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
  - (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
  - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, members can login any number of times till they have voted on the Resolution(s).**
  - (xii) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [csjigarvyas@gmail.com](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. Such members (including those Members who have requested for a physical copy) will receive a physical copy of the Notice of AGM. Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:
  - ii.
 

E-Voting Even Number	USER ID	PASSWORD
  - iii. Please follow all steps from Sl. No. (i) to (xii) under heading A above to cast vote through e-voting platform.
- XI. In case of any query pertaining to e-voting, please visit Help & FAQ section available at Karvy's website <https://evoting.karvy.com>.
- XII. The Board of Directors have appointed Shri Jigar Vyas, Proprietor of Jigar Vyas & Associates, Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the Seventieth Annual General Meeting in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
- XIII. The Scrutinizer, after scrutinizing the votes cast at the Seventieth Annual General Meeting and through remote e-voting will, not later than three days of conclusion of the Seventieth Annual General Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman / Managing Director.
- XIV. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.surattextilemillsLtd.com](http://www.surattextilemillsLtd.com) and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges.
- XV. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Seventieth Annual General Meeting i.e. 31st August, 2016.

## ANNEXURE TO THE NOTICE

### Explanatory Statement in respect of the special business pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")

#### Item No. 3:

This statement is provided though strictly not required as per Section 102 of the Act. Pursuant to Section 139 of the Act, M/s Natvarlal Vepari & Co., Chartered Accountants, Surat (Firm Registration No.123626W) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 23rd July, 2014 for a term of 3 (Three) years i.e. from the conclusion of 68th Annual General Meeting until the conclusion of the 71st Annual General Meeting.

Further, pursuant to Section 139(1) of the Act, the Members of the Company are required to ratify their re-appointment as Statutory Auditors of the Company, at every Annual General Meeting. Accordingly, ratification of the Members is being sought for the proposal contained in the Resolution set out at Item No.3 of the accompanying Notice.

None of the Directors or Key Managerial Person (KMP) of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.3 of the accompanying Notice,

The Board recommends the resolution set forth in Item No.3 for the approval of the Members.

#### Item No.4:

In pursuance of Section 148 of the Act and the Companies (Audit and Auditors), Rules, 2014, the Board shall appoint an individual who is a Cost Accountant in practice or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations

of the Audit Committee. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of the Audit Committee at its meeting held on 25th May, 2016 the Board of Directors of the Company has approved the appointment and remuneration of M/s Nanabhoy & Co., Cost Accountants, as Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2016-2017, at a remuneration of ₹60,000 (Rupees Sixty thousand only) and reimbursement of out of pocket expenses at actual plus applicable taxes.

M/s Nanabhoy & Co., have furnished consent letter to act as Cost Auditor of the Company and a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous year under the provisions of the Act.

Accordingly, the consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the cost auditor for the Financial Year 2016-2017.

None of the Directors or Key Managerial Person (KMP) of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the accompanying Notice,

The Board recommends the resolution set forth in Item No.4 for the approval of the Members.

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

Place: Surat  
Date: 25th May, 2016

**Hanisha Arora  
Company Secretary**

**Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

<b>Name of the Director</b>	<b>Shri Manikant R. Momaya</b>
Director Identification Number	00023993
Date of Birth	19/03/1932
Nationality	Indian
Brief Resume – Age and Qualification	84 Years B.E. (Mechanical & Electrical)
Date of Appointment/Re-appointment	23/10/2000
Expertise in Specific Functional Areas	He was associated with one of the most reputed textile Company of Surat for about 36 years. He is presently rendering his services as Consultant Engineer.
Directorship held in other Public Limited Companies	Porus Textiles & Trading Pvt. Ltd. Sirius Management Services Pvt. Ltd
Memberships/ Chairmanships of committees across public companies (include only Audit Committee and Shareholders / Investors' grievance Committee)	Nil
No. of shares held in the Company	Nil
Disclosure of relationship	Shri Manikant R. Momaya is not related to any of the Director of the Company.

**Registered Office:**

Tulsi Krupa Arcade, Third Floor,  
Puna-Kumbharia Road,  
Dumbhal,  
Surat 395010  
Place: Surat  
Date: 25th May, 2016

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

**Hanisha Arora  
Company Secretary**



## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### Dear Members,

Your Directors have pleasure of presenting the Seventieth Annual Report on the business and operations of the Company, together with the Audited Statements of Accounts for the year ended 31st March, 2016.

### Summarised Financial Results

The Company's performance during the financial year ended 31st March, 2016 as compared to the previous financial year, is summarized below.

	(₹ in crores)	
	2015-16	2014-15
Total Revenue from Operations (Net)	118.99	129.84
Earning Before Interest, Depreciation and Tax (EBIDTA)	6.50	5.54
Less: Finance Costs	0.74	0.70
Depreciation	1.16	1.26
Profit before Tax	4.60	3.58
Less: Tax Expense /(Credit)	(1.53)	1.02
Profit after Tax	6.13	2.56

### Transfer to Reserve

It is not proposed to transfer any amount to reserves out of the profits earned during the financial year 2015-16.

### Dividend

In order to strengthen the reserves of the Company and with a view to ensure sufficient liquidity to take advantage of the growth potential, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2015-16.

### Share Capital

The Issued, Subscribed and Paid-up equity share capital as on 31st March, 2016 was ₹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, 2016, 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

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

### Review of Operations

FY 2016 was extremely a challenging year for your Company. Poor demand-supply conditions in polyester industries continued during the year due to large capacities of Chips and Yarns manufacturers became operational from FY 12 to FY 14, coupled with delayed revival of the economy, poor monsoon

affecting rural consumption etc. The dumping of Chinese fabric imports into Indian markets also affected the demand for locally produced fabric and therefore Yarn and Chips as well. Under the circumstances Chips and Yarn manufacturers have been compelled to price their products at very low margins to protect utilisation level of production.

The total revenue from operations for the year 2015-16 declined at ₹118.99 crore as compared to ₹129.84 crore in the previous year. The decline in revenue was primarily due to fall in Selling Prices in tandem with fall in crude oil prices

Our focus on operational efficiency with better working capital management and better network helped us to remain competitive and improve our Earnings Before Interest, Depreciation and Tax (EBIDTA).

EBIDTA for FY 16 was higher at ₹6.50 crore as compared to ₹5.54 crore in the previous year, registering a growth of about 17%. The profit after tax for the FY 2016 also increased to ₹6.13 crore as compared to ₹2.56 crore in the previous year.

Despite challenging business environment your Company's total sales of chips in volume was higher at 16094 MT for the year 2015-16 as compared to 9034 MT in the previous year. In value terms sale of chips for FY 16 was higher at ₹12861.15 Lacs as compared to ₹8755.56 Lacs in the previous year. The overall production of Chips was higher at 16427 MT during the year 2015-16 as compared to 10062 MT achieved in the previous year.

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

The manufacturing activity at its POY plant at Village Jolwa, Taluka Palsana, Dist. Surat remained suspended during the major part of the financial year 2015-16 as the operations of the division had become unviable due to competitive market conditions.

Apart from investing surplus funds in business, the Company is also pursuing related business opportunities by building up its stock in trade of art and artifacts during the year.

### 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.

### Material changes and commitments

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

### Presentation of financial statements

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the

Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on historical cost basis.

The estimates and judgments relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31st March, 2016. The financial statements of the Company have been disclosed as per Schedule III of the Companies Act, 2013. The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ending 31st March, 2016.

#### Finance

Your Company has repaid Secured Rupee Term Loan from banks to the tune of ₹51.16 Lacs during the financial year 2015-16. 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.

#### Directors and Key Managerial Personnel

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Shri M. R. Momaya (DIN: 00023993), Director retires by rotation at the forthcoming Annual General Meeting and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Shri M. R. Momaya, Managing Director, Shri Yogesh C. Papaiya, Wholetime Director and CFO and Ms. Hanisha Arora, Company Secretary and Compliance Officer were designated as "Key Managerial Personnel" of the Company pursuant to Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. During the year under review, there was no change in key managerial personnel of the Company.

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(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year under review, there is no change in the Board of Directors of the Company.

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

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

#### Corporate Social Responsibility (CSR) Initiatives

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

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

The Company has been contributing in the development of the surrounding areas of its plant. The Company supports and contributes in activities relating to promotion of education, sports, medical and health care, vocational skill development and livelihood enhancement and programmes and activities relating to environment sustainability etc. The details of amount spent on CSR activity undertaken during the year by the Company are given in the **Annexure B** to this Report. The CSR policy of the Company is also hosted on the website of the Company, [www.surattextilemillsltd.com](http://www.surattextilemillsltd.com).

#### Managerial Remuneration

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.

#### Audit Committee

The Audit Committee of Directors comprises of Mr. Harishchandra Bharucha (Chairman of the Committee), Mr. Sanjay S. Shah and Mr. Ketan Jariwala. All the recommendations made by the Audit Committee during the year were accepted by the Board of Directors of the Company. The terms of reference and other details of the Audit Committee are available in the Corporate Governance Report forming part of this annual report.

#### Statutory Auditors & Audit Report

M/s Natvarlal Vepari & Co., Chartered Accountants (Firm Registration No.123626W) the auditors of your Company, hold office upto the conclusion of the forthcoming Annual General Meeting (AGM) of the Company. Pursuant to provisions of Section 139(2) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s Natvarlal Vepari & Co. are eligible for appointment as Auditors. Your Company has received a written confirmation from M/s Natvarlal Vepari & Co., Chartered Accountants to the effect that their appointment, if made, would satisfy the criteria provided in Section 141 of the Companies Act, 2013 for their appointment. The Board recommends the appointment of M/s Natvarlal Vepari & Co., Chartered Accountants as the Auditors of the Company from the conclusion of the ensuing AGM to the conclusion of the next AGM.

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

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

## Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended by notifications / circulars issued by the Ministry of Corporate Affairs from time to time and on recommendation of the Audit Committee, the Board of Directors appointed M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 7464) as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2016-17.

The Cost Auditor have given a Certificate to the effect that the appointment, if made, will be within the prescribed limits specified under Section 141 of the Companies Act, 2013. The Audit Committee has obtained a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forming part of the Notice convening the Annual General Meeting for their ratification.

