

SURAT TEXTILE MILLS LIMITED

Date: 29th August, 2020

The Secretary,
BSE Limited,
Corporate Relationship Department,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400001
Scrip Code: 530185
ISIN: INE936A01025

Sub.: Submission of Notice of 74th AGM and Annual Report of the Company for the year ended 31st March, 2020

Ref.: Intimation under Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sir/Madam,

This is furtherance to our letter dated 29th August, 2020 forwarding therewith copy of the notice of the 74th Annual General Meeting of the Company scheduled to be held on Tuesday, 22nd September, 2020 at 3:00 p.m. through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

Further in compliance to Clause 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Notice of the ensuing 74th AGM and the Annual Report of the Company for the year ended 31st March, 2020.

In compliance with Ministry of Corporate Affairs Circular No.20/2020 dated 5th May, 2020 read with Circular No.14/2020 dated 8th April, 2020 and Circular No.17/2020 dated 13th April, 2020, respectively and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Annual Report of the Company for financial year 2019-20 and Notice of 74th AGM have been sent on 29th August, 2020 through e-mail to all the Members whose e-mail IDs are registered with the Company / Depository Participants.

The said notice and annual report are also placed on the Company's website, www.surattextilemillsltd.com.

Brief details of the 74th AGM of the Company are as under:

Date and Time of AGM	Tuesday, 22nd September, 2020 at 3:00 p.m.
Mode	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM).
Cut-off date for e-voting	Wednesday, 16th September, 2020
e-voting start date and time	Friday, 18th September, 2020, 9:00 A.M.
e-voting end date and time	Monday, 21st September, 2020, 5:00 P.M.
e-voting website	https://evoting.karvy.com

Contd...



Regd. Office : 6th Floor, Tulsi Krupa Arcade, Puna Kumbharia Road, Dumbhal, Surat 395 010.

Phone : (0261) 2311198 | Website : www.surattextilemillsltd.com

CIN : L17119GJ1945PLC000214

SURAT TEXTILE MILLS LIMITED

-(2)-

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For Surat Textile Mills Limited



Hanisha Arora

Company Secretary & Compliance Officer



Encl.: As above.

Copy to:

- 1 National Securities Depository Ltd.,
4th Floor, 'A' Wing, Trade World,
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai 400013
- 2 Central Depository Services (India) Limited
Marathon Futurex, 25th floor,
NM Joshi Marg, Lower Parel (East),
Mumbai 400013
- 3 KFin Technologies Private Limited
Karvy Selenium, Tower B, Plot 31-32,
Financial District, Gachibowli,
Nanakramguda,
Hyderabad 500032.



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SURAT TEXTILE MILLS LIMITED

A decorative geometric pattern consisting of several large triangles and diamonds in shades of green and yellow, arranged in a stepped, mountain-like shape. The bottom portion of the cover is a solid dark grey-blue.

ANNUAL REPORT
2019 - 2020

CORPORATE INFORMATION

Board of Directors:

Manikant R. Momaya (DIN: 00023993)
Managing Director
Yogesh C. Papaiya (DIN: 00023985)
Wholetime Director & CFO
Harishchandra Bharucha (DIN: 00138430)
Ketan Jariwala (DIN: 02095540)
Kruti Kothari (DIN: 08502921) *
* w.e.f. 09/07/2019

Hanisha Arora
Company Secretary

Registered Office:

6th Floor, Tulsi Krupa Arcade,
Near Aai Mata Chowk,
Puna-Kumbharia Road, Dumbhal,
Surat 395010.
CIN: L17119GJ1945PLC000214
Tel: (0261) 2311198.
Fax: (0261) 2311029.
e-mail: sharedepartment@stml.in
<http://www.surattextilemillsLtd.com>

Statutory Auditors:

Sharp and Tannan Associates,
Chartered Accountants, Mumbai

Cost Auditors:

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

Bankers:

Bank of Baroda

Plant:

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

Registrars & Share Transfer Agents:

KFin Technologies Private Limited
Selenium Tower B, Plot 31 & 32,
Financial District, Gachibowli,
Nanakramguda,
Hyderabad 500032.
State: Telengana, India.
Phone No. 040 67161563
Fax No. 040 67161567
Email: einward.ris@kfintech.com
Toll Free No. 18003454001

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

74th Annual General Meeting on Tuesday, 22nd September, 2020 at 3:00 p.m. IST through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility

NOTICE

NOTICE is hereby given that the **74th ANNUAL GENERAL MEETING** of the Members of Surat Textile Mills Limited will be held on **Tuesday, the 22nd September, 2020 at 03:00 p.m.** IST through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility to transact the following businesses.

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors' thereon.
- 2 To appoint a Director in place of Mr. Manikant R. Momaya (DIN: 00023993), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- 3 **To re-appoint Mr. Ketan Jariwala (DIN: 02095540) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act and Rules made thereunder and regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s), amendment(s), clarification(s), re-enactment(s) or substitution(s) thereof, for the time being in force) and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. Ketan Jariwala (DIN: 02095540), who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, and to hold office for a second term upto 4 (four) years commencing from 26th August, 2020 upto 10th August, 2024.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary, be and are hereby severally authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

- 4 **To ratify the remuneration to Cost Auditors for the financial year ending 31 March, 2021**

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

"RESOLVED THAT in accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read

with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration, as approved by the Board of Directors and set out in the Statement annexed to the Notice, to be paid to M/s P. M. Nanabhoy & Co., Cost Accountants, having Firm Registration Number 000012, appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the Financial Year ending 31st March, 2021, be and is hereby ratified.

RESOLVED FURTHER THAT any of the Directors or the Company Secretary, be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

- 5 **To adopt new set of Articles of Association of the Company in conformity with the Companies Act, 2013**

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

"RESOLVED THAT pursuant to the provisions of Section 5, 14 and any other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the shareholders of the Company be and is hereby accorded to adopt the new set of Articles of Association in place of the existing Articles of Association.

RESOLVED FURTHER THAT any of the Directors of the Company, which includes any Committee thereof and/or any Officer(s) of the Company, authorised by the Board be and are hereby severally authorised to do all such acts, deeds, matters and things and to sign all such other documents, in each stage, as they or any of them may deem necessary, proper and desirable (including without limitation making the appropriate e-filings with the Registrar of Companies / Ministry of Corporate Affairs), in connection with the adoption of new set of Articles of Association of the Company, as approved by the Board and the members of the Company and/or generally to give effect to this resolution."

- 6 **To adopt new set of Memorandum of Association of the Company in conformity with the Companies Act, 2013**

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

"RESOLVED THAT pursuant to the provisions of Section 4 and Section 13 and any other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the shareholders of the Company be and is hereby accorded for the modification, substitution, addition and deletion in following Clauses of the Memorandum of Association of the Company:

- a. The subject heading of existing Clause IIIA is deleted and replaced with "THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:";
- b. The subject heading of existing Clause IIIB is deleted and replaced with the heading "MATTERS WHICH ARE

NECESSARY FOR THE FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE 3(a) ARE:"

- c. Clause III(C) : "OTHER OBJECTS "to be deleted;
- d. Other amendments required to align the existing Memorandum of Association with the provisions of the Companies Act, 2013

RESOLVED FURTHER THAT any of the Directors of the Company, which includes any Committee thereof and/or any Officer(s) of the Company, authorised by the Board be and are hereby severally authorised to do all such acts, deeds, matters and things and to sign all such other documents, in each stage, as they or any of them may deem necessary, proper and desirable (including without limitation making the appropriate e-filings with the Registrar of Companies / Ministry of Corporate Affairs), in connection with the adoption of new set of Memorandum of Association of the Company, as approved by the Board and the members of the Company and/or generally to give effect to this resolution."

Notes:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means ('OA VM'), without the physical presence of the Members at a common venue. Further, Securities and Exchange Board of India ('SEBI') vide its Circular dated May 12, 2020 ('SEBI Circular') has also granted certain relaxations.
2. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with above mentioned MCA and SEBI Circulars, the 74th AGM of the Company is being conducted through VC/OAVM on Tuesday, 22nd September, 2020 at 3:00 p.m. (IST). In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/ Guidance on applicability of Secretarial Standards- 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
3. KFin Technologies Private Limited, Registrar & Transfer Agent of the Company, (earlier known as Karvy Fintech Private Limited) ("KFin" or "KFintech") shall be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at **Note No.21** below.
4. In view of the massive outbreak of the COVID-19 pandemic, social distancing has to be a pre-requisite. Pursuant to the above mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning

the quorum under section 103 of the Companies Act, 2013.

5. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his/her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC/OAVM pursuant to the applicable MCA and SEBI Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning the business under Item Nos. 3 to 6 of the Notice is annexed hereto. The relevant details pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.
7. Messrs Sharp & Tannan Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 71st Annual General Meeting held on 2nd August, 2017. Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice upto the date of AGM, i.e. 22nd September, 2020. Members seeking to inspect such documents can send an email to shareddepartment@stml.in.
9. Corporate/Institutional Members are entitled to appoint authorised representatives to attend the AGM through VC/OAVM on their behalf and cast their votes through remote e-voting or at the AGM. Corporate/Institutional Members intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutiniser at e-mail ID csjigarvyas@gmail.com with a copy marked to evoting@kfintech.com and to the Company at shareddepartment@stml.in, authorising its representative(s) to attend and vote through VC/ OAVM on their behalf at the Meeting, pursuant to Section 113 of the Act.
10. **ELECTRONIC DISPATCH OF NOTICE AND ANNUAL REPORT:** In accordance with the MCA General Circular No. 20/2020 dated 5th May, 2020 and SEBI Circular No. SEBI/ HO/CFD/CMD1/

CIR/P/2020/79 dated 12th May, 2020, in view of the prevailing situation and owing to the difficulties involved in dispatching physical copies of the financial statements (including Board's Report, Auditor's Report or other documents required to be attached therewith) for the Financial Year ended 31st March, 2020 pursuant to section 136 of the Act and Notice calling the Annual General Meeting pursuant to section 101 of the Act read with the Rules framed thereunder, such statements including the Notice of AGM are being sent only in electronic mode to those Members whose e-mail addresses are registered with the Company/ KFinTech or the Depository Participant(s). The Company will not be dispatching physical copies of such statements and Notice of AGM to any Member. Members are requested to register/update their email addresses, in respect of electronic holdings with the Depository through the concerned Depository Participants and in respect of physical holdings with KFinTech by following due procedure. A copy of the Notice of this AGM along with Annual Report for the Financial Year 2019-2020 is available on the website of the Company at www.surattextilemillsLtd.com, website of the Stock Exchanges where the shares of the Company are listed i.e. BSE Limited at www.bseindia.com and on the website of KFin Technologies Private Limited at <https://evoting.karvy.com>.

11. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are KFin Technologies Private Limited having their office at Selenium, Tower-B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana 500032.
12. The Members can join the AGM in the VC/OA VM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the KFin Technologies Private Limited ('KFin') e-Voting website at <https://evoting.karvy.com>. The facility of participation at the AGM through VC/OA VM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. The detailed instructions for joining the Meeting through VC/OA VM form part of the Notes to this Notice.
13. **BOOK CLOSURE:** The Register of Members and Transfer Books of the Company will be closed from Thursday, 17th September, 2020 to Tuesday, 22nd September, 2020 (both days inclusive) for the purpose of AGM.
14. **TRANSFER OF SHARES PERMITTED IN DEMAT FORM ONLY:** As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and to avail various benefits of dematerialisation, Members are advised to dematerialise their shares held in physical form.

Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of KFin Technologies Private Limited to seek guidance in the demat procedure. Members may also visit website of depositories viz. National Securities Depository Limited viz. <https://nsdl.co.in/faqs/>

faq.php or Central Depository Services (India) Limited viz. <https://www.cdsindia.com/investors/open-demat.html> for further understanding of the demat procedure.

15. **NOMINATION:** Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Act. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to KFin Technologies Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
16. **CONSOLIDATION OF PHYSICAL SHARE CERTIFICATES:** Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
17. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to shareddepartment@stml.in by mentioning their DP ID & Client ID/Physical Folio Number.
18. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
19. **SUBMISSION OF QUESTIONS / QUERIES PRIOR TO AGM:**
 - a. For ease of conduct of AGM, members who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Company's investor email-id shareddepartment@stml.in, at least 48 hours before the time fixed for the AGM i.e. by 3.00 p.m. (IST) on Tuesday, 22nd September, 2020, mentioning their name, demat account no./folio number, email ID, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the AGM.
 - b. Alternatively, Members holding shares as on the cut-off date i.e. Wednesday, 16th September, 2020, may also visit <https://emeetings.kfintech.com> and click on the tab "Post Your Queries" and post their queries/views/ questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall be closed 48 hours before the time fixed for the AGM at 3.00 p.m. (IST) on 22nd September, 2020.
 - c. Members can also post their questions during AGM through the "Ask A Question" tab, which is available in the VC/OAVM facility as well as in the one way live webcast facility. The Company will, at the AGM, endeavour to address the queries received till 3.00 p.m. (IST) on Tuesday, 22nd September, 2020 from those Members who have sent queries from their registered email IDs. Please note that Members' questions

will be answered only if they continue to hold shares as on the cut-off date.

20. **SPEAKER REGISTRATION BEFORE AGM:** Members of the Company, holding shares as on the cut-off date i.e. Wednesday, 16th September, 2020 and who would like to speak or express their views or ask questions during the AGM may register themselves as speakers by visiting <https://emeetings.kfintech.com> and clicking on "Speaker Registration" during the period from Sunday, 20th September, 2020 (9:00 a.m. IST) upto Monday, 21st September, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to speak/express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time at the AGM.

21. **INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- a) **ATTENDING THE AGM:** Members will be provided with a facility to attend the AGM through video conferencing platform provided by KFin Technologies Private Limited. Members are requested to login at <https://emeetings.kfintech.com> and click on the "Video Conference" tab to join the Meeting by using the remote e-voting credentials.
- b) Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in Note No. 23.
- c) Members may join the Meeting through Laptops, Smartphones, Tablets or iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches. Members are encouraged to join the Meeting through Laptops with latest version of Google Chrome for better experience.
- d) Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned at **Note No. 21** above in the Notice, and this mode will be available throughout the proceedings of the AGM.
- e) In case of any query and/or help, in respect of attending AGM through VC/OAVM mode, Members may refer to the Help & Frequently Asked Questions (FAQs) and 'AGM VC/OAVM' user manual available at the download Section of <https://evoting.karvy.com> or Manager- Corporate Registry, KFinTech at Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana 500032 or at the email ID evoting@kfintech.com or on phone No.: 040-6716 1500 or call KFin Technologies Private Limited's toll free No.: 1800-3454-001 for any further clarifications.

22. **PROCEDURE FOR REMOTE E-VOTING:** In compliance with the provisions of section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations, Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFin Technologies Private Limited on all resolutions set forth in this Notice, through remote e-voting. Members are requested to note that the Company is providing facility for remote e-voting and the business may be transacted through electronic voting system. It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility. A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:

Instructions:

- a. Member will receive an e-mail from KFin Technologies Private Limited [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)] which includes details of E-Voting Event Number ("EVEN"), USER ID and password:
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin Technologies Private Limited for e-voting, you can login by using your existing User ID and password for casting your vote.
 - (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 "EVENT" i.e. 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 "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding

as on the cut-off date. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- (viii) 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.
- (ix) Members holding multiple folios/ demat accounts shall vote separately for each folio/ demat account.
- (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 have voted on the resolution(s), you will not be allowed to modify your vote.
- (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., duly authorising their authorized representative(s) to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting to the Scrutiniser at his e-mail ID csjigarvyas@gmail.com with a copy marked to evoting@kfintech.com and to the Company at shareddepartment@stml.in. It should reach the Scrutiniser & the Company by email not later than Monday, 21st September, 2020 (5:00 p.m. IST). In case if the authorized representative attends the Meeting, the above mentioned documents shall be submitted before the commencement of AGM.

b. In case e-mail ID of a Member is not registered with the Company/ Depository Participant(s), then such Member is requested to register/update their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) and inform KFin Technologies Private Limited at the email ID evoting@kfintech.com (in case of Shares held in physical form):

- (i) Upon registration, Member will receive an e-mail from KFin Technologies Private Limited which includes details of E-Voting Event Number (EVEN), USER ID and password.
- (ii) Please follow all steps from **Note. No. 22(a) (i) to (xii)** above to cast your vote by electronic means.

23. OTHER INSTRUCTIONS:

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download Section of <https://evoting.karvy.com> or write to email ID evoting@kfintech.com or on toll free No.: 1800-3454-001 for any further clarifications.
- b. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on Friday, 18th September, 2020 (9:00 a.m. IST) and ends on Monday, 21st September, 2020 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date Wednesday, 16th September, 2020 may cast their votes electronically.

The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

d. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on Wednesday, 16th September, 2020, being the cut-off date. Members are eligible to cast vote only if they are holding shares as on that date.

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-Voting, i.e. Wednesday, 16th September, 2020, he/she/it may obtain the User ID and Password in the manner as mentioned below:

- (i) If the mobile number of the Member is registered against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD <space> Folio No. or DP ID Client ID to +91 9212993399. In case of physical holding, prefix Folio No. with EVEN. Example for NSDL: MYEPWD <SPACE> IN12345612345678 Example for CDSL: MYEPWD <SPACE> 1402345612345678 Example for Physical: MYEPWD <SPACE> XXXX1234567890 (XXXX being EVEN)
- (ii) If e-mail address or mobile number of the Member is registered against Folio No./DP ID Client ID, then on the home page of [https:// evoting.karvy.com](https://evoting.karvy.com), the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- (iii) Member may call KFin Technologies Private Limited toll free number 1800-3454-001.
- (iv) Member may send an e-mail request to evoting@kfintech.com. KFin Technologies Private Limited shall send User ID and Password to those new Members whose e-mail IDs are available.

24. VOTING AT THE AGM:

- a. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC/OAVM.
- b. The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM.
- c. E-voting during the AGM is integrated with the VC/OAVM platform and no separate login is required for the same.
- d. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their

vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

- e. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting through VC/OAVM; however, these Members are not entitled to cast their vote again during the Meeting. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting through VC/OAVM mode during the AGM.
25. The results shall be declared not later than forty-eight hours from conclusion of the Meeting. The results declared along with the Scrutiniser's Report will be placed on the website of the Company at www.surattextilemillsLtd.com and the website of KFin Technologies Private Limited: <https://evoting.karvy.com> immediately after the results are declared and will simultaneously be forwarded to BSE Limited, where Equity Shares of the Company are listed and shall be displayed at the Registered Office of the Company.
26. **PROCEDURE FOR REGISTERING THE EMAIL ADDRESSES AND OBTAINING THE AGM NOTICE AND E-VOTING INSTRUCTIONS BY THE MEMBERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES (IN CASE OF MEMBERS HOLDING SHARES IN DEMAT FORM) OR WITH KFIN TECHNOLOGIES PRIVATE LIMITED (IN CASE OF MEMBERS HOLDING SHARES IN PHYSICAL FORM):**
- I. Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
 - a. Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.
 - b. Members holding shares in physical form may register their email address and mobile number with KFin Technologies Private Limited by sending an email request at the email ID einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested copy of the PAN card and copy of the Share Certificate for registering their email address and receiving the AGM Notice and the e-voting instructions.
 - II. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangements with KFin Technologies Private Limited for registration of email addresses of the Members in terms of the MCA Circulars. Eligible Members who have not submitted their email address to the Company or KFin Technologies Private Limited are required to provide their

email address to KFin Technologies Private Limited, on or before 5:00 p.m. (IST) on Wednesday, 16th September, 2020.