## Secretarial Auditor & 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 Company has appointed Mr. Jigar Vyas, proprietor of Jigar Vyas & Associates, Practicing Company Secretary (CP No.8019), Surat to undertake the Secretarial Audit of the Company for the Financial Year 2015-16. The Secretarial Audit Report is annexed as '**Annexure D**' and forms an integral part of this Report. The report of the Secretarial Auditor does not contain any adverse observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

## 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 2016-17.

## Directors' Responsibility Statement

As required under Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the directors to the best of their knowledge and belief state that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and, reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- iii. proper and sufficient care had been taken 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;

- iv. the annual accounts have been prepared on a going concern basis;
- v. they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. the proper systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

## Number of meetings of the Board

During the year, 4 Board Meetings and 4 Audit Committee Meetings were convened and held. The details thereof are given in the Corporate Governance Report. The Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## Board evaluation

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

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

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

## 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 3rd February, 2016, 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.

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

### Declaration of Independent Directors

As required under Section 149(7) of the Companies Act, 2013, the Independent Directors have placed the necessary declaration in terms of the conditions laid down under Section 149(6) of the Companies Act, 2013 in the Board Meeting held on 25th May, 2016.

### Familiarisation Programme to Independent Directors

The Company provides suitable familiarisation programme to 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 details of the familiarisation programme have been disclosed and updated from time to time on the Company's website.

### Related Party Transactions

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a conflict with the interest of the Company at large. During the year 2015-16, 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.

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'.

During the year under review, the Board of Directors have revised the existing Related Party Transaction policy in line with the recently introduced SEBI (LODR) Regulations, 2015 and Companies (Meetings of Board and its Powers) Second Amendment Rules, 2015.

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.

Your Directors draw attention to the members to Note No.29 to the financial statement which sets out related party disclosures.

Suitable disclosures as required under AS-18 have been made in Note 29 of the Notes to the financial statements.

### Risk Management

Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 and Regulation 21 of SEBI (LODR) Regulations, 2015, your Company has voluntarily constituted a Risk Management Committee to formulate a policy for risk management for implementing and monitoring the risk management plan of the Company. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

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.

### Particulars of Employees and Related disclosure

During the financial year 2015-16, none of the employees of the Company are in receipt of remuneration prescribed in terms of the provision of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014. There were 69 permanent employees as on 31st March, 2016.

### Personnel

The relations, during the year, between the employees and the management of your Company continued to be cordial.

Your Directors wish to thank all the employees for their continued support and co-operation during the year under review.

### Adequacy of Internal Financial Control

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

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

### 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.

### Vigil Mechanism / Whistle Blower Policy

Your Company believes in promoting a fair, transparent, ethical and professional work environment. The Board of Directors of the Company pursuant to the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has framed 'Whistle Blower Policy' for Directors and employees of the Company for reporting the genuine concerns or grievances or cases of actual or suspected, fraud or violation of the Company's code of conduct



and ethics policy. The Whistle Blower Policy of the Company has been posted on the website of the Company.

### **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 Director is recommended by the Nomination and Remuneration Committee to the Board for its approval. However, the remuneration compensation to Whole-time Directors is subject to the approval of the shareholders of the Company and Central Government, wherever required. Further, the Non-Executive Directors are 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.

### **Deposits**

During the year, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

### **Extract of Annual Return and other disclosures**

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and Rule 12 of Companies (Management and Administration) Rules, 2014, Extract of Annual Return in Form MGT-9, for the financial year ended 31st March, 2016 made under the provisions of Section 92(3) of the Act is attached as '**Annexure F**' which forms part of this Report.

### **Report on Corporate Governance**

Pursuant to SEBI Listing Regulations, 2015, a separate chapter titled 'Corporate Governance' has been included in this Annual Report, along with the general shareholders information annexed as '**Annexure G**'. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2015-16. A declaration to this effect signed by the Managing Director (CEO) 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.

As per Regulation 34(3) read with Schedule V(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

### **Significant and material orders passed by the regulators or courts**

During the year under review, there were no significant and material orders passed by the Regulators or Court or Tribunal, which can impact the going concern status of the Company and its operations in future.

### **Particulars of Loans, Guarantees and Investments**

During the year under review, your Company has not directly or indirectly –

- a) Given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials, if any;
- b) Given any guarantee or provided security in connection with a loan to any other body corporate or person; and
- c) Acquired by way of subscription, purchase or otherwise, the securities of any other body corporate.

### **Anti-Sexual Harassment Policy**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has zero tolerance on Sexual Harassment at workplace. No complaint was received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31st March, 2016 for redressal. Your Company has laid down Anti Sexual Harassment policy and it is made available on the website of the Company.

### **Indian Accounting Standards (IND AS) IFRS Converged Standards**

The Ministry of Corporate Affairs vide its notification dated 16/02/2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, the Company is required to adopt IND AS with effect from 1st April, 2017 with the comparatives for the year ended 31st March, 2017.

### **Green Initiative**

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.

### Indian Economy & Industry Scenario

The Indian economy exhibited significant resilience during the year in contrast to most other countries, China in particular. According to most forecasts, India's GDP growth is expected to be in the region of 7.5% for the year 2015-16. Your Company expects a better opportunity to grow its volume and improve its capacity utilisation during the current year 2016-17.

Textile industry has experienced widespread oversupply in the face of weak demand over last 5 years. Economy slow down, poor monsoon, high interest rates have hurt demand just as large new capacities came on-stream. The demand for both cotton and synthetic fabrics remained sluggish throughout the year. The problem has been aggravated due to unprecedented fluctuations in Raw Materials prices, consequent to fluctuations in international crude oil prices.

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

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

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

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

### Opportunities and Challenges

There are several challenges ahead for the textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws, poor infrastructure, competition from low cost neighboring countries which will have to be addressed to sustain the growth momentum of the industry.

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

Slowing down of Indian economy in general and the lower demand growth may further reduce the growth of the industry. Price realisation of PFY is partly dependent on cotton yarn prices. If demand of finished products stagnates, margins in the Company's product i.e. chips and PFY will be affected, given the large capacities in place. A substantial increase in the cotton crop and the consequent reduction in cotton yarn prices would curtail growth in the industry.

The Company is facing challenge in terms of higher production cost due to high power cost and other inputs. It is expected that with the better working capital management, the Company would be able to generate better cash flows. The Company perceives threat from imports and consequent pressure on domestic prices.

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

### Business Outlook:

We expect the business conditions to remain stable for your Company with a moderate growth in volume in the year 2016-17. However, the world markets are uncertain at present and majority countries are facing economic issues affecting their growth in the year 2016-17.

The key drivers to growth in today's scenario would be higher operating efficiency, sustainability, customer satisfaction, improving capabilities, expanding product mix and exploring newer markets. Your Company is making efforts to capture the potential for growth in the coming years.

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

In our opinion in the absence of a severe slowdown in the economy, the sluggishness would be temporary, especially for the POY industry, for which the global economic forecast for the next couple of years is healthy.

Your Company is pursuing cost control measures, increased productivity, improving efficiencies in manufacturing areas and a thrust in sales and better price realisation with better product mix. However, the performance of the Company would be largely dependent on the overall industrial scenario.

### Internal Control System and their Adequacy

The Internal Control System provides for well documented policies / guidelines, authorizations and approval procedures. Considering the nature of its business and size of operations, your Company through its Internal Auditors carries out periodic audit based on the plan approved by the Audit Committee.

The summary of the Internal Audit observations and status of implementation are submitted to the Audit Committee. The status of implementation of the recommendations is reviewed by the Audit Committee on a regular basis and desired actions are initiated to strengthen the control and effectiveness of the system. Concerns, if any, are reported to the Board.

On a periodical basis, the Board also engages the services of professional experts in the said field in order to ensure that adequate financial controls and systems are in place.

### Health, safety and environment

Your Company continued its focus in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surrounding.

The Company continues to focus on maintenance and performance improvement of related pollution control facility at its manufacturing locations. Your Company recognizes protection and management of environment as one of its highest priority and every effort is made to conserve and protect the environment.



## **Industrial Relation / Human Resources**

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. There were 69 permanent employees as on 31st March, 2016.

## **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.

## **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 towards the growth of the Company.

Your Directors also acknowledge with gratitude the support of the shareholders, other investors, customers, dealers, agents and suppliers for their continued faith and support in the Company and its management.

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

Surat, 25th May, 2016

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

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2016 is given below and forms part of the Directors' Report.

**A. Conservation of energy:****I. Steps taken or impact on conservation of energy.**

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

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

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

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

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

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

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

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

The Company was able to reduce maintenance and operating cost at manufacturing level more particularly the conversion cost in chips segment. There was an improvement in quality, customer satisfaction and enlargement of market base.

**III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – NOT APPLICABLE.****IV. The expenditure incurred on Research and Development.**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	2015-16	2014-15
Foreign Exchange Earned	Nil	Nil
Foreign Exchange Used	Nil	Nil

## ANNEXURE - B

### Annual Report on Corporate Social Responsibility activities

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has contributed an amount of ₹5.42 Lacs as mentioned hereunder towards activities specified in Schedule VII of the Companies Act, 2013. The Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at <a href="http://www.surattextilemills.com">www.surattextilemills.com</a>
2	Composition of CSR Committee	The CSR Committee comprises the following members: a. Shri Ketan Jariwala, (Chairman) (Independent Director) b. Shri Harishchandra Bharucha, (Independent Director) c. Shri Yogesh C. Papaiya, Wholetime Director & CFO
3	Average net profit of the company for last three financial years (as per Section 198 of the Companies Act, 2013)	₹758.52 Lacs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹15.17 Lacs
5	Details of CSR expenditure during the financial year	₹5.42 Lacs
	(a) Total amount to be spent for the financial year.	₹15.17 Lacs
	(b) Amount unspent, if any.	₹9.75 Lacs
	(c) Manner in which the amount spent during the financial year.	The Company has spent an aggregate amount of ₹5.42 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. Being the first year of implementation, a delay was caused due to clarifications required to ensure that the identified projects were covered under the CSR guideline.

#### Responsibility statement:

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

For and on behalf of the CSR Committee

**Ketan Jariwala**  
Chairman of the Committee  
(DIN 02095540)

Surat, 25/05/2016

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

Sr. No.	Requirement under Rule 5(1)	Details
1.	The Ratio of the remuneration of each executive Director to the median remuneration of the employees of the Company for the Financial Year.	(1) Shri M. R. Momaya Managing Director – 0.95 (2) Shri Yogesh C. Papaiya Wholetime Director & CFO – 1.86
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Shri M. R. Momaya Managing Director – 7.70% (2) Shri Yogesh C. Papaiya Wholetime Director & CFO – Nil (3) Smt. Hanisha Arora, Company Secretary – Nil
3.	The Percentage increase in the median remuneration of employees in the financial year.	5.39
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2016.	69
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	On an average, employees received an annual increase of about 5.39%. In order to ensure that remuneration reflects company performance, the performance pay is also linked to organization performance, apart from an individual's performance.
6.	Comparison of the remuneration of the Key Managerial Personnel ("KMP") (Individually and totally) against the performance of the company.	(i) Aggregate remuneration of Key Managerial Personnel in FY 2016 ₹26.33 Lacs (ii) Total revenue ₹11899.31 Lacs (iii) Remuneration of KMPs (as percentage of revenue) 0.22 (iv) Profit before tax ₹459.61 Lacs (v) Remuneration of KMPs (as percentage of PBT) – 5.73. * Remuneration of KMPs includes Managing Director / Wholetime Director and Company Secretary.
7.	Average percentile increase made in the salaries of employees other than the managerial personnel in last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.  Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Average percentage increase in the salaries of employees other than KMP's for FY 2015-16 was 5.39% as compared to FY 2014-15. There was an increase of about 1.92% in the total remuneration of KMP's for the same period.  Not applicable.
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
9.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	None.

Sr. No.	Requirement under Rule 5(1)	Details
10.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2016 – ₹53.30 crore. Market capitalization as on 31/03/2015 – ₹35.75 crore.
12.	Price earnings ratio as at the closing of 31st March, 2016 and 31st March, 2015.	31/03/2016 – 8.57 31/03/2015 – 13.42
13.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	Market Price (BSE) – 31/03/2016 ₹2.40 per share. Market Price (BSE) – 31/03/2015 ₹1.61 per share.

For and on behalf of the Board of Directors

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

Surat, 25th May, 2016

**ANNEXURE - D****SECRETARIAL AUDIT REPORT****For the Financial Year Ended 31st March, 2016**

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

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

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SURAT TEXTILE MILLS LIMITED** (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, 2016 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, 2016 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'):-
  - (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 (upto 14th May, 2015);
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May, 2015);

- (d) 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;
- (e) Listing Agreement (upto 30th November 2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December 2015);
- (v) Other laws applicable specifically to the Company as per representations made by the Company.

During the period under review and as per the explanations given to me and the representations made by the Management and relied upon by me, provisions of the following regulations / guidelines were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the The Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- (i) Secretarial Standards (SS-1 and SS-2) pursuant to Section 118(10) of the act, issued by The Institute of Company Secretaries of India with respect to Board and general meetings (effective 1st July, 2015);
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) (as applicable upto 30th November, 2015; and
- (iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as applicable with effect from 1st December, 2015).

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company. 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. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors. The decisions were carried unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee 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 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**  
**Jigar Vyas**

Practising Company Secretary

FCS No. 8019

CP No. 14468

Place: Surat

Date: 25th May, 2016

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

## 'Appendix A'

To,

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

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

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

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

**For Jigar Vyas & Associates**  
**Jigar Vyas**

Practising Company Secretary

FCS No. 8019

CP No. 14468

Place: Surat

Date: 25th May, 2016

**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, 2016 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, 2016 are as follows.

Sr. No.	Name of the Related Party and Relationship	Nature of Transaction	Duration	Salient Terms	Amount (₹ in Lacs)
1	Garden Silk Mills Limited (Group Company)	Electric power purchase	Ongoing	On arm's length basis and in ordinary course of business.	432.22
2	Garden Silk Mills Limited (Group Company)	Purchase of Raw Materials	Ongoing	On arm's length basis and in ordinary course of business.	286.57
3	Garden Silk Mills Limited (Group Company)	Sale of finished goods	Ongoing	On arm's length basis and in ordinary course of business.	4629.16
4	Garden Silk Mills Limited (Group Company)	Job charges paid	Ongoing	On arm's length basis and in ordinary course of business.	0.10
5	Garden Silk Mills Limited (Group Company)	Job charges income	Ongoing	On arm's length basis and in ordinary course of business.	264.84
6	Garden Silk Mills Limited (Group Company)	Rent paid	Ongoing	On arm's length basis and in ordinary course of business.	0.00

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

Place: Surat

Date: 25th May, 2016

For and on behalf of the Board of Directors

**M. R. Momaya**

Managing Director

## ANNEXURE - F

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on the financial year ended on 31.03.2016**

[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	Company Limited by Shares/Indian Non-government Company
v) Address of the Registered office and contact details	Tulsi Krupa Arcade, Third Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010 Tel. No. 91-261-2311197-98 Fax No. 91-261-2311029/502
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium, Tower – B 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 – 23001153 Email: einward.ris@karvy.com

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Polyester Chips & Polyester Filament Yarn	203-Manufacture of man-made fibres	99.40

### 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					



Category of Shareholders	No. of Shares held at the beginning of the year		No. of Shares held at the end of the year		% change during the year
	Demat	Physical	Demat	Physical	
<b>(2) Non-Institutions</b>					
(a) Bodies Corporate	7513698	5600	7228301	4550	3.26%
(b) Individuals					
i. Individual Shareholders holding nominal share capital upto ₹1 lakh.	20112515	2671807	21018538	2273048	10.49%
ii. Individual Shareholders holding nominal share capital in excess of ₹1 lakh.	9631702	0	8951719	363994	4.20%
(c) Qualified Foreign Investors	0	0	0	0	0.00%
(d) Any Other (Specify)					
i. NRI with and without repatriation	141979	0	223393	0	0.10%
ii. Trusts/Overseas Body Corporates	0	0	4000	0	0.00%
iii. Clearing Member	25915	0	35873	0	0.00%
<b>Sub-Total (B)(2)</b>	37425809	2677407	37461824	2641592	18.06%
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>52882616</b>	<b>2677907</b>	<b>52918631</b>	<b>2641892</b>	<b>25.02%</b>
<b>TOTAL (A)+(B)</b>	<b>219386533</b>	<b>2677907</b>	<b>219422548</b>	<b>2641892</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	0.00%
2 Held by Public	0	0	0	0	0.00%
<b>TOTAL (C)</b>					
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>219386533</b>	<b>2677907</b>	<b>222064440</b>	<b>2641892</b>	<b>100.00%</b>
			<b>222064440</b>		<b>100.00%</b>

## Attachment D

## (ii) Shareholding of Promoters

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

## Attachment E

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

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

## Attachment F

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

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment transfer / bonus/ sweat equity)			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the Company
1	IDBI Bank Ltd.	15456807	6.96%	--	0	--	15456807	6.96%
2	Jamson Securities Pvt Ltd	2159654	0.97%	--	0	--	2159654	0.97%
3	Madhuvan Securities Pvt. Ltd.	1824750	0.82%	--	0	--	1824750	0.82%
4	Neelam Nitinkumar Gheewala	1400000	0.63%	--	0	--	1400000	0.63%



Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment transfer / bonus/ sweat equity)			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	Date	Increase/Decrease	Reason	No. of Shares	% of total shares of the Company
5	Ilaben Nitinbhai Gheewala	1400000	0.63%	--	0	--	1400000	0.63%
6	Kushal Nitin Gheewala	1400000	0.63%	--	0	--	1400000	0.63%
7	Vartik Choksi	1384977	0.62%	--	0	--	1384977	0.62%
8	Madhuram Traders Pvt. Ltd.	1384977	0.62%	--	0	--	1384977	0.62%
9	Shreyas Vasantbhai Parikh	906000	0.41%	--	0	--	906000	0.41%
10	Uma Shreyas Parikh	906000	0.41%	--	0	--	906000	0.41%

## Attachment G

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

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

## Attachment H

### 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	161.17	0.00	183.35	344.52
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>161.17</b>	<b>0.00</b>	<b>183.35</b>	<b>344.52</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	6.92	0.00	0.00	6.92
• Reduction	47.05	0.00	60.21	107.26
<b>Net Change</b>	<b>-40.13</b>	<b>0.00</b>	<b>-60.21</b>	<b>-100.34</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	121.04	0.00	123.14	244.18
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>121.04</b>	<b>0.00</b>	<b>123.14</b>	<b>244.18</b>

## Attachment I

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Shri M. R. Momaya Managing Director	Shri Yogesh C. Papaiya Wholetime Director	
		(₹ in Lacs)		
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	8.40	16.39	24.79
	(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	Others, please specify	0.00	0.00	0.00
	<b>Total (A)</b>	8.40	16.39	24.79
	Ceiling as per the Act	Not applicable	Not applicable	

## Attachment J

## B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Sanjay S. Shah	Shri Harish Bharucha	Shri Ketan Jariwala	Smt. Anita Mandrekar	
		(₹ in Lacs)				
<b>1</b>	<b>Independent Directors</b>					
	• Fee for attending board committee meetings	0.00	0.94	0.94	0.20	2.08
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	0.00	0.94	0.94	0.20	2.08
<b>2</b>	<b>Other Non-Executive Directors</b>					
	• Fee for attending board committee meetings	0.60	0.00	0.00	0.00	0.60
	• Commission	0.00	0.00	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	0.60	0.00	0.00	0.00	0.60
	<b>Total (B) = (1 + 2)</b>	0.60	0.94	0.94	0.20	2.68
	Total Remuneration	0.00	0.00	0.00	0.00	2.68
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	Not applicable	

## Attachment K

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Whole-time Director and CFO	
		Shri Hanisha Arora	Shri Yogesh C. Papaiya	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1.54	16.39	17.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify...	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	<b>Total</b>	1.54	16.39	17.93

## Attachment L

### 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>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

**M. R. Momaya**  
Managing Director  
(DIN 0023993)

Surat, 25th May, 2016

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

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2016, in terms of regulation 34 read with Schedule – V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations')

**1. Company's philosophy on Corporate Governance**

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.

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

Your Company has complied with all the requirements of Corporate Governance in terms of Clause 49 of Listing Agreement and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations, 2015) and the best practices are followed to achieve its goals on Corporate Governance.

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

Your Company has the combination of Executive and Non-Executive Directors in conformity with Regulation 34 of SEBI Listing Regulations, 2015. The Board of Directors comprises of professionals drawn from diverse fields who bring with them a wide range of skills and experience to the Board which enhances the quality of Board's decision making process.