The process for registration of email address with KFin Technologies Private Limited for receiving the Notice of AGM and login ID and password for e-voting is as under:

- i. Visit the link: https://ris.kfintech.com/email_registration/
 - ii. Select the Company name viz. Surat Textile Mills Limited.
 - iii. Enter the DP ID & Client ID / Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member shall enter one of the Share Certificate numbers.
 - iv. Upload a self-attested copy of the PAN card for authentication. If PAN details are not available in the system, the system will prompt the Member to upload a self-attested copy of the PAN card for updation.
 - v. Enter your email address and mobile number.
 - vi. The system will then confirm the email address for receiving this AGM Notice. The Members may also visit the website of the Company www.surattextilemillsLtd.com and click on the "email registration" and follow the registration process as guided thereafter. Please note that in case of shareholding in dematerialised form, the updation of email address will be temporary only upto AGM.
- III. After successful submission of the email address, KFin Technologies Private Limited will email a copy of this AGM Notice along with the e-voting user ID and password. In case of any queries, Members are requested to write to KFin Technologies Private Limited.
- IV. Those Members who have already registered their email addresses are requested to keep their email addresses validated/updated with their DPs / KFin Technologies Private Limited to enable serving of notices / documents / Annual Reports and other communications electronically to their email address in future.

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

Registered Office:

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

Place: Surat
Date: 21st July, 2020

Hanisha Arora
Company Secretary

Statement pursuant to Section 102(1) of the Companies Act, 2013

The following Explanatory Statement sets out all material facts relating to the Special Business as mentioned under Item Nos. 3 to 6 of the accompanying Notice dated 21st July, 2020

Item No.3:

The tenure of Mr. Ketan Jariwala (DIN: 02095540) as an Independent Director on the Board of the Company expires on 25th August, 2020.

In terms of Section 149 read with Schedule IV to the Act and relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), an Independent Director shall be eligible to be re-appointed for second term of maximum five years, on the basis of report of performance evaluation done by the Board and approval of Members by way of Special Resolution to be passed at a General Meeting.

Mr. Ketan Jariwala (aged 58 years) is an industrialist and a technocrat engaged in the business of man-made textiles and having more than two decades of experience in the field. He holds Diploma in Textile Technology from M.S. University, Baroda. He was first appointed as a Director on the Board of the Company on 11th August, 2014.

Mr. Ketan Jariwala does not hold any equity share in the Company and he is not related to any other Director and Key Managerial Personnel of the Company.

The Company has received his consent to act as a Director of the Company in the prescribed Form DIR-2 and a declaration in the prescribed form DIR-8 that he is not disqualified from being appointed as Director of the Company and also a confirmation that he meets the criteria of independence as specified in sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and is also independent of the management of the Company. He has also confirmed that he was not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

In terms of Section 160 of the Act, the Company has received a notice in writing from a Member for proposing the candidature of Mr. Ketan Jariwala for the office of an Independent Director of the Company at the ensuing Annual General Meeting.

Based on the recommendations of Nomination and Remuneration Committee, the Board at its meeting held on 21st July, 2020, reviewed the performance evaluation of Mr. Ketan Jariwala and unanimously acknowledged his experience and expertise in the field of textiles, with over two decades and his valuable contribution as Independent Director, made during his first term with the Company, the Board re-appointed Mr. Ketan Jariwala as an Independent Director of the Company for the second term of 4 (four) years w.e.f. 26th August, 2020 upto 10th August, 2024, subject to approval of the Members of the Company.

Details of Mr. Ketan Jariwala are provided in the 'Annexure' to the Notice. Pursuant to the provisions of (i) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and (ii) Secretarial Standard on General Meeting issued by the ICSI, he shall be paid remuneration by way of sitting fees for attending meetings of the Board of Committees thereon, reimbursement of expenses for participating in the Board and other meetings.

Mr. Ketan Jariwala is interested in the Resolution set out at item No.3 of the Notice with regard to his appointment. Relatives of Mr. Ketan Jariwala may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.3 of the Notice for approval of the Members.

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

The Board recommends the Special Resolution set out at Item No.3 of the Notice for approval by the Members.

Item No.4:

The Company is directed under the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of cost records conducted by a cost accountant. Further, in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

The Board of Directors, on the recommendation of the Audit Committee at its Meeting held on 21st July, 2020 has approved the appointment of M/s. P. M. Nanabhoy & Co., Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021 at a remuneration of Rs.75,000/- plus applicable taxes and reimbursement of out of pocket expenses.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No.4 of the accompanying Notice for ratification of the remuneration to the Cost Auditors for the financial year ending 31st March 2021.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the Notice for approval of the Members.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for ratification by the Members.

Item No.5:

The Articles of Association ("AOA") of the Company as currently in force was originally adopted in accordance with the provisions of the Companies Act, 1956. The references to specific Sections of the Companies Act, 1956 in the existing Articles of Association may no longer be in conformity with introduction of new provisions of the Companies Act, 2013.

It is therefore proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific clauses from Table F of Schedule I to the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

It is therefore considered desirable to adopt a comprehensive new set of Articles of Association of the Company ("New Articles"), in substitution of and to the exclusion of the existing AOA.

The Board of Directors at its meeting held on 21st July, 2020 approved the alteration of Articles of Association of the Company as stated above to comply with the requirements under the Companies Act, 2013, subject to approval of shareholders.

Pursuant to the provisions of Section 14 of the Act, approval of the shareholders of the Company by special resolution is required for the adoption of the New Articles to replace the existing Articles of Association and accordingly, the approval of the shareholders is being sought for the adoption of the New Articles.

The proposed new draft of Articles of Association is available on www.surattextilemillsLtd.com of the Company and is also being available at the Company's registered office during working hours for the perusal of the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.5 of the Notice for approval of the Members.

The Board recommends the Special Resolution set out at Item No.5 of the Notice for ratification by the Members.

Item No.6:

With introduction of the Companies Act, 2013 w.e.f. 1st April, 2014 many provisions of the Companies Act, 1956 have undergone changes with few of them become redundant. The present Memorandum of Association of the Company contains many matters which are required to be aligned with the requirements under the new Companies Act, 2013.

Your directors' in its meeting held on 21st July, 2020 has approved (subject to the approval of members) modification, substitution, addition and deletion in following Clauses of the Memorandum of Association of the Company:

- The subject heading of existing Clause IIIA is deleted and replaced with "THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:";
- The subject heading of existing Clause IIIB is deleted and replaced with the heading "MATTERS WHICH ARE NECESSARY FOR THE FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE 3(a) ARE:"
- Clause III(C) : "OTHER OBJECTS "to be deleted;
- Other amendments required to align the existing Memorandum of Association with the provisions of the Companies Act, 2013.

The proposed new draft of Memorandum of Association is available on www.surattextilemillsLtd.com of the Company and is also being available at the Company's registered office during working hours for the perusal of the Members.

In terms of Section 4 and 13 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for proposed amendments in the Memorandum of Association of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.6 of the Notice for approval of the Members.

The Board recommends the Special Resolution set out at Item No.6 of the Notice for ratification by the Members.

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

Registered Office:

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

Place: Surat
Date: 21st July, 2020

Hanisha Arora
Company Secretary

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(Pursuant to Regulation 26(4) and 36(3) of Listing Regulations and Secretarial Standards-2 on General Meetings)

Name of the Director	Mr. Manikant R. Momaya (Managing Director)	Mr. Ketan A. Jariwala (Non-Executive Independent Director)
DIN	00023993	02095540
Date of Birth	19/03/1932	08/05/1962
Age	88 years	58 years
Date of first appointment on the Board	23/10/2000	11/08/2014
Qualification	B.E. (Mechanical & Electrical)	Diploma in Textile Technology (M.S. University, Baroda)
Expertise in specific functional areas	Mr. Manikant R. Momaya has wide experience in the field of Textile industry, business and Corporate Management.	Mr. Ketan Jariwala is an industrialist and a technocrat engaged in the business of manmade textiles and having more than two decades of experience in the related industry.
Terms and conditions of appointment or re-appointment	Not applicable.	Appointed for a period of four years from 26/08/2020 to 10/08/2024.
Details of remuneration last drawn# (FY 2019-20)	Rs.8,40,240/-	Sitting Fees: Rs.2,45,000/-
Directorship in other Public Companies (excluding foreign companies and Section 8 companies)	Nil	Garden Silk Mills Limited
Memberships / Chairmanship of committees in other public limited companies	Nil	Garden Silk Mills Limited Audit Committee – Member Nomination & Remuneration Committee - Member Stakeholders Relationship Committee - Chairman and CSR Committee- Member
No. of Board Meetings attended during the year	5	6
Relationship with other Directors and KMPs	None	None
Number of shares held:		
(a) Own	Nil	Nil
(b) For other persons on a beneficial basis	Nil	Nil

DIRECTORS' REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors present their 74th Annual Report on the performance of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2020. The Management's Discussion and Analysis Report as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report.

Financial Highlights

The financial performance of the Company for the financial year ended 31st March, 2020 is summarised below:

(Rs. in Crore)

Particulars	2020	2019
Revenue from Operations	180.28	216.28
Other income	4.61	4.07
Operating Profit / EBITDA (including other income)	12.01	12.18
Less: Finance Costs	0.76	1.08
Profit before Depreciation & Amortisation Expenses	11.25	11.10
Less: Depreciation & Amortisation Expenses	0.46	0.35
Profit before tax	10.79	10.75

Review of Operations

In terms of Order issued by Government of India/State Government/Local Administration for containment of COVID-19 in the country, directing nationwide lock down in the entire country w.e.f. 25th March, 2020, and in consideration of the safety of our workers, employee and the surrounding community, the Company decided to shut down its manufacturing facilities at Village Jolva, Taluka Palsana, Dist. Surat, Gujarat, in phased manner.