Non-Executive Directors are having diverse backgrounds with considerable professional proficiency, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enable them to contribute effectively to the Company in their capacity as member of the Board.

The present strength of the Board of Directors is a mix of one Non-Executive Directors and two Executive Directors and three Non-Executive Independent Directors. 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.

Transactions with related parties are disclosed in Note No.29 of 'Notes to the Financial Statements' for the year ended 31st March, 2016. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2015-16.

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

**(b) Board Meetings**

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

During the year under review, 4 Board Meetings were held on 28/05/2015, 12/08/2015, 04/11/2015 and 03/02/2016. Additionally a separate meeting of Independent Directors was held on 03/02/2016. All the Independent Directors attended the said meeting.

The details of the composition of the Board, number of Board meetings held, attendance thereat and at the last annual general meeting and the number of other Directorship, Memberships and/or Chairmanship held by each Director of the Board as on 31st March, 2016, are set out below:

Name	Category	No. of Board Meetings attended #	Attendance at the last AGM held on 26.08.15	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies
Shri M. R. Momaya	Managing Director	04	Yes	N.A.	N.A.
Shri Yogesh C. Papaiya *	Wholetime Director & CFO	03	Yes	N.A.	N.A.
Shri Sanjay S. Shah	Non-executive	03	No	02	02
Shri Harishchandra B. Bharucha	Non-executive, Independent	04	Yes	03	N.A.
Shri Ketan Jariwala **	Non-executive, Independent	04	Yes	02	N.A.
Smt. Anita Mandrekar	Non-executive, Independent	02	No	01	N.A.

# excluding Independent Directors meeting.

### (c) Board Meeting Procedures

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

The routine business brought to the relevant meetings includes, inter alia Annual business plans and budget, Quarterly results and update on operations, Financial results for the relevant period along with limited review report thereon, Minutes of various committee meetings, Shareholding pattern as per Regulation 31 of SEBI Listing Regulations, 2015, the information on recruitment and remuneration of senior officers just below the Board level and approval of Related Party Transaction etc.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance.

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

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

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) Meeting of Independent Directors

During the year, a meeting of Independent Directors was held on 3rd February, 2016 to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board. Shri Harishchandra Bharucha, Chairman of the Meeting presented the views of the Independent Directors on matter relating to Board processes and overall affairs of the Company to the full Board.

### (f) Familiarization Programme for Independent Directors

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

## 3. BOARD COMMITTEES:

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

### (a) Audit Committee

Presently the Audit Committee comprises of Shri Harishchandra Bharucha, Independent Director as Chairman, Shri Sanjay Shah, Non-Executive Director and Shri Ketan Jariwala, Independent Director as its Members. All the members of the Committee are professionals and financially literate within the meaning of Regulation 18 of SEBI Listing Regulations, 2015.

The terms of reference of the Audit Committee includes the matters specified under Regulation 18 of SEBI Listing Regulations, 2015 with the Stock Exchanges as well as Section 177 of the Companies Act, 2013.

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

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

The Chairman of the Audit Committee was present at the 69th Annual General Meeting of the Company held on 26th August, 2015. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

#### Meetings and attendance

During the financial year 2015-16, the Audit Committee of the Company met four times on 28/05/2015, 12/08/2015, 04/11/2015 and 03/02/2016. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 28/05/2015 reviewed the Annual Accounts for the year ended 31st March, 2015.

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

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

Sr. No.	Name	Category	No. of Meeting Attended
1	Shri Harishchandra Bharucha	Non-Executive, Independent	04
2	Shri Sanjay S. Shah	Non-Executive	03
3	Shri Ketan Jariwala	Non-Executive, Independent	04

#### (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 Yogesh C. Papaiya, Wholetime Director, Shri Harishchandra Bharucha, Independent Director and Shri Ketan Jariwala, Independent Director as its Members.

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

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

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.

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

Nature of Complaints	Number of Complaints			
	As on 1st April, 2015	Received during the financial year	Cleared / attended during the financial year	Pending as on 31st March, 2016
Non-receipt of dividend warrants	Nil	14	14	Nil
Non-receipt of share certificates after transfer, deletion of name, transmission, transposition, consolidation of folios & share certificates, correction of name etc.	Nil	35	35	Nil
Non-receipt of Annual Report	Nil	13	13	Nil
Letters from SEBI, Stock Exchanges and Ministry of Corporate Affairs	Nil	0	0	Nil
<b>Total</b>	<b>Nil</b>	<b>62</b>	<b>62</b>	<b>Nil</b>



During the Financial Year under review, 62 complaints were received and as on date all of them have been redressed / answered to the satisfaction of the shareholders. No investor grievance remained unattended / pending for resolution for more than 30 days and no request for share transfers and dematerialization received for the financial year under review was pending for more than the time limit prescribed under the Listing Agreement with the Stock Exchanges.

## (c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is fully empowered to determine / approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Managing Director after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration etc. The terms of reference of the Nomination and Remuneration Committee includes the matters specified under Regulation 19 of SEBI Listing Regulations, 2015 with the Stock Exchanges as well as under Section 178 of the Act.

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

Presently the Nomination and Remuneration Committee comprises of Shri Harishchandra Bharucha as Chairman, Shri Sanjay Shah, Non-Executive Director and Shri Ketan Jariwala, Independent Director as its Members. No Nomination and Remuneration Committee meeting was held during the financial year under review.

### 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.

### Remuneration to Directors

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

### Remuneration paid to Executive Directors

Name of Director	Salary & Perquisites	Sitting fees	Commission
Shri M. R. Momaya	₹ 8,40,240/-	Not applicable	Not applicable
Shri Yogesh C. Papaiya	₹ 16,38,600 /-	Not applicable	Not applicable

### Remuneration paid to Non-Executive Directors

The Company has paid sitting fees to Non-Executive directors for attending meetings of the Board, Audit Committee and Share Transfer Committee meetings. The aggregate amount of sitting fees paid during the financial year 2015-16 was ₹ 2,68,000/-.

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

## (d) Other Committees of Directors

### Management Committee of the Board

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

**(e) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee was constituted on 11th August, 2014. The composition of the Committee of Directors comprises Shri Ketan Jariwala, Chairman, (Independent Director), Shri Harish Bharucha, Independent Director and Shri Yogesh C. Papaiya, Wholetime Director as Members. During the year 2015-16 the Committee met once on 4th November, 2015 to discuss the matters coming within the Committee's purview.

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

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

The Company has also adopted CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at [www.surattextilemillsLtd.com](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 25th May, 2016.

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

Year	Location	Date	Time
2012-13	Garden Mills Complex, Sahara Gate, Surat.	24th June 2013	11.00 a.m.
2013-14	Garden Mills Complex, Sahara Gate, Surat.	23rd July, 2014	11.00 a.m.
2014-15	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	26th August, 2015	11.00 a.m.

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

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

A Special Resolution was passed at the 68th Annual General Meeting of the Company held on 23rd July, 2014, for appointment of Shri M. R. Momaya as Managing Director of the Company in accordance with the provisions of Section 196, 197, 203 read with Schedule V of the Companies Act, 2013.

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

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

None of the Resolutions proposed at the 70th Annual General Meeting to be passed by Postal Ballot.

**6 DISCLOSURES****(a) Related Party Transactions**

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

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

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under notes No.29 of the annual accounts for the financial year 2015-16.

**(b) Disclosure of Accounting Treatments**

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

**(c) Subsidiary Company**

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

**(d) Risk Management**

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

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

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

**(f) Code of Business Conduct & Ethics**

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

**(g) Insider Trading Code**

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

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

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

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

**(h) 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.

**(i) 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.

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

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

**7. MEANS OF COMMUNICATION:**

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

**8. GENERAL SHAREHOLDER INFORMATION:****(a) 70th Annual General Meeting:**

Date : Wednesday, 31st August, 2016

Time : 11:00 a.m.

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

**(b) Financial Calendar (2015-16)**

Results for the quarter ending June 30, 2016 : July/August, 2016.

Results for the quarter ending September 30, 2016 : October/November, 2016

Results for the quarter ending December 31, 2016 : January/February, 2017

Results for the year ending March 31, 2017 : April/May, 2017

**(c) Book closure dates** : Thursday, 23rd August, 2016 to Wednesday, 31st August, 2016 (Both days inclusive)**(d) Listing on Stock Exchanges** : **Stock Code**Bombay Stock Exchange Limited, : 530185  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400001

Demat ISIN for NSDL &amp; CDSL. : INE 936A01025

**(e) Annual Listing Fees:** The Company has paid the Annual Listing fees to the above Stock Exchanges for the financial year 2016-2017.**(f) Market Price Data**

The High/Low market price of the shares during the year 2015-16 at the Bombay Stock Exchange (BSE) are as under.

Month	High (₹)	Low (₹)
April, 2015	2.00	1.58
May, 2015	1.80	1.40
June, 2015	1.84	1.12
July, 2015	1.77	1.22
August, 2015	2.22	1.21
September, 2015	1.67	1.17
October, 2015	2.00	1.20
November, 2015	2.59	1.38
December, 2015	2.82	1.81
January, 2016	3.82	2.31
February, 2016	3.10	2.21
March, 2016	2.56	2.28

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

Karvy Computershare Pvt. Ltd.  
(Unit: Surat Textile Mills Limited),  
Karvy Selenium, Tower B, Plot 31-32, Financial District, Gachibowli, Nanakramguda,  
Hyderabad 500032, State: Telangana, 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, 2016:**

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters	166503917	74.98
2.	Indian Public	32607299	14.68
3.	Banks, Financial Institutions & Insurance Companies	15457107	6.96
4.	NRI's / Overseas Body Corporates	223393	0.10
5.	Bodies Corporate	7232851	3.26
6.	NBFC Registered with RBI	2500	0.00
7.	Trusts	1500	0.00
8.	Others (NSDL+CDSL) Clearing Members	35873	0.02
	<b>TOTAL</b>	<b>222064440</b>	<b>100.00</b>

**(j) Categorywise Summary of Holders / Holdings as on 31st March, 2016:**

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	33381	97.62	10956070	4.93
5001 - 10000	416	1.22	3290988	1.48
10001 - 20000	187	0.55	2781000	1.25
20001 - 30000	81	0.24	2017533	0.91
30001 - 40000	25	0.07	872707	0.39
40001 - 50000	26	0.08	1244943	0.57
50001 - 100000	49	0.14	3285440	1.48
100001 & above	30	0.08	197615759	88.99
<b>Total</b>	<b>34195</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:**

219422548 Equity Shares aggregating to 98.81% of the total Equity Capital is held in dematerialized form as on 31/03/2016 of which 92.08% (204482242 Equity Shares) of total equity capital is held with NSDL and 6.73% (14940306 Equity Shares) of total equity capital is held with CDSL as on 31/03/2016.

**(m) Nomination:**

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

**(n) Address for Correspondence:**

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

(i)	For Shares held in Physical Form	Karvy Computershare 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 Karvy Computershare Pvt. Ltd.
(ii)	For query on Annual Report	Secretarial Department, Tulsi Krupa Arcade, 3rd Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.

**(o) Eliminate Duplicate Mailing**

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

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

In accordance with the requirement of Clause 5A(l) of the Listing Agreements entered into with the stock exchanges, 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
outstanding shares credited in the suspense account as on 30th July, 2015	3,152	3,63,994
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, 2016	3,152	3,63,994

The voting rights on the shares outstanding in the suspense account as on 31st March, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

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

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

**(r) The Company does not have any material subsidiary company.****(s) Policy on dealing with related party transactions is available on the website of the Company.****(t) The Company does not have any foreign exchange exposure, therefore the company has not framed any such policy for activities related thereto.****9. The Company has complied with the requirements of Corporate Governance report as disclosed in paras 1 to 8 above.****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; Risk Management Committee (voluntarily constituted); Vigil Mechanism, Related Party Transactions, Corporate Governance Requirements, obligations with respect to Independent Directors, other Directors and Sr. 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 and on behalf of the Board of Directors**

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

Surat, 25th May, 2016

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

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

- (a) We have reviewed financial statement and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statement together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these efficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

**For Surat Textile Mills Limited**

Place: Surat  
25th May, 2016

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

**Yogesh C. Papaiya**  
Wholetime 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, 2016.

**For Surat Textile Mills Limited**

Place: Surat  
25th May, 2016

**M. R. Momaya**  
Managing Director  
(DIN 00023993)

## AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF 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 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement and Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as ‘SEBI Listing Regulations, 2015’).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance for the respective periods of applicability as specified under paragraph 1 above, during the financial year 2015-16.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

Partner

Membership No.: 6728

Place: Surat

Date: 25th May, 2016

## INDEPENDENT AUDITOR'S REPORT

To The Members of

**Surat Textile Mills Limited,**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Surat Textile Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

affairs of the Company as at 31st March, 2016, its profit, and its cash flows for the year ended on that date;

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 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; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has in accordance with the generally accepted accounting principal, disclosed the impact, if any, of pending litigations as at 31st March, 2016 on its financial position in its financial statements - Refer Note 31 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivatives contracts; as at 31st March, 2016, hence the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March, 2016.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

Partner

Surat, 25th May, 2016

Membership No.: 6728

## Annexure A to the Independent Auditor's Report

Referred to in paragraph 1 under the heading "Report on other legal and other regulatory requirements" of our report of even date to the members of Surat Textile Mills Limited on the financial statements for the year ended 31st March, 2016.

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As per the information and explanations given to us, the fixed assets of the Company have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As per the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable and discrepancies noticed on physical verification of inventories were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) As per the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

Therefore, the provisions of clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.

- (iv) The Company has neither granted any loans or provided any guarantees or security to the party covered under Section 185 of the Act nor made any investment covered under Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) To the best of our knowledge and explanation given to us, the provisions of maintenance of cost records under sub-Section (1) of Section 148 of the Act are not applicable to the Company for the financial year 2015-16.
- (vii) a) According to the information and explanations given to us and the records examined by us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, wealth tax, customs duty, excise duty, service tax, cess and any other statutory dues wherever applicable.  
There were no undisputed amounts payable in respect of provident fund, employees' state insurance, sales tax, value added tax, customs duty, cess and other material statutory dues in arrears as at 31st March, 2016, for a period of more than six months from the date they became payable.
- b) Details of dues of Income-tax and excise duty / service tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

(₹ In Lacs)

Name of Statute	Nature of dues	Amount under Dispute	Period to which the amount relates	Forum where dispute is pending	Amount deposited against the dispute
The Income Tax Act,1961	Income Tax	506.33	2012-2013	Income-tax Appellate Tribunal(Ahmedabad)	75.00
The Income Tax Act,1961	Income Tax	422.47	2013-2014	Commissioner of Income-tax (Appeals)	-
The Income Tax Act,1961	Income Tax	2.94	2013-2014	Commissioner of Income-tax (Appeals)	-
Central Excise Act, 1944	Excise duty / Service tax	40.22	2008-09 & 2010-11	Customs Excise and Service Tax Appellate Tribunal (Ahmedabad)	5.00

- (viii) Based on our audit procedure and according to the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
- (ix) The Company has not raised any monies by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of clause 3 (ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act.

The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard 18, Related Party Disclosures specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

- (xiv) 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, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants

Firm Registration Number: 123626W

**R. N. VEPARI**

Partner

Membership No.: 6728

Surat, 25th May, 2016



## Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 under the heading "Report on other legal and other regulatory requirements" of our report of even date to the members of Surat Textile Mills Limited on the financial statements for the year ended 31st March, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Surat Textile Mills Limited ("The Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 and 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India.

**For NATVARLAL VEPARI & CO.**

Chartered Accountants  
Firm Registration Number: 123626W

**R. N. VEPARI**  
Partner

Surat, 25th May, 2016

Membership No.: 6728

## BALANCE SHEET AS AT 31ST MARCH, 2016

(₹ IN LACS)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2220.64	2220.64
Reserves and Surplus	3	6450.93	5837.67
		<b>8671.57</b>	<b>8058.31</b>
<b>Non-Current liabilities</b>			
Long-Term Borrowings	4	51.16	90.22
Other Long-Term Liabilities	5	123.14	183.35
Long-Term Provisions	6	67.09	79.52
		<b>241.39</b>	<b>353.09</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	30.81	23.89
Trade Payables	8	119.22	114.94
Other Current Liabilities	9	582.26	343.58
Short-Term Provisions	10	628.94	1052.18
		<b>1361.23</b>	<b>1534.59</b>
<b>TOTAL</b>		<b>10274.19</b>	<b>9945.99</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	11		
Tangible Assets		768.81	1016.15
Capital Work-in-Progress		0.00	0.00
		<b>768.81</b>	<b>1016.15</b>
Non-Current Investments	12	824.74	1293.53
Deferred Tax Assets (Net)	13	350.49	408.26
Long-Term Loans and Advances	14	189.40	1165.09
		<b>2133.44</b>	<b>3883.03</b>
<b>Current Assets</b>			
Current Investment	15	2435.00	0.00
Inventories	16	4874.34	4221.89
Trade Receivables	17	160.90	1124.92
Cash and Bank Balances	18	16.88	22.38
Short-Term Loans and Advances	19	653.63	693.77
		<b>8140.75</b>	<b>6062.96</b>
<b>TOTAL</b>		<b>10274.19</b>	<b>9945.99</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes annexed to and forming part of the Financial Statements</b>	1 to 32		

As per our attached report of even date

For NATVARLAL VEPARI &amp; CO.

Firm Registration Number: 123626W

Chartered Accountants

R. N. VEPARI

Partner

Membership No.6728

Surat, 25th May, 2016

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIIYA

Whole-time Director &amp; CFO

HANISHA ARORA

Company Secretary

Surat, 25th May, 2016

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Lacs)

Particulars	Note No.	2015-16	2014-15
<b>Income</b>			
Revenue from Operations (Net)	20	<b>11721.88</b>	12755.01
Other Income	21	<b>177.43</b>	229.25
<b>Total Revenue</b>		<b>11899.31</b>	12984.26
<b>Expenses</b>			
Cost of Materials Consumed	22	<b>8738.44</b>	8289.15
Purchases of Stock-in-Trade	23	<b>177.44</b>	1464.16
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	24	<b>(327.36)</b>	402.99
Employee Benefits Expense	25	<b>267.93</b>	418.07
Finance Costs	26	<b>74.16</b>	69.86
Depreciation and Amortisation Expense	11	<b>115.68</b>	125.78
Other Expenses	27	<b>2393.41</b>	1855.69
<b>Total Expenses</b>		<b>11439.70</b>	12625.70
<b>Profit Before Tax</b>		<b>459.61</b>	358.56
<b>Tax Expenses</b>			
Current Tax		<b>148.86</b>	71.70
Deferred Tax		<b>57.77</b>	30.40
Tax in respect of earlier years		<b>(360.28)</b>	0.00
<b>Profit for the year</b>		<b>613.26</b>	256.46
<b>Earnings per share (Face Value ₹1 each)</b>			
<b>Basic and Diluted (In ₹)</b>	28	<b>0.28</b>	0.12
<b>Significant Accounting Policies</b>	1		
<b>Notes annexed to and forming part of the Financial Statements</b>	1 to 32		

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Firm Registration Number: 123626W

Chartered Accountants

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 25th May, 2016

For and on behalf of the Board

**M. R. MOMAYA**
*Managing Director*
**YOGESH C. PAPAIIYA**
*Whole-time Director & CFO*
**HANISHA ARORA**
*Company Secretary*

Surat, 25th May, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Lacs)

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>A. Cash flow from Operating Activities</b>		
Profit before tax	459.61	358.56
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	115.68	125.78
Finance Costs	74.16	69.86
Interest Income	(16.26)	(125.40)
Dividend Income	(0.27)	(0.23)
Diminution in value of investment	270.73	0.00
Foreign Exchange Gain/Loss	127.56	0.00
Share of Loss in Partnership Firm	0.01	0.01
Bad debts and advance written off	200.00	0.00
Net surplus on disposal of fixed assets	(156.07)	(86.94)
	615.54	(16.92)
<b>Operating Profit before Working Capital Changes</b>	<b>1075.15</b>	<b>341.64</b>
(Increase) / Decrease in Trade and other Receivables	1630.93	279.29
(Increase) / decrease in Inventories	(652.45)	1492.61
(Decrease) / Increase in Trade and Other Payable	203.03	(1533.99)
	1181.51	237.91
<b>Cash Generated from Operations</b>	<b>2256.66</b>	<b>579.55</b>
Direct Taxes ( Paid ) / Refund.	(236.54)	(361.57)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>2020.12</b>	<b>217.98</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(0.11)	(0.95)
Sale of Fixed Assets	287.84	77.30
Purchase of Investments	(2435.00)	0.00
Sale of Investment	70.50	0.00
Dividend Income	0.27	0.23
Investment In Partnership Firm	(0.01)	(0.01)
<b>Net Cash Inflow from Investing Activities (B)</b>	<b>(2076.51)</b>	<b>76.57</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Short Term Borrowings	6.92	(405.75)
Repayment of Long Term Borrowings	(47.06)	(42.40)
Interest Paid	91.03	(4.89)
<b>Net Cash Outflow from Financing Activities (C)</b>	<b>50.89</b>	<b>(453.04)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(5.50)</b>	<b>(158.49)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>22.38</b>	<b>180.87</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>16.88</b>	<b>22.38</b>

As per our attached report of even date

For NATVARLAL VEPARI &amp; CO.