The spread of coronavirus pandemic to different countries in the last quarter and resulting lockdown by various countries worldwide leading to shutdown of manufacturing plants including the raw material suppliers added to the slowdown of overall demand and weakening of the various commodities. The supply chains came under pressure due to additional restrictions and constraints in material movements and port clearances during the lockdown.

Your Company's total revenue for the year 2019-20 was Rs.180.28 Crore as compared to Rs.216.28 Crore for the previous year, a decline of about 16.65%. The fall in sales was primarily due to lower price realisation, competition and subdued market conditions.

Despite lower revenues, we achieved Operating Profit / EBITDA of Rs.12.01 Crore in FY20 as compared to Rs.12.18 Crore in the previous year. This was possible despite a challenging year that show an oil-price driven crash in raw material prices leading to inventory losses during some part of the year and weak market sentiments.

Your Company earned Profit before Tax of Rs.10.79 Crore for FY20 as compared to Rs.10.75 Crore in previous year. The total sale of chips in volume term for the year FY20 was higher at 22379 MT as compared to 20803 MT in the previous year. With better capacity utilisation, the production of Chips during FY20 was also higher at 23325 MT as compared to 22046 MT in the previous year.

Close watch on raw material prices and strict inventory management has helped the Company in securing continued raw material supplies and protected against adverse impact of raw material price volatility.

The Company continued its efforts for expanding customer base, developing new products and exploring further export avenues. The focus will be on how the Company balance volume growth, pricing and profitability.

The Company continues to have a clear price and product leadership in its specialty chips segment, especially cationic. It continues to be perceived in the market as a premium producer of quality chips.

Better working capital management helped the Company to reduce its Interest/Finance Costs from Rs.1.08 Crore in FY 19 to Rs.0.76 Crore for FY 20.

The Company resumed manufacturing operation at its Polycondensation Plant at Village Jolwa in a gradual manner however owing to lack of demand for the specialty chips coupled with migration of labour, the operations have been temporarily suspended. The production at polyester spinning division of the Company at Village Jolwa continued to remain suspended during the year 2019-20 also due to competitive pressure and market conditions.

The Board of Directors of the Company have considered the proposal for sell/transfer/dispose of the assets of 'Spinning Division' and the Polycondensation Plant at Village Jolwa along with Land & Building and the Inventories on an "as is where is" basis. The Directors are of the view that the current economic slowdown due to COVID-19 pandemic may impact the valuation of the proposed transactions. Accordingly, the management of the Company is reconsidering and evaluating the proposal to fetch better price in the interest of the Company.

During the last quarter of the year under review the incidence of Covid-19 developed into a global pandemic. The directors have assessed the impact of Covid-19 on the business at the balance sheet date and there are no significant changes as of the balance sheet date.

Dividend

In order to strengthen the reserves of the year, your directors consider it prudent to plough back the profits and not to recommend any dividend for the financial year 2019-20.

Transfer to Reserves

The Board of Directors have decided to retain the entire amount of profits for FY 2019-20 in the Retained Earnings.

Nature of Business

Your Company is known to be a producer of 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.

Overview of the economy

India's economy slowed down to 3.1% in Q4 on the back of the coronavirus pandemic superimposed on a prolonged slowdown. Economic growth slowed to an 11-year low of 4.2% in 2019-20 against 6.1% expansion in 2018-19. Although this is the lowest growth rate in the last 44 quarters, it is still higher than the 2.2% growth predicted by most economists and ratings analysts.

A country-wide lock down was enforced by the government in late March 2020 due to the COVID-19 pandemic. The economic impact of this has been so devastating that manufacturing and services activity came to a grinding halt, resulting in demand falling to unprecedented lows that fed into PMI indices going into a free fall. The country is now faced with enormous job losses, migration of labour, increased expenses in medical and health infrastructure, lower tax collections and high fiscal deficit.

The manufacturing sector contracted further, recording a negative growth of 1.4%. Public administration, defence and other services grew at 10.1%. "The most disturbing news is that the three components of demand have fallen -- consumption demand has slowed, while investments and exports are both in negative territory,"

Economic activity remained largely subdued and tighter financial conditions impinged upon activity. The Government of India has responded to this economic fallout by announcing two stimulus packages and liquidity easing measures to fuel the economic activity. The lockdown is being removed in a phased manner and efforts are being made to revive the manufacturing, services and other productive activities.

During the financial year 2019-20, market sentiments remained volatile since the start of the financial year due to escalating trade tensions between US and China, fears of disruptions to supply chains, prolonged uncertainty on Brexit and geopolitical tensions in Middle East.

Amongst the growth enabling pillar of the economy, the service sector is the largest contributor to the nation's GDP, followed by the manufacturing sector. With the intent to boost the domestic

manufacturing sector output, the government has spearheaded several campaigns, reforms and initiatives like Make in India, Start-up India to help the sectors increase its share in the overall GDP.

Industry Scenario

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

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

India is the second largest producer of man-made fibres (MMF) in the world with presence of large plants having state-of-the-art technology. Indian Manmade fibre (MMF) textile industry is vibrant and growing. Demand for man-made fibre (MMF) textiles all over the world is increasing as a substitute for cotton amid changes in global fashion trends.

India is presently self dependent in the entire textile value chain. It has sufficient raw materials / feedstock for the manufacturing MMF textiles. Adequate feedstock availability reduces India's dependency on other countries for raw materials and able to produce MMF textiles of international standard to meet the global demand.

Raw material prices of PTA and MEG fluctuated widely during FY 20 from a high of around USD 857 and USD 604 per MT to a low of around USD 515 and USD 475 per MT respectively.

Opportunities, Challenges, Threats, Risks and Concerns

The rampant spread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook. The lockdowns and restrictions imposed on various activities due to the pandemic have posed challenges to all the businesses of your Company.

The Indian textile & clothing industry has been facing severe challenges in the aftermath of demonetization, GST implementation, global economic slowdown, US-China trade war and recently, the Coronavirus outbreak in China.

Uncertain availability and volatility in prices of key raw materials is the 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.

In view of the projected growth scenario in Indian Polyester Filament Yarn industry, we expected and improved utilisation levels and margins in the industry and for the Company. Import of raw materials has been minimised owing to better negotiations with local PTA supplies who have undertaken capacity expansion. The Company's strategic location in the heart of the textile industry of Surat and close to Hazira Port minimizes infrastructural weakness generally faced by the industry.

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

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

Business Outlook

The outlook for industry and the Company in the near term can be viewed with cautious optimism.

Fiscal FY 2021 began with a lockdown, with almost zero economic activity in India, which took strict measures to contain the spread and intensity of the pandemic. With an extended lockdown in Q1-F21, the impact on GDP is expected to be significant with the risk of negative growth for FY 2021, an all-time low in many years.

As the economy gradually normalises, it is expected that both export and import growth may recover, although the current differential between their growth rates is still likely to remain somewhat wide in the near future.

We expect the business conditions to remain stable for your Company. However, the world markets are uncertain at present and majority countries are facing economic issues affecting their growth.

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

Continued slowdown in overall textile industry and slowdown in economic growth in recent months can impact sale growth for current year. The export market is not very encouraging either.

However, the outlook is heavily contingent upon the intensity, spread and duration of the pandemic.

Financial Performance

Operational and Financial Performance

Total revenue from operation of the Company for FY20 declined by 16.65% at Rs.180.28 Crore as compared to Rs.216.28 Crore in FY19.

Earnings before Interest, Tax and Depreciation (EBITDA) for the year FY20 was marginally lower at Rs.12.01 Crore as compared Rs.12.18 Crore in the year FY19.

Other income for the year ended 31 March, 2020 at Rs.4.61 Crore has increased from Rs.4.07 Crore in the previous year.

Material cost

Cost of raw material for FY20 constituted 80.83% of total expenses as compared to 84.14% in previous year FY19. The cost of both major raw materials remained fluctuating during the year.

The material cost as a percentage of revenue decreased from 81.54% in the previous year to 78.06% in the current year.

Energy cost

Power and Fuel cost for FY20 constituted 5.21% of total expenses. Optimizing power and fuel costs is one of the major drivers for improving the Company's operational performance.

Finance costs

The interest expense for the year ended 31 March, 2020 was lower at Rs.0.77 Crore as compared to Rs.1.08 Crore in the previous year.

Employee benefits expense

The employee benefits expense or personnel cost as a percentage of revenue has increased from 1.02% in the previous year to 1.20% in the current year. Overall employee costs during the year FY20 was at similar levels as previous year.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expenses for FY20 was at Rs.0.46 Crore as compared to Rs.0.35 Crore in previous year. The increase in depreciation is on account of additional provision for lease liability.

Other expenses

Other expenses as a percentage of revenue for FY20 have increased from 13.69% in the previous year to 16.63% in the current year.

Subsidiary, Joint Venture and Associate Companies

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2020. Accordingly, the requirements pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is not applicable.

Indian Accounting Standard (Ind AS)

As mandated by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') from 1st April, 2017 with a transition date of 1st April, 2016. The financial results of the Company for the year 2019-20 have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards - Ind AS) Rules 2014 as amended and other recognised accounting practices and policies to the extent applicable.

Finance

Your Company has repaid all the Secured Rupee Term Loan from banks. There was no outstanding term loan at the beginning or at the end of financial year 2019-20. No fresh Term Loan was availed by the Company during the year. The Company has not availed any working capital facility from Banks during the year. With the better inventory management, your Company's working capital requirements were met out from internal accruals only.

Adoption of new set of Memorandum & Articles of Association

The Board of Directors of the Company at its meeting held on 21st July, 2020 subject to the approval of shareholders of the Company by Special Resolution, approved the proposal for adoption of new set of Articles of Association of the Company and Memorandum of Association of the Company in conformity with the Companies Act, 2013.