Firm Registration Number: 123626W

Chartered Accountants

R. N. VEPARI

Partner

Membership No.6728

Surat, 25th May, 2016

For and on behalf of the Board

M. R. MOMAYA

Managing Director

YOGESH C. PAPAIYA

Whole-time Director &amp; CFO

HANISHA ARORA

Company Secretary

Surat, 25th May, 2016

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

### Note 1 : Significant Accounting Policies:

#### (a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and the provisions of The Companies Act, 2013. The Company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis. Accounting policies not referred to otherwise are consistent with the generally accepted accounting principles.

#### (b) Use of Estimates

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

#### (c) Fixed Assets

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

#### (d) Depreciation and Amortisation

- (i) Consequent to the applicability of the Companies Act, 2013 with effect from 1st April, 2014, the depreciation is provided as per the useful life specified in the Act or as re-assessed by the Company. Consequently, the Company has followed useful life specification as per Schedule II to the Companies Act, 2013.
- (ii) Wherever the assets are impaired or significantly impaired and the written down value of those assets have been brought down to a level based on the provision for impairment of assets made as per Accounting Standards (AS) 28 on "Impairment of Assets" issued by The Institute of Chartered Accountants of India, depreciation has been worked out after reassessing the useful life of the assets from the brought down level and accordingly charged, considering brought down level as a base.

#### (e) Investments

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

#### (f) Impairment of Assets

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

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

#### (g) Valuation of Inventories

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

##### Inventory valuation is determined on the following basis :

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

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

### Note 1 : Significant Accounting Policies (Contd.)

#### (h) Revenue Recognition

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

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

(i) Excise Duty / Service tax has been accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses and the same has been treated as part of the cost of respective stock as per the revised Guidance Note on Accounting treatment for Excise Duty. However, this has no effect on the Profit for the year. Amount of Excise Duty shown as deduction from Sales is the total Excise Duty for the year except the duty related to difference between Closing Stock & Opening Stock. Excise duty related to the difference between Closing Stock & Opening Stock is recognised separately in the Profit & Loss Account.

(ii) The CENVAT benefits attributable to acquisition of fixed assets is netted off against the cost of fixed assets in accordance with the guidance note issued by the Institute of Chartered Accountants of India.

#### (j) Cenvat.

(i) The purchase cost of raw materials and other expenses have been considered net of cenvat available on inputs.

(ii) The cenvat benefits attributable to acquisition / construction of fixed assets is netted off against the cost of fixed assets in accordance with the guidance note issued by The Institute of Chartered Accountants of India.

#### (k) Expenses

All material known liabilities are provided for, on the basis of available information /estimates.

#### (l) Employee Benefits :

##### (i) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary ex-gratia are recognised in the period in which employee renders the related services.

##### (ii) For Defined Contribution Plans (PF, FPF and ESI)

Contributions to Defined Contribution Plans are recognized as expenses in the Profit and Loss Account as they are incurred.

##### (iii) For Defined Benefit Plans

As per requirement defined in Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India, the entity has relied on the Actuarial valuation undertaken by the certified actuary for the present value of obligation and the same is unfunded.

#### (m) Borrowing Cost

Interest and other borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other interest and borrowing costs are charged to revenue.

#### (n) Provision for Current and Deferred Tax

Provision for current tax is made on the basis of the assessable income at the tax rate which is applicable to the relevant assessment year as per the Income Tax Act, 1961. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of their realisation, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of their realisation. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future. At each Balance Sheet date, the carrying amount of deferred tax assets are reviewed for reassessment.

#### (o) Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

(ii) At each Balance Sheet date, unrealized gains or losses on foreign currency transactions on account of increase or decrease in rupee liability / asset as a result of exchange difference between the Balance sheet date rate and the transaction Date rate to items of assets and liabilities are recognised in the Statement of Profit and Loss and accordingly, related assets or liabilities are adjusted.



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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 2 : Share Capital</b>		
<b>Authorised Share Capital</b>		
75,00,00,000 (75,00,00,000) Equity Shares of ₹1/- each	7500.00	7500.00
<b>Issued, Subscribed and Paid up</b>		
22,20,64,440 (22,20,64,440) Equity Shares of ₹ 1/- each fully paid up	2220.64	2220.64

### 2.1 Reconciliation of Shares Outstanding

	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64
Shares issued during the year	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64

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

Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares	% held	No. of Shares	% held
Shri Praful A. Shah (Individual)	27910497	12.57%	27910497	12.57%
Vareli Trading Company Ltd.	77500000	34.90%	77500000	34.90%
IDBI Bank Ltd.	15456807	6.96%	15456807	6.96%
Garden Silk Mills Limited	14500000	6.53%	14500000	6.53%

### 2.3 Rights, Preferences and Restrictions attached to Shares

#### Equity Shares:

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 3 : Reserves and Surplus</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	5837.67	5588.22
Add: Profit for the year	613.26	256.46
Less: Prior period Depreciation (Refer Note 11.2)	0.00	7.01
<b>TOTAL</b>	<b>6450.93</b>	<b>5837.67</b>

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 4 : Long-Term Borrowings</b>		
<b>Secured</b>		
Long-Term Maturities of Term Loans from Banks (Refer Note 4.1)	51.16	90.22
<b>TOTAL</b>	<b>51.16</b>	<b>90.22</b>

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

4.1 Term loans from HDFC Bank and Kotak Mahindra Prime Limited aggregating to ₹51.16 Lacs (Previous year ₹90.22 Lacs) under vehicle finance scheme are secured by an exclusive charge by way of hypothecation of specific vehicles purchased under the arrangements. Interest rate on term loans are 10 % and 10.93 % respectively.

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

(₹ In Lacs)

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 5 : Other Long-Term Liabilities</b>		
Trade Deposits	123.14	183.35
<b>TOTAL</b>	<b>123.14</b>	<b>183.35</b>

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 6 : Long-Term Provisions</b>		
Provision for employee benefits	67.09	79.52
<b>TOTAL</b>	<b>67.09</b>	<b>79.52</b>

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 7 : Short-term Borrowings</b>		
<b>Secured</b>		
Loan repayable on demand		
- Cash Credit Facilities (Refer Note 7.1)	30.81	23.89
<b>TOTAL</b>	<b>30.81</b>	<b>23.89</b>

7.1 Cash Credit facilities availed from Bank of Baroda is secured by hypothecation by way of first pari passu charge on all its current assets and by way of second pari passu charge on immovable and all movable properties (excluding current assets) of the Company. Rate of Interest on Cash Credit facility is 12.40% (Previous year: 13%).

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 8 : Trade Payables</b>		
<b>Sundry creditors:</b>		
Micro, Small and Medium Enterprises	0.03	0.00
Others	119.19	114.94
<b>TOTAL</b>	<b>119.22</b>	<b>114.94</b>

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Principal amount due and remaining unpaid</b>	<b>0.00</b>	<b>0.00</b>
Interest due on above and the unpaid interest	0.00	0.00
Interest paid	0.00	0.00
Payment made beyond the appointed day during the year	0.00	0.00
Interest due and payable for the period of delay	0.00	0.00
Interest accrued and remaining unpaid	0.00	0.00
Amount of further interest remaining due and payable in succeeding years	0.00	0.00

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 9 : Other Current Liabilities</b>		
Current maturities of long term debt	39.06	47.05
Creditors for Capital Expenditure	0.11	0.00
Advance Received	96.17	96.17
Other Payables	446.92	200.36
<b>TOTAL</b>	<b>582.26</b>	<b>343.58</b>

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 10 : Short-Term Provisions</b>		
Provision for employee benefits	5.96	2.05
Provision for taxation	580.31	1028.27
Other Provisions (Refer Note 10.1)	42.67	21.86
<b>TOTAL</b>	<b>628.94</b>	<b>1052.18</b>

**10.1** The Company had recognised liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2015 of ₹21.86 Lacs as per the estimated pattern of dispatches. During the year, ₹21.86 Lacs was utilised for clearance of goods. Provision recognised under this class for the year is ₹42.67 Lacs, which is outstanding as on 31st March, 2016. Actual outflow is expected in the next Financial Year.

**Note 11 : Fixed Assets**

(₹ in Lacs)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01/04/2015	Additions during the Year	Adjustment during the Year	Total	As at 01/04/2015	For the Year	Adjustment during the Year	Total	As at 31/03/2016	As at 31/03/2015
1	2	3	4	5	6	7	8	9	10	11
<b>Tangible Assets</b>										
Land	196.54	0.00	0.00	196.54	123.84	0.00	0.00	123.84	72.70	72.70
Building	2012.39	0.00	0.00	2012.39	1696.84	11.18	0.00	1708.02	304.37	315.55
Plant and Machinery	11934.38	0.00	1185.02	10749.36	11692.65	4.74	1091.11	10606.28	143.08	241.73
Electrical Installations & Equipments	496.30	0.00	142.41	353.89	447.74	2.24	105.14	344.84	9.05	48.56
Furniture	14.12	0.00	0.65	13.47	12.28	0.17	0.65	11.80	1.67	1.84
Office Equipment	191.10	0.00	0.65	190.45	95.09	57.72	0.27	152.54	37.91	96.01
Vehicles	316.12	0.00	3.73	312.39	78.05	39.36	3.52	113.89	198.50	238.07
Computer	27.76	0.11	0.00	27.87	26.07	0.27	0.00	26.34	1.53	1.69
<b>Total</b>	<b>15188.71</b>	<b>0.11</b>	<b>1332.46</b>	<b>13856.36</b>	<b>14172.56</b>	<b>115.68</b>	<b>1200.69</b>	<b>13087.55</b>	<b>768.81</b>	<b>1016.15</b>
Previous Year	18003.58	0.95	2815.82	15188.71	15959.79	132.79	1920.02	14172.56	1016.15	
Capital Work-in-Progress									0.00	0.00

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

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

11.3 The Company has reversed the amount of impairment, during the year aggregating to ₹375.28 Lacs (Previous year ₹584.41 Lacs) on the assets which have been sold and such reversal has been credited to the Profit and Loss statement under the head Other Income.