Necessary Resolutions for the adoption of new set of Memorandum of Association and Articles of Association of the Company have been included in the notice convening the ensuing AGM and requisite details have been provided in the explanatory statement of the Notice.

Corporate Governance

Your Company reaffirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 'C' of Schedule V on Annual Report pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from M/s Sharp and Tannan, Statutory Auditors of the Company confirming compliance to the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to Report on Corporate Governance. The auditor's certificate for the year 2019-20 does not contain any qualification, reservation, adverse remark or disclaimer.

Directors and Key Managerial Personnel

At the 73rd Annual General Meeting of the shareholders of the Company held on 3rd September, 2019, Ms. Kruti Kothari was appointed as an Independent Director for a period of 5 (five) consecutive years commencing from 9th July, 2019 and upto 8th July, 2024.

Further, the Board of Directors at the recommendation of Nomination and Remuneration Committee, re-appointed Mr. Ketan A. Jariwala (DIN: 02095540) as an Independent Director of the Company for a second term of 4 (four) years with effect from 26th August, 2020 upto 10th August, 2024 subject to approval of shareholders of the Company at the ensuing Annual General Meeting.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Manikant R. Momaya (DIN: 00023993) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

Your Company has received declarations from all the Independent Directors confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and under Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, pursuant to Section 164(2) of the Companies Act, 2013, all the Directors have provided declarations in Form DIR- 8 that they have not been disqualified to act as a Director.

A brief resume of directors being appointed / re-appointed along with the nature of their expertise, their shareholding in your Company and other details as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as an annexure to the Notice of the ensuing Annual General Meeting.

Key Managerial Personnel ('KMP')

The following have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. Mr. Manikant R. Momaya, Managing Director
2. Mr. Yogesh C. Papaiya, Wholetime Director & Chief Financial Officer (CFO)
3. Ms. Hanisha Arora, Company Secretary and Compliance Officer

Independent Directors

In terms of Section 149 of the Act, Mr. Harishchandra Bharucha, Mr. Ketan A. Jariwala and Ms. Kruti Kothari are the Independent Directors of the Company. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations and are independent from the management. They are not liable to retire by rotation in terms of Section 149(13) of the Act.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of auditing, tax, financial, corporate governance, business management etc. and that they hold the required standards of integrity.

The Independent Directors of the Company are in the process of taking requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fee for the purpose of attending the meetings of the Board and committees of the Board of which they are the members.

Separate Meeting of Independent Directors

In terms of requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 14th February, 2020.

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

- Performance of Non-Independent Directors and Board as a whole.
- Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Familiarisation Programme for Independent Directors

All the Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Pursuant to Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company imparted various familiarisation programmes for its Directors including Industry Outlook at the Board Meetings, Regulatory updates at Board and Audit Committee Meetings covering changes with respect to the Companies Act, SEBI Listing Regulations, Prevention of Insider Trading Regulations, Framework for Related Party Transactions, Meeting with Senior Executive(s) of your Company, etc.

The Directors are provided with all the documents to enable them to have a better understanding of the Company, its various operations

and the industry in which it operates. Executive Directors and Senior Management provide an overview of the operations and familiarise the new Non-Executive Directors on matters related to the Company's values and commitments.

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

Declaration by Independent Director

For the Year 2019-20, all the Independent Directors of the Company have given their declaration to the Company that they meet the criteria of independence as laid down under Section 149(7) read with Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations and affirmed compliance with Code of Ethics and Business Principles as required under Regulation 26(3) of SEBI (LODR) Regulations, 2015 (as amended). The Appointment and Tenure of the Independent Directors, including code for Independent Directors are available on the website of the Company, www.surattextilemillsLtd.com.

Code of Conduct for Directors and Senior Management

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2019-20. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

Code for Prevention of Insider Trading

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

Nomination and Remuneration Policy

The Board of Directors of the Company has adopted on recommendation of the Nomination and Remuneration Committee, a policy for selection and appointment of Directors, senior management and remuneration including criteria for determining qualifications, positive attributes, independence of Directors and other matters provided in section 178 (3) of the Companies Act, 2013.

The main objective of the said Policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMPs and Senior Management employees.

Particulars of the Company's Remuneration Policy and information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 as set out in 'Annexure D', forms part of this Report. The said policy has been posted on the website of the Company <http://www.surattextilemillsLtd.com/policies.aspx>.

Disclosure Relating to Remuneration of Directors and Key Managerial Personnel

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

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

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

Attributes, Qualifications & Independence of Directors and their Appointment

The Nomination & Remuneration Committee of Directors has approved a Policy for the Selection, Appointment and Remuneration of Directors, which inter-alia, requires that the Directors shall be of high integrity with relevant expertise and experience to have a diverse Board. The Policy also lays down the positive attributes, criteria while recommending the candidature for the appointment of a new Director.

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

The NRC has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and the Listing Regulations.

Committees of Board

Pursuant to requirement under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted various Committees of Board such as Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The details of composition and terms of reference of these Committees are mentioned in the Corporate Governance Report.

Internal Financial Control System and their Adequacy

Your Company's Financial Statements are prepared on the basis of the Significant Accounting Policies that are carefully selected by Management and approved by the Audit Committee and the Board. These Accounting policies are reviewed and updated from time to time.

The Company uses Oracle e business suite ERP systems as a business enabler and to maintain its Books of Account. The transactional controls built into the Oracle ERP systems ensure appropriate segregation of duties, appropriate level of approval mechanisms and maintenance of supporting records.

Your Company has in place adequate Internal Financial Controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

The findings of the Internal Audit Report are reviewed by the Audit Committee of the Board and proper follow-up actions are ensured wherever required. The Statutory Auditors have evaluated the internal financial controls framework of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

Adequate internal control systems safeguard the assets of the Company with timely identification and intervention to assuage risks. The internal audit report is discussed with the Management and members of the Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures.

Directors' Responsibility Statement

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

- (a) that in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that date;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the directors have prepared the annual accounts on a going concern basis;
- (e) that the Board has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Meeting of the Board of Directors

During the year 2019-20, your Company had convened and held 6 (six) Board Meetings. The Details of the Board Meeting with regard to their dates and attendance of each of the Directors thereat have been provided in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI Listing Regulations.

Performance evaluation of Board

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

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

The independent directors were highly satisfied with the overall functioning of the Board, its various committees and with the performance of Executive Directors. They also appreciated the leadership role of the Board Chairman in upholding and following the standards of corporate governance.

Particulars of Employees and Related Disclosures

During the financial year 2019-20, none of the employee of the Company was in receipt of remuneration prescribed in terms of the provision of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014.

Statutory Auditors

M/s Sharp and Tannan Associates, Chartered Accountants (ICAI Firm Registration No. 109983W) were appointed as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of the 71st Annual General Meeting until the conclusion of 76th Annual General Meeting by the shareholders on such remuneration as may be determined by the Board of Directors.

The Statutory Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Audit Committee reviews the independence of the Auditors and the effectiveness of the Audit process. The Auditors attend the Annual General Meeting of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors report for the financial year 2019-20 on the financial statements of the Company forms part of this Annual Report. There are no qualifications, reservations or adverse remark or disclaimer made in the audit report for the Financial Year 2019-20.

Cost Auditors

The Board had appointed Messrs M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012) as Cost Auditor for conducting the audit of cost records of the Company for the Financial Year 2019-20 on a remuneration of Rs.75,000 plus out of pocket expenses and applicable taxes. Pursuant to Companies (Cost Records and Audits) Rules, 2014 the Cost Audit Report for the financial year 2019 was filed with the Ministry of Corporate Affairs on 9th August, 2019 vide SRN H81873994.

The Board of Directors on the recommendation of the Audit Committee, appointed M/s P. M. Nanabhoy & Co. Cost Accountants, (Firm Registration Number 000012), as the Cost Auditors of the Company for the Financial Year 2020-21 under Section 148 of the Companies Act, 2013 and has recommended their remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting.

M/s P. M. Nanabhoy & Co. have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013. The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

As per the provisions of 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 Members' ratification for the remuneration payable to M/s P. M. Nanabhoy & Co. Cost Auditors is included in the Notice convening the 74th Annual General Meeting.

Cost Records

As per Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained.

Internal Auditor

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rules made thereunder the Board of Directors of the Company have appointed M/s Aadil Aibada & Associates (ICAI Membership No.045310), Chartered Accountants as Internal Auditors of the Company, for the financial year 2020-21.

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

The Internal Audit department carries out risk-focused audits across all locations, enabling identification of areas where risk management processes may need to be strengthened. Significant audit observations and corrective action plans are presented to the Audit Committee.

Secretarial Auditor and Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have appointed, Jigar Vyas (FCS No.8019) of Jigar Vyas & Associates, Practicing

Company Secretaries, (CP No.14468) to carry out Secretarial Audit of the Company. The Report of the Secretarial Auditor in the prescribed form MR-3 is attached as **'Annexure E'**. There are no qualifications, reservations or adverse remark or disclaimer made in the Secretarial Audit Report for the Financial Year 2019-20.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2019-20 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Mr. Jigar Vyas Practicing Company Secretary (ICSI Membership No.FCS 8019) has been submitted to the Stock Exchange.

Audit Committee

The Audit Committee comprises of 4 Directors viz. Ms. Kruti Kothari, Chairman and Mr. Harishchandra Bharucha, Mr. Ketan A. Jariwala and Mr. Yogesh C. Papaiya as Members. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary of the Company is the Secretary of the Committee.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the Directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee.

Whistle Blower Policy of your Company is available on the Company's website <http://www.surattextilemillsld.com/policies.aspx>

Contracts or Arrangements with Related Parties

All transactions entered into with Related Parties as defined under Section 2(76) of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("The Listing Regulations"), during the financial year were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the notes forming part of the Financial Statements.

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions which has been uploaded on the Company's website which can be accessed at following link www.surattextilemillsld.com.

Pursuant to Regulation 23(9) of the Listing Regulations your company has filed half yearly report on Related Party Transactions with the stock exchanges.

All transactions with related parties were reviewed and approved by the Audit Committee.

Pursuant to section 134(3)(4) 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 F’**.

Reporting of Fraud

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

Energy, technology and foreign exchange

Information on the conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to the provisions of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, which is marked as **‘Annexure A’** and forms part of this report.

Prevention of Sexual Harassment (‘POSH’)

The Company has constituted an Internal Complaints Committee under section 4 of the Sexual Harassment of women at workplace (Prevention, prohibition and Redressal) Act, 2013.

The Company has a Policy on “Prevention of Sexual Harassment of Women at Workplace” and matters connected therewith or incidental thereto covering all the aspects as contain under “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013”.

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

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

Corporate Social Responsibility (CSR)

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee comprises of Mr. Ketan Jariwala as the Chairman, Mr. Harishchandra Bharucha and Mr. Yogesh C. Papaiya as Members.

The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013. The CSR Committee met on 20th March, 2020 to review the Corporate Social Responsibility Policy.

During the year under review, your Company has spent Rs.27.89 Lakhs on CSR activities. The average net profit for the past three financial years was Rs.1383.69 Lakhs.

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

Towards the end of the financial year, the Company took various initiatives towards financial, medical and community support in the fight against Covid-19 pandemic.

Corporate Social Responsibility Report, pursuant to clause (o) of sub section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 including salient features mentioned under outline of Company’s CSR policy forms part of this Report as **‘Annexure B’**.

The CSR Policy of the Company is available on the website of the Company <http://www.surattextilemillsltd.com/policies.aspx>

CEO and CFO certification.

Pursuant to the Listing Regulations, Managing Director and CFO Certification is attached with Annual Report. Managing Director and CFO also provide quarterly certification on financial results, while placing the financial results before the Board in terms of the Listing Regulations.

Health, safety and environment

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

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

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

Your Company has adopted several measures to maintain ecological balance in and around our production facilities.

Industrial Relations / Human Resources

The industrial relations scenario continued to be largely positive across the manufacturing locations. Significant emphasis was also laid towards raising awareness on health and wellness of employees through annual medical check-ups and health awareness activities.

In line with the ‘Go Green’ philosophy, your Company is continuously adopting new techniques to eliminate and minimise the overall environmental impact. The Company continuously works to nurture this environment to keep its employees highly motivated, result oriented and adaptable to changing business environment. Your Company’s value proposition is based on providing value to our customer, through innovation and by consistently improving efficiency at all levels.

Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the employees of the Company. The strength of permanent employees as on 31st March, 2020 was 53 Nos.

Information Technology

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

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

The system for adopting GST in Oracle EBS12 implemented by the Company is in operation. This project was carried out entirely in house.

Secretarial Standards

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

Significant / Material Orders passed by the Regulators

No significant material orders have been passed during the year under review by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Material Changes and commitments

The rampant spread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook. Due to the lockdown announced by the Government of India from 25th March, 2020, entire operations of the Company came to a halt.

Although there are uncertainties due to the pandemic, the Company is taking several measures to mitigate the adverse impact by optimising costs and continuously realigning the cost-structures to the activity level.

Except the impact of COVID-19 as mentioned in this report, no material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which the financial statements relate and on the date of this report.

Risk Management

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

The business plan for the future 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 financial commitments are subject to scrutiny by the Board and investments are permitted only on being satisfied about its returns or utility to the Company. There are no risks which in the opinion of the Board threaten the existence of the Company.

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.

Policies

The details of the Key Policies adopted by the Company are mentioned in the Corporate Governance Report as Annexure to the Board's Report.

Deposits from Public

Your Company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013. Hence, the disclosures required as per Rule 8 (5) (v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to your Company.

Particulars of Loans/Advances/Investments

There were no transaction(s) with a company belonging to the promoter/promoter group which hold(s) more than 10% shareholding in the Company. Details as required pursuant to para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed separately in the Financial Statements of the Company.

Extract of Annual Return

Pursuant to Section 134(3)(s) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 referred to in Section 92(3) of the Act is attached as '**Annexure G**' to this Report.

The Annual Return will be hosted on website of the Company at <http://www.surattextilemillsltd.com/policies.aspx> after necessary certification and filing the same with the authority.

Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2020.

Statutory compliance

Ms. Hanisha Arora, Company Secretary and Compliance Officer makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes, after obtaining confirmation from all the locations of the Company.

She also ensures compliance accordance to SEBI regulations and Companies Act, 2013 and rules thereof and all other applicable statutes.

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

Sr. No.	Particulars	FY2019-20	FY2018-19
1	Debtors Turnover Ratio (times)	48.01	85.10
2	Inventory Turnover Ratio (times)	14.46	12.43
3	Interest Coverage Ratio (times)	15.70	11.25
4	Current Ratio (times)	10.62	4.45
5	Debt Equity Ratio (times) *	--	--
6	Operating Profit Margin (%)	3.85	3.59
7	Net Profit Margin (%)	4.33	5.62
8	Return on Net Worth (%)	6.25	10.05

* The Company has no long term debt.

General

Your Directors state that no disclosure or reporting is made with respect to the following items, as there were no transactions during the year under review:

1. The issue of equity shares with differential rights as to dividend, voting or otherwise.
2. The issue of Shares to employees of the Company under any Scheme [(Including Sweat Equity Shares and Employees Stock Option Schemes (ESOS)] referred to in this Report.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).
4. There is no change in the share capital structure of the Company during the year under review.
5. There was no revision in the financial statements.

Caution Statement

Statements in the Directors Report and the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statements. Crucial factors that could influence

the Company's operations includes global and domestic demand and supply conditions affecting selling prices, new capacity addition, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the countries and other factors that are material to the business operations of the Company.

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

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

For and on behalf of the Board of Directors

Manikant R. Momaya

Managing Director

DIN: 00023993

Surat, 21st July, 2020

Annexure – A TO THE DIRECTORS' REPORT

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2020 is given below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

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

I. Steps taken or impact on conservation of energy.

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

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

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

III. The Capital investment on energy conservation equipment.

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

B. TECHNOLOGY ABSORPTION

I. The efforts made by the Company towards technology absorption

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

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

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

III. Information regarding imported technology

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

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

IV. The expenditure incurred on Research and Development.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Lakhs)

Particulars	2019-20	2018-19
Foreign Exchange Earned	111.02	56.20
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.	(a) Focus areas: The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc. (b) CSR Objectives: To attain its CSR objectives in a professional and integrated manner, the main objectives are: (1) To promote, carry out, support activities relating to Education and Training, Health care, Employment enhancing Vocational skills, Conversion of Natural Resources and Promotion & Development of Art etc. (2) To promote, carry out, support any activities covered in Schedule VII to the Companies Act, 2013 as amended from time to time. In the financial year 2019-20, the Company has undertaken activities relating to Promoting Education, Social Welfare, Health care and Sanitation etc. (c) Web-Link to the CSR Policy: http://www.surattextilemillsltd.com/policies.aspx (d) Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility) Rules, 2014 and the various notifications / circulars issued by the Ministry of Corporate Affairs, the Company has also adopted a CSR policy in compliance with the aforesaid provisions and the same is placed on the Company's website at www.surattextilemillsltd.com
2	Composition of CSR Committee	The CSR Committee comprises the following members: a. Mr. Ketan Jariwala, Independent Director- Chairman b. Mr. Harishchandra Bharucha, Independent Director- Member c. Mr. Yogesh C. Papaiya, Wholetime Director & CFO- Member
3	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	Rs.1383.69 Lacs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs.27.67 Lacs
5	Details of CSR spent during the financial year	
	(a) Total amount to be spent for the financial year.	Rs.27.89 Lacs
	(b) Amount unspent, if any.	Nil
	(c) Manner in which the amount spent during the financial year.	The Company has spent an aggregate amount of Rs.27.89 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:	Not applicable.

Responsibility statement:

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

For and on behalf of the CSR Committee

Ketan Jariwala

Chairman of the Committee
(DIN 02095540)

Surat, 21st July, 2020

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) Mr. Manikant R. Momaya Managing Director: 1.02 (2) Mr. Yogesh C. Papaiya Wholetime Director & CFO: 3.37
2.	The Percentage increase in remuneration of each Executive Director, Chief Financial Officer, Chief Executive Officer & Company Secretary in the financial year.	(1) Mr. Manikant R. Momaya Managing Director: No increment was proposed during the year (2) Mr. Yogesh C. Papaiya Wholetime Director & CFO: No increment was proposed during the year (3) Ms. Hanisha Arora, Company Secretary: No increment was proposed during the year
3.	The Percentage increase in the median remuneration of employees in the financial year.	Not applicable.
4.	Number of Permanent Employees on the rolls of the Company as on 31st March, 2020.	53
5.	The Explanation on the relationship between average increase in remuneration and Company performance.	Not applicable.
6.	Comparison of the remuneration of the Key Managerial Personnel ("KMP") (Individually and totally) against the performance of the company.	(i) Aggregate remuneration of Key Managerial Personnel in FY 2020: Rs.38.26 Lacs (ii) Total revenue: Rs.18489.25 Lacs (iii) Remuneration of KMPs (as percentage of revenue): 0.21 (iv) Profit before tax: Rs.1078.71 Lacs (v) Remuneration of KMPs (as percentage of PBT): 3.55. * 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.	Not applicable.
	Justification for variation in the average percentile increase between Non Managerial employees and Managerial employees.	Not applicable.
8.	Key parameters for any viable component of remuneration availed by the Directors.	Not applicable.
9.	Ratio of the remuneration of the highest paid director to that the employees who are not directors but received in excess of the highest paid director during the year.	Not applicable.
10.	Affirmation that the remuneration is as per the remuneration policy of the company.	The Company affirms remuneration is as per the remuneration policy of the Company.