11.4 Total of depreciation fund as on 31/03/2016 amounting to ₹13087.55 Lacs includes Impairment Loss of ₹6747.22 Lacs (Previous year ₹7122.50 Lacs)

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

	(₹ in Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Note 12 : Non-Current Investments</b>		
(Valued at cost, unless stated otherwise)		
<b>Quoted:</b>		
<b>In Equity Shares of Group Company</b>		
480878 (734778) Equity Shares of Garden Silk Mills Limited of ₹ 10 each fully paid up.	946.84	1446.76
<b>Other Investments in Equity Shares</b>		
16600 (16600 ) Equity Shares of Dena Bank Ltd. of ₹ 10 each fully paid up	4.98	4.98
15900 (15900) Equity Shares of IDBI Ltd. of ₹ 10 each fully paid up	13.46	13.46
<b>Investment in Government Securities - Unquoted</b>		
National Saving Certificate	0.01	0.01
<b>Investment in Partnership Firm</b>		
M/s. Isha Enterprises	701.94	701.95
	<b>1667.23</b>	2167.16
Less : Provision for Diminution in value of Investments	842.49	873.63
<b>TOTAL</b>	<b>824.74</b>	1293.53
Aggregate amount of quoted investments (Net)	122.79	591.57
Market Value of quoted investments	120.17	212.61
Aggregate Amount of unquoted investments	701.95	701.97

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

12.2 Details of Investment in Partnership Firm:

The Company is a partner in M/s.Isha Enterprises. The other partners are Armorax Business Centre Pvt. Ltd., Intro Scope Properties Pvt. Ltd. and Praful Amichand Shah. The share of each partners in the firm is 49%, 2%, 39% and 10% respectively. The total capital of the firm is ₹1402.93 Lacs (Previous year ₹1402.95 Lacs)

	(₹ in Lacs)	
	As at 31st March, 2016	As at 31st March, 2015
<b>Note 13 : Deferred Tax Assets (Net)</b>		
<b>(a) Deferred Tax Liability</b>	0.00	0.00
<b>(b) Deferred Tax Asset on account of :</b>		
Difference between book and tax written Down Value of Fixed Assets	3.66	54.90
Disallowances under the income Tax Act, 1961	13.22	4.86
Unabsorbed depreciation	1385.06	1573.28
<b>Total</b>	<b>1401.94</b>	1633.04
<b>Net Deferred Tax Assets</b>	<b>1401.94</b>	1633.04
<b>Deferred Tax asset recognised at 25% (Refer Note 13.1)</b>	<b>350.49</b>	408.26
Current year (Credit)/ Charge	57.77	30.40

13.1 The management is of the view that there is virtual certainty supported by evidence that only 25% of the above amount will result in absorption or unabsorbed depreciation in near-term to long-term. Accordingly, the deferred tax assets have been recognised to that extent only.

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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 14 : Long Term Loans and Advances</b>		
Unsecured		
Considered good:		
Trade Deposits	0.00	900.00
Security Deposits	187.84	262.39
Loans and advances to employees	1.56	2.70
<b>TOTAL</b>	<b>189.40</b>	<b>1165.09</b>

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 15: Current Investment</b>		
<b>Investment in Mutual Funds</b>		
798110.763 (Nil) Units of Birla Sun Life short term fund Growth regular plan of ₹ 10/- each	450.00	0.00
3837521.732 (Nil) Units of L & T short term Opportunities Fund-growth of ₹ 10/- each	550.00	0.00
9701.170 (Nil) Units of L & T liquid fund-growth of ₹ 100/- each	200.00	0.00
762761.652 (Nil) Units of ICICI prudential short term plan -growth of ₹ 10/- each	235.00	0.00
1311260.449 (Nil) Units of ICICI prudential Ultra short term plan-growth of ₹10/- each	200.00	0.00
3796094.499 (Nil) Units of IDFC Ultra Short Term fund- growth of ₹ 10/- each	800.00	0.00
<b>TOTAL</b>	<b>2435.00</b>	<b>0.00</b>

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 16 : Inventories</b>		
Raw Materials	465.83	326.64
Raw Materials in transit	275.22	103.24
Finished goods	384.06	213.33
Stock in Trade (Art & Artifacts)	2481.33	2303.89
Stores, Spares and Chemicals	222.76	226.37
Property under Development (Includes Land at revalued cost)	51.28	54.56
Property under Development (at book value)	905.46	905.46
Stock in trade (Land at Vareli)	88.40	88.40
<b>TOTAL</b>	<b>4874.34</b>	<b>4221.89</b>



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

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 17 : Trade Receivables</b>		
<b>Exceeding Six months</b>		
Unsecured, Considered good	15.81	40.42
Considered doubtful	77.21	77.21
	93.02	117.63
Less: Provision for doubtful debts	77.21	77.21
	15.81	40.42
<b>Other receivables</b>		
Unsecured, Considered good	145.09	1084.50
<b>TOTAL</b>	<b>160.90</b>	<b>1124.92</b>

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 18 : Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	3.10	6.15
Balances with banks		
in current accounts	8.30	10.75
<b>Other Bank Balances</b>		
Fixed Deposits with Banks - held as margin money		
Maturity less than 12 months	1.45	1.45
Maturity more than 12 months	4.03	4.03
<b>TOTAL</b>	<b>16.88</b>	<b>22.38</b>

(₹ in Lacs)

	As at 31st March, 2016	As at 31st March, 2015
<b>Note 19 : Short-Term Loans and Advances</b>		
<b>Unsecured</b>		
<b>Considered good:</b>		
Loans to employees	0.80	1.00
Advance to Suppliers	234.07	148.12
Advance Recoverable in cash or in kind or for value to be received	181.04	423.19
Balance with Customs, Central Excise Authorities etc.	237.72	121.46
<b>TOTAL</b>	<b>653.63</b>	<b>693.77</b>

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

			(₹ in Lacs)	
			2015-16	2014-15
<b>Note 20: Revenue from Operations (Net)</b>				
Sale of Products	<b>12964.86</b>		14020.41	
Less:Excise Duty	<b>1507.82</b>	<b>11457.04</b>	1412.37	12608.04
Job Charges Income		<b>264.84</b>		146.97
<b>TOTAL</b>		<b>11721.88</b>		12755.01
<b>20.1 Particulars of Sale of Products</b>				
Polyester Chips		<b>12861.15</b>		8755.56
Polyester filament Yarn		<b>25.69</b>		2408.78
Spun Yarn		<b>7.72</b>		1025.12
M.E.G.		<b>0.00</b>		1723.89
Shopping Complex		<b>21.05</b>		12.00
P.T.A.		<b>0.00</b>		17.03
Others		<b>49.25</b>		78.03
<b>TOTAL</b>		<b>12964.86</b>		14020.41

			(₹ in Lacs)	
			2015-16	2014-15
<b>Note 21 : Other Income</b>				
<b>Interest Income</b>				
Bank deposits		<b>0.36</b>		1.10
ICD interest		<b>0.00</b>		90.11
Loans and advances		<b>0.25</b>		9.17
Others		<b>15.65</b>		25.02
<b>Dividend Income</b>				
on Long Term Investments		<b>0.27</b>		0.23
<b>Other non-operating income</b>				
Miscellaneous income		<b>4.83</b>		16.68
Net surplus on disposal of fixed assets (Refer Note 21.1)		<b>156.07</b>		86.94
<b>TOTAL</b>		<b>177.43</b>		229.25

**20.1** Net surplus on disposal of fixed assets includes reversal of impairment of ₹375.28 Lacs (Previous year ₹ 584.41 lacs) related to assets which were sold during the year and on which impairment was provided in earlier years.

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

			(₹ in Lacs)	
			2015-16	2014-15
<b>Note 22 : Cost of Materials Consumed</b>				
Raw Materials				
Imported	0.00%	0.00	9.09%	753.15
Indigenous	100.00%	8738.44	90.91%	7536.00
	100.00%	8738.44	100.00%	8289.15
<b>22.1 Particulars of materials consumed</b>				
M.E.G.		2783.60		2240.18
P.T.A.		5951.56		4822.61
Polyester Chips		0.00		704.76
Spun Yarn		0.00		519.41
Cost of Shopping Complex Sold		3.28		2.19
<b>TOTAL</b>		<b>8738.44</b>		<b>8289.15</b>

			(₹ in Lacs)	
			2015-16	2014-15
<b>Note 23 : Purchase of Stock-in-Trade</b>				
Art & Artifacts		177.44		0.00
M.E.G.		0.00		1464.16
<b>TOTAL</b>		<b>177.44</b>		<b>1464.16</b>

			(₹ in Lacs)	
			2015-16	2014-15
<b>Note 24: Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade</b>				
<b>Opening Stock</b>				
Stock in Process		0.00		49.63
Finished Goods & Stock-in-trade		2517.22		2900.46
		2517.22		2950.09
<b>Closing Stock</b>				
Stock in Process		0.00		0.00
Finished Goods & Stock-in-trade		2865.39		2517.22
		2865.39		2517.22
Add/(Less): Variation in excise duty on opening and closing stock of finished goods		20.81		(29.88)
<b>TOTAL</b>		<b>(327.36)</b>		<b>402.99</b>

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

	(₹ in Lacs)	
	2015-16	2014-15
<b>Note 25 : Employee Benefits Expense</b>		
Salaries and Wages	232.33	362.27
Contribution to Provident and Other Funds	13.68	29.35
Gratuity	14.15	12.67
Staff Welfare Expenses	7.77	13.78
<b>TOTAL</b>	<b>267.93</b>	<b>418.07</b>