Sr. No.	Requirement under Rule 5(1)	Details
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2020: Rs.22.21 Crore. Market capitalization as on 31/03/2019: Rs.64.36 Crore.
12.	Price earnings ratio as at the closing of 31st March, 2020 and 31st March, 2019.	31/03/2020: 2.86 31/03/2019: 5.27
13.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer.	The Company has not made any public issue or rights issue of securities since last more than 20 years, so comparison have not been made.

For and on behalf of the Board of Director

Surat, 21st July, 2020

Manikant R. Momaya
Managing Director
DIN: 00023993

ANNEXURE: D

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

General:

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

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

2. The remuneration and commission to be paid to the Wholetime Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.
3. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Wholetime Director.
4. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:
 - a) The Industry practice for the same level of employment/ office.
 - b) Past performance/seniority of the concerned appointee.
 - c) The nature of duties and responsibilities cast upon such person by reason of his holding that office.

- d) The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.
- e) The perquisites to be given to Wholetime Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

Remuneration to Wholetime Director, KMP and Senior Management Personnel:

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

Remuneration to Non- Executive / Independent Director:

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

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

Annexure - E

**Secretarial Audit Report
for the Financial Year Ended 31st March, 2020**

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company including website of the listed company for the financial year ended on **31st March, 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (**Not applicable to the Company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**).

- (vi) Other laws applicable specifically to the Company as per representations made by the Company.

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

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

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

I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda were generally sent at least seven days in advance, except

when Board meetings were called by giving less than 7 days notice in accordance with the provisions of Section 173 of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that

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

and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For **Jigar Vyas & Associates**
Company Secretaries

SD/-

Jigar Vyas
Proprietor

Place: Surat

Date: 31st May, 2020

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

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

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To,
The Members,
Surat Textile Mills Limited
Tulsi Krupa Arcade, 6th Floor,
Puna-Kumbharia Road, Dumbhal,
Surat 395010

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test-check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Jigar Vyas & Associates**
Company Secretaries

SD/-

Jigar Vyas
Proprietor

Place: Surat

Date: 31st May, 2020

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

Annexure – F

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, 2020 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, 2020 are as follows.

Sr. No.	Name of the Related Party and Relationship	Nature of Transaction	Duration	Salient Terms	Amount (Rs. in Lacs)
1	Garden Silk Mills Limited (Group Company)	Electric power and other utilities	Ongoing	On arm's length basis and in ordinary course of business.	1022.18
2	Garden Silk Mills Limited (Group Company)	Others miscellaneous purchases	Ongoing	On arm's length basis and in ordinary course of business.	37.58
3	Garden Silk Mills Limited (Group Company)	Revenue from operations	Ongoing	On arm's length basis and in ordinary course of business.	7452.95
4	Garden Silk Mills Limited (Group Companies)	Leave and Licence Fees and Reimbursement Expenses	Ongoing	On arm's length basis and in ordinary course of business.	24.73
5	Sorrento Textiles Private Limited (Group Companies)	Leave and Licence Fees and Reimbursement Expenses	Ongoing	On arm's length basis and in ordinary course of business.	82.61

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

For and on behalf of the Board of Directors

Place: Surat

Date: 21st July, 2020

Manikant R. Momaya

Managing Director

DIN: 00023993

Annexure - G

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2020

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

I REGISTRATION AND OTHER DETAILS

i)	CIN	L17119GJ1945PLC000214
ii)	Registration Date	29-11-1945
iii)	Name of the Company	Surat Textile Mills Limited
iv)	Category / Sub-Category of the Company	Public Company/Limited by shares.
v)	Address of the Registered office and contact details	Tulsi Krupa Arcade, Sixth Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010 Tel. No. 91-261-2311198 Fax No. 91-261-2311029
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium, Tower-B Plot No. 31 and 32, Financial District, Nanakramguda Serilingampally Mandal Ranga Reddy District Hyderabad 500032 State Telengana, India Toll Free No. (India) : 1800 345 4001 Phone No. 040 67161563 Fax No. 040 67161567 Email: einward.ris@kfintech.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	99.49

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Share holding

Category of Shareholders		No. of Shares held at the beginning of the year 01/04/2019				No. of Shares held at the end of the year 31/03/2020				% change during the year
					% of Total Shares				% of Total Shares	
		Demat	Physical	Total		Demat	Physical	Total		
(A)	Promoter									
	(1) Indian									
	(a) Individuals / Hindu Undivided Family	67876371	0	67876371	30.57%	67876371	0	67876371	30.57%	0.00%
	(b) Central Government / State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(c) Bodies Corporate	98628546	0	98628546	44.41%	98628546	0	98628546	44.41%	0.00%
	(d) Financial Institutions / Banks	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(e) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub-Total (A)(1)	166504917	0	166504917	74.98%	166504917	0	166504917	74.98%	0.00%
	(2) Foreign									
	(a) Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(Non-Resident Foreign Individuals) /									
	(b) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(c) Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(d) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub-Total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Total Shareholding of Promoter and Promoter Group									
	(A) = (A)(1)+(A)(2)	166504917	0	166504917	74.98%	166504917	0	166504917	74.98%	0.00%
(B)	Public Shareholding									
	(1) Institutions									
	(a) Mutual Funds / UTI	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(b) Financial Institutions / Banks	11457609	300	11457909	5.16%	1018	500	1518	0.00%	-5.16%
	(c) Central Government / State Government(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(e) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(f) Foreign Portfolio Investors	0	0	0	0.00%	6369	0	6369	0.00%	0.00%
	(g) Foreign Venture Capital Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(h) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(i) Any Other (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub-Total (B)(1)	11457609	300	11457909	5.16%	7387	500	7887	0.00%	-5.16%

Category of Shareholders		No. of Shares held at the beginning of the year 01/04/2019				No. of Shares held at the end of the year 31/03/2020				% change during the year
					% of Total Shares				% of Total Shares	
		Demat	Physical	Total		Demat	Physical	Total		
	(2) Non-Institutions									
	(a) Bodies Corporate	5836153	3850	5840003	2.63%	5460760	5300	5466060	2.46%	-0.17%
	(b) Individuals									
	i. Individual Shareholders holding nominal share capital upto Rs.2 lakhs.	27576790	2036137	29612927	13.34%	33419771	2347159	35766930	16.11%	2.77%
	ii. Individual Shareholders holding nominal share capital in excess of Rs.2 lakhs.	7515608	360744	7876352	3.55%	13416130	0	13416130	6.04%	2.49%
	(c) Qualified Foreign Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
	(d) Any Other (Specify)									
	i. NRI with and without repatriation	537429	0	537429	0.24%	695703	0	695703	0.31%	0.07%
	ii. Trusts/Overseas Bodies Corporates	2500	0	2500	0.00%	2500	0	2500	0.00%	0.00%
	iii. Clearing Member	232403	0	232403	0.10%	204313	0	204313	0.09%	-0.01%
	Sub-Total (B)(2)	41700883	2400731	44101614	19.86%	53199177	2352459	55551636	25.02%	5.16%
	Total Public Shareholding (B) = (B)(1)+(B)(2)	53158492	2401031	55559523	25.02%	53206564	2352959	55559523	25.02%	0.00%
	TOTAL (A)+(B)	219663409	2401031	222064440	100.00%	219711481	2352959	222064440	100.00%	0.00%
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
	1 Held by Promoter/promoters group	0	0	0	0.00%	0	0	0	0.00%	0.00%
	2 Held by Public	0	0	0	0.00%	0	0	0	0.00%	0.00%
	TOTAL (C)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	GRAND TOTAL (A)+(B)+(C)	219663409	2401031	222064440	100.00%	219711481	2352959	222064440	100.00%	0.00%

(ii) Shareholding of Promoters

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year 31/03/2019			Shareholding at the end of the year the year 31/03/2020			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Vareli Trading Company Ltd.	77580026	34.94%	0.00%	77580026	34.94%	0.00%	0.00%
2	Mr. Praful A. Shah (Individual)	27830471	12.53%	0.00%	27830471	12.53%	0.00%	0.00%
3	Garden Silk Mills Limited	14500000	6.53%	0.00%	14500000	6.53%	0.00%	0.00%
4	Mr. Alok P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
5	Mr. Suhail P. Shah	10015000	4.51%	0.00%	10015000	4.51%	0.00%	0.00%
6	Mrs. Shilpa Shah	10001400	4.50%	0.00%	10001400	4.50%	0.00%	0.00%
7	Mr. 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	Mrs. Shilpa Shah	14050	0.01%	0.00%	14050	0.01%	0.00%	0.00%
10	Introscope Properties Pvt. Ltd.	1700	0.00%	0.00%	1700	0.00%	0.00%	0.00%
11	Prabhat Silk Mills Limited Partner Rayban Investment	1000	0.00%	0.00%	1000	0.00%	0.00%	0.00%
	Total	166504917	74.98%	0.00%	166504917	74.98%	0.00%	0.00%

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

Sr. No.	Particulars	Shareholding at the beginning of the year				Cumulative Shareholding during the year	
		Date	No. of Shares	% of total shares of the Company	Reason	No. of Shares	% of total shares of the Company
	At the beginning of the year	31/03/2019	166504917	74.98	-	166504917	74.98
	Date wise Increase / Decrease in Share in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
	At the end of the year	31/03/2020	166504917	74.98		166504917	74.98

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year 01/04/2019		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		No. of Shares	% of total shares of the Company	Date	Increase/ Decrease	Reason	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Madhuvan Securities Pvt. Ltd.	1824750	0.82%		0		1824750	0.82%	1824750	0.82%
2	Madhuram Traders Pvt. Ltd.	1384977	0.62%		0		1384977	0.62%	1384977	0.62%
3	Jamson Securities Pvt Ltd	1229866	0.55%		0		1229866	0.55%	1229866	0.55%
4	Neelam Nitinkumar Gheewala	1100000	0.50%		0		1100000	0.50%	1100000	0.50%
5	Ilaben Nitinbhai Gheewala	1049000	0.47%		0		1049000	0.47%	1049000	0.47%
6	Kushal Nitin Gheewala	1000000	0.45%		0		1000000	0.45%	1000000	0.45%
7	Vartik Choksi	959378	0.43%		0		959378	0.43%	959378	0.43%
8	Piyush Ashra	234071	0.11%	05.04.2019	297849	Purchase	531920	0.24%		
				12.04.2019	358080	Purchase	890000	0.40%		
				19.04.2019	15000	Purchase	905000	0.41%		
				26.04.2019	52934	Purchase	957934	0.43%		
				03.05.2019	10000	Purchase	967934	0.44%		
				17.05.2019	27566	Purchase	995500	0.45%		
				24.01.2020	4500	Purchase	1000000	0.45%	1000000	0.45%
9	Preeyal Shaunak Shah	316188	0.14%	17.01.2020	626812	Purchase	943000	0.42%	943000	0.42%
10	Shreyal Shaunak Shah	395296	0.18%	17.01.2020	569704	Purchase	965000	0.43%	965000	0.43%

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding at the beginning of the year 01/04/2019		Date wise Increase (+) / Decrease (-) in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Manikant R. Momaya Managing Director	0	0			0	0	0	0	0
2	Mr. Yogesh C. Papaiya Whole time Director & CFO	0	0			0	0	0	0	0
3	Mr. Harishchandra Bharucha Director	0	0			0	0	0	0	0
4	Mr. Ketan Jariwala Director	0	0			0	0	0	0	0
5	Ms. Kruti Kothari Director	0	0			0	0	0	0	0

V INDEBTEDNESS

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

(Rs. in Lacs)

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

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors:

(Rs. In Lacs)

Sr. No.	Particulars of Remuneration	Mr. M. R. Momaya Managing Director	Mr. Yogesh C. Papaiya Wholetime Director & CFO	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.40	27.88	36.28
	(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
	Total (A)	8.40	27.88	36.28
	Ceiling as per the Act	Not applicable	Not applicable	Not applicable

B. Remuneration to other Directors:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Harishchandra Bharucha	Mr. Ketan Jariwala	Ms. Kruti Kothari	
I.	Independent Directors				
1	Fee for attending board committee meetings	2.45	2.45	1.82	6.72
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	Total (I)	2.45	2.45	1.82	6.72
II.	Other Non-Executive Directors				
1	Fee for attending board committee meetings	0.00	0.00	0.00	0.00
2	Commission	0.00	0.00	0.00	0.00
3	Others, please specify	0.00	0.00	0.00	0.00
	Total (II)	0.00	0.00	0.00	0.00
	Total (B) = (I + II)	2.45	2.45	1.82	6.72
	Total Remuneration	2.45	2.45	1.82	6.72
	Overall Ceiling as per the Act	Not applicable	Not applicable	Not applicable	

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

(Rs. in Lacs)

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE – H

REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), given below are the corporate governance policy and practices adopted by the Company for the year 2019-20.

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

1. Company's Philosophy on Code of Governance

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

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

2. Board of Directors

(a) Composition:

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

The Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's Corporate Governance philosophy. The Nomination and Remuneration Committee of the Board ensures the right composition of the Board.

The Company currently has right mix of Directors on the Board who possess the requisite qualifications, experience and expertise in General Corporate Management, finance, taxation, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

As on 31st March, 2020, the Board of the Company consisted of 5 Directors, of whom 2 were executives and 3 were non-executive independent (including 1 woman director). Accordingly, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

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

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

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

None of the Directors of the Company is related to each other and there are no inter-se relationship between the Directors. Transactions with related parties are disclosed in Note No. 34 of 'Notes to the Financial Statements' for the year ended 31st March, 2020. There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or independent Directors during the year 2019-20.

(b) Number of meeting of the Board.

During the financial year 2019-20, the Board of Directors met 6 times viz. 14/05/2019, 09/07/2019, 06/08/2019, 10/09/2019, 05/11/2019 and 14/02/2020. The gap between any two meetings has been less than one hundred and twenty days.

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

The composition and category of Directors, the number of Directorships and Committee Chairmanships / Memberships held by them and Directorships held by them in other listed entities as on 31st March, 2020 are as follows:

Name	Category	No. of Board Meetings attended #	Attendance at the last AGM held on 03/09/2019	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies **
Mr. Manikant R. Momaya	Managing Director	5	Yes	N.A.	N.A.
Mr. Yogesh C. Papaiya	Wholetime Director & CFO	6	Yes	N.A.	N.A.
Mr. Harishchandra B. Bharucha	Non-executive, Independent	6	Yes	N.A.	N.A.
Mr. Ketan Jariwala	Non-executive, Independent	6	Yes	1	2
Ms. Kruti Kothari *	Non-executive, Independent	5	Yes	1	N.A.

excluding Independent Directors meeting.

* Appointed effect from 9th July, 2019.

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

(c) Number of meeting of the Board.

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

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

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

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

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

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

The Board of Directors of the Company at its meeting held on 21st July, 2020 on recommendation of Nomination and Remuneration Committee reappointed Mr. Ketan Jariwala as an Independent Director of the Company for the second term of 4 (four) years w.e.f. 26th August, 2020 upto 10th August, 2024, subject to approval of the Members of the Company at the ensuing annual general meeting.

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

(e) Separate Meeting of Independent Directors

During the year under review one meeting of Independent Directors of the Company was held on 14th February, 2020 as required under Schedule IV of the Act and Regulation 25(3) of the Listing Regulation, 2015.

At their meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, Chairman (as elected by the Board for each meeting of the Board of Directors) after taking the views of Executive Directors and Non-Executive Directors and also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The meeting was attended by all the Independent Directors and Mr. Ketan A. Jariwala chaired the said meeting.

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

(f) Familiarization Programme for Independent Directors

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

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

Code of Conduct

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

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

As on 31st March, 2020, all the Board Members and Senior Management of the Company have affirmed compliance with the respective Codes of Conduct. A declaration to this effect duly signed by the Managing Director forms part of this Report.

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

3. BOARD COMMITTEES:

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

(a) Audit Committee

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

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

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

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

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

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

The Chairman of the Audit Committee was present at the 73rd Annual General Meeting of the Company held on 3rd September, 2019. The Minutes of the Audit Committee Meetings were noted at the Board Meetings.

Meetings and attendance

During the financial year 2019-20, the Audit Committee of the Company met five times on 14/05/2019, 06/08/2019, 10/09/2019, 05/11/2019 and 14/02/2020. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 14/05/2019 reviewed the Annual Accounts for the year ended 31st March, 2020.

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

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

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

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

Sr. No.	Name	Category	No. of Meeting attended
1	Ms. Kruti Kothari *	Non-Executive, Independent	4
2	Mr. Harishchandra Bharucha	Non-Executive, Independent	5
3	Mr. Yogesh C. Papaiya	Executive	5
4	Mr. Ketan Jariwala	Non-Executive, Independent	5

*appointed w.e.f. 9th July, 2019.

(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 Mr. Harishchandra Bharucha, Independent Director as Chairman and Mr. Yogesh C. Papaiya, Wholetime Director & CFO and Mr. Ketan Jariwala, Independent Director as its Members.

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

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

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

During the Financial Year under review, 28 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 SEBI (LODR) Regulations, 2015.

(c) Nomination and Remuneration Committee

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

The Committee consists of three Independent Directors namely Mr. Harishchandra Bharucha as Chairman, Mr. Ketan Jariwala, Independent Director and Ms. Kruti Kothari. During the year 2019-20 one meeting of the members of Nomination and Remuneration Committee was held on 9th July, 2019 wherein all the members were present.

Nomination and Remuneration Policy

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

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

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
Mr. Manikant R. Momaya	Rs.8,40,240/-
Mr. Yogesh C. Papaiya	Rs.27,87,555/-

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 2019-20 was Rs.6,72,500/-.

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 Mr. Yogesh C. Papaiya, Chairman, Mr. Harishchandra Bharucha and Mr. Ketan A. Jariwala as Members.

(e) Corporate Social Responsibility Committee

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

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

During the year 2019-20 the Committee met once on 20th March, 2020 to discuss the matters coming within the Committee's purview.

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

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

4. MD/CEO/CFO Certification

As required under 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 21st July, 2020.

5. Compliance officer

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

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

Year	Location	Date	Time
2018-19	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	3rd September, 2019	11.00 a.m.
2017-18	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	8th August, 2018	11.00 a.m.
2016-17	Tulsi Krupa Arcade, Puna-Kumbharia Road, Surat	2nd August, 2017	11.00 a.m.

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 73rd Annual General Meeting of the Company held on 3rd September, 2019 for re-appointment of Mr. Manikant R. Momaya as Managing Director of the Company for a further period of 3 years w.e.f. 1st June, 2019.
- At the 72nd Annual General Meeting of the Company held on 8th August, 2018 a Special Resolution was passed for approval of reappointment of Mr. Harishchandra B. Bharucha and another Special Resolution was passed at the said AGM for approval of Related Party Transactions.
- A Special Resolution was passed at the 71st Annual General Meeting of the Company held on 2nd August, 2017 for approval of Related Party Transactions.
- There was no Special Resolution passed in the financial year 2019-20 by postal ballot.
- As of date, there is no proposal to pass any Special Resolution by postal ballot.

(c) Passing of Special Resolutions by Postal Ballot:

Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended no postal ballot were held during 2019-20.

7. DISCLOSURES
(a) Related Party Transactions

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

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under note No.34 of the annual accounts for the financial year 2019-20.

(b) Disclosure of Accounting Treatments

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

(c) Subsidiary