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

	(₹ in Lacs)			
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	Gratuity (Unfunded)	Gratuity (Unfunded)	Leave encashment (Unfunded)	Leave encashment (Unfunded)
<b>Amount recognised in Balance Sheet</b>				
<b>(i) Present Value of Defined Benefit Obligation</b>				
- Wholly Unfunded	51.49	60.13	21.55	21.44
<b>(ii) Amount Reflected in the Balance Sheet</b>				
- Liability	51.49	60.13	21.55	21.44
- Assets	0.00	0.00	0.00	0.00
Net Liability	51.49	60.13	21.55	21.44
<b>Net expense recognized in the Statement of Profit and Loss</b>				
Total, included in "Payments to and provision for Employees" (Refer Note 27)	14.15	12.67	21.02	23.72
<b>Actuarial Assumptions</b>				
Discount Rate (Per Annum)	7.88%	7.70%	7.88%	7.70%
Rate of Escalation in Salary (Per Annum)	8.00%	8.00%	8.00%	8.00%
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)

	(₹ in Lacs)	
	2015-16	2014-15
<b>Note 26 : Finance Costs</b>		
Interest Expenses	62.56	58.59
Exchange (Gain) / Loss	2.78	(8.97)
Other borrowing costs	8.82	20.24
<b>TOTAL</b>	<b>74.16</b>	<b>69.86</b>

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

	(₹ in Lacs)	
	2015-16	2014-15
<b>Note 27 : Other Expenses</b>		
<b>Manufacturing expenses</b>		
Job Charges	0.09	27.30
Consumption of Stores, Spares and Chemicals	945.30	635.51
Packing Charges	42.90	60.64
Power and Fuel	417.99	659.91
Repairs to Plant and Machinery	13.65	32.33
Repairs to Buildings	16.60	9.00
Repairs - Others	6.18	2.81
Lease Rent	0.00	7.00
<b>Selling and Distribution Expenses</b>		
Commission and Discount	2.28	33.22
Other Selling and Distribution Expenses	56.94	47.60
<b>Establishment Expenses</b>		
Insurance	14.74	13.12
Rent	154.97	159.32
Rates and Taxes	13.32	24.27
Auditors' Remuneration	4.98	4.91
General Charges	105.18	138.75
Diminution in value of investment	270.73	0.00
Bad debts and advance written off	200.00	0.00
Loss on sale of investment	127.56	0.00
<b>TOTAL</b>	<b>2393.41</b>	<b>1855.69</b>

### 27.1 Value of Stores, Chemicals and Component Consumed

	2015-16		2014-15	
	%	₹ in Lacs	%	₹ in Lacs
Imported	93.90%	887.59	84.49%	536.95
Indigenous	6.10%	57.71	15.51%	98.56
	<b>100.00%</b>	<b>945.30</b>	<b>100.00%</b>	<b>635.51</b>

	(₹ in Lacs)	
	2015-16	2014-15
<b>27.2 Value of Imports on CIF Basis in respect of</b>		
Raw Materials	0.00	2250.61
Stores, Spare parts, Components and Chemicals	684.17	0.28
Capital goods	0.00	0.00
<b>27.3 Payment to Auditors</b>		
Statutory Audit Fees	3.45	3.45
Tax Audit Fees	0.60	0.60
Cost Audit Fees	0.60	0.67
Certification Fees	0.33	0.19
<b>Total</b>	<b>4.98</b>	<b>4.91</b>

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

## Note 28 : Earnings Per Share (EPS)

	As at 31st March, 2016	As at 31st March, 2015
(i) Net Profit attributable to Equity Shareholders (₹ in Lacs)	613.26	256.46
(ii) Weighted average number of Equity Shares outstanding (Nos.)	222064440	222064440
Basic and Diluted EPS (₹)	0.28	0.12
Face Value of Share (₹)	1.00	1.00

## Note 29 : Related Party Disclosures:

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

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

Sr. No.	Name of Related Party	Relationship
1	Garden Silk Mills Limited	Group Company
2	M/s Isha Enterprises	Partnership Firm
3	Shri M. R. Momaya	Key Management Personnel
4	Shri Yogesh C. Papaiya	Key Management Personnel

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

## (ii) Transactions during the year with Related Parties:

Nature of Transactions	(₹ in Lacs)				
	Group Company	Partnership firm	Key Management Personnel	Others	Total
Sales	4629.16	0.00	0.00	0.00	4629.16
	(4821.16)	(0.00)	(0.00)	(0.00)	(4821.16)
Job Charges Income	264.84	0.00	0.00	0.00	264.84
	(146.97)	(0.00)	(0.00)	(0.00)	(146.97)
Purchases	286.57	0.00	0.00	0.00	286.57
	(993.77)	(0.00)	(0.00)	(0.00)	(993.77)
Electric Power and Fuel Charges	432.22	0.00	0.00	0.00	432.22
	(508.46)	(0.00)	(0.00)	(0.00)	(508.46)
Job Charges Expenses	0.10	0.00	0.00	0.00	0.10
	(27.30)	(0.00)	(0.00)	(0.00)	(27.30)
Lease Rent Paid	0.00	0.00	0.00	0.00	0.00
	(7.00)	(0.00)	(0.00)	(0.00)	(7.00)
Remuneration	0.00	0.00	24.79	0.00	24.79
	(0.00)	0.00	(18.91)	(5.69)	(24.60)
Share of loss	0.00	0.01	0.00	0.00	0.01
	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)



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

(₹ in Lacs)					
Nature of Transactions	Group Company	Partnership firm	Key Management Personnel	Others	Total
Payments under Current Account	9316.79	0.00	0.00	0.00	9316.79
	(10710.68)	(0.00)	(0.00)	(0.00)	(10710.68)
Receipt under Current Account	14471.69	0.00	0.00	0.00	14471.69
	(13439.60)	(0.00)	(0.00)	(0.00)	(13439.60)
<b>Balance at the beginning of the year</b>					
Current Account (Debit Balance)	979.79	0.00	0.00	0.00	979.79
Capital Account	0.00	701.95	0.00	0.00	701.95
Payables	0.00	0.00	3.54	0.00	3.54
<b>Balance at the end of the year</b>					
Current Account	0.00	0.00	0.00	0.00	0.00
Capital Account	0.00	701.94	0.00	0.00	701.94
Payables	0.00	0.00	3.26	0.00	3.26

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

### Note 30 : Segment Reporting:

The Company has identified three reportable segments viz. Yarns, Art & Artifacts and Construction as per Accounting standard 17 of ICAI. The break up of total segment assets as at 31st March, 2016 is as under:

(₹ In Lacs)	
Segment	Capital Employed
(1) Yarns	5240.97
(2) Art & Artifacts	2481.33
(3) Construction	949.27
<b>Total</b>	<b>8671.57</b>

### Note 31 :

Disputed liabilities for Income Tax not acknowledged as debts ₹856.74 Lacs (Previous year: ₹ Nil).

Disputed liabilities for Excise Duty not acknowledged as debts ₹35.22 Lacs (Previous year: ₹ Nil).

### Note 32 :

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

As per our attached report of even date

**For NATVARLAL VEPARI & CO.**

Firm Registration Number: 123626W

Chartered Accountants

**R. N. VEPARI**

Partner

Membership No.6728

Surat, 25th May, 2016

For and on behalf of the Board

**M. R. MOMAYA**

Managing Director

**YOGESH C. PAPAIIYA**

Whole-time Director & CFO

**HANISHA ARORA**

Company Secretary

Surat, 25th May, 2016



## SURAT TEXTILE MILLS LIMITED

CIN No. L17119GJ1945PLC000214

**Regd. Office:** Tulsi Krupa Arcade, Third Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010  
**Website:** www.surattextilemillsLtd.com; **Tel. No.** 91-261-2311197, 2311615, **Fax No.** 91-261-2311029

### ATTENDANCE SLIP

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

DP ID*	
Client ID*	

L F No.	
No. of Shares held	

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

I being a Member / Proxy for the Member of the Company hereby record my presence at the 70th Annual General Meeting of Surat Textile Mills Limited at **Tulsi Krupa Arcade, Puna-Kumbharia Road, Dumbhal, Surat 395010** on Wednesday, 31st August, 2016 at 11.00 a.m.

Signature of the Shareholder : 1. \_\_\_\_\_ 2. \_\_\_\_\_

Signature of the Proxyholder : \_\_\_\_\_

- Notes**
- Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue. For route map of meeting venue, please see overleaf.
  - As per Section 118(10) of the Companies Act, 2013 read with the Secretarial Standards for General Meetings issued by Institute of Company Secretaries of India "No gifts, gift coupons or cash in lieu of gifts shall be distributed to members at or in connection with the meeting".

## SURAT TEXTILE MILLS LIMITED

CIN No. L17119GJ1945PLC000214

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**Website:** www.surattextilemillsLtd.com; **Tel. No.** 91-261-2311197, 2311615, **Fax No.** 91-261-2311029

### 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			
DP ID / Client ID*		Folio No.	

\*Applicable for member(s) holding shares in Electronic form.

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

- Name ..... Address: .....  
..... Signature:....., or failing him
- Name ..... Address: .....  
..... Signature:....., or failing him
- Name ..... Address: .....  
..... Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 70th Annual General Meeting of the Company, to be held on Wednesday, 31st August, 2016 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:

## ROUTE MAP OF ANNUAL GENERAL MEETING



Resolution No.	Resolution	Optional *	
		For	Against
	<b>Ordinary business</b>		
1	Adoption of Audited Financial Statement, Reports of the Board of Directors and Auditors		
2	Re-appointment of Shri Manikant R. Momaya, who retires by rotation.		
3	Ratification of the appointment of M/s Natvarlal Vepari & Co., Chartered Accountants, as Statutory Auditors of the Company		
	<b>Special business</b>		
4	Ordinary Resolution: Ratification of remuneration to Cost Auditor.		

Signed this ..... day of August, 2016,

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

Affix  
Revenue  
Stamp

Signature of the Shareholder(s) : \_\_\_\_\_

**Note:**

1. This Instrument of proxy, in order to be effective, should be duly completed and signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. This form of Proxy shall be signed by the member or his duly authorised attorney, or if the member is a body corporate, it shall be duly sealed and signed by an officer or an attorney. The Proxy Form which is unstamped or inadequately stamped or where the stamp has not been cancelled or is undated or which does not state the name of the Proxy shall not be considered valid.
3. Proxy need not be a member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty (50) members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the company may appoint a single person as proxy, who shall not act as proxy for any other member.
4. 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.
5. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



**If undelivered, please return to :**  
**SURAT TEXTILE MILLS LIMITED**  
CIN No. L17119GJ1945PLC000214  
**Regd. Office:** Tulsi Krupa Arcade, Third Floor,  
Puna-Kumbharia Road, Dumbhal, Surat 395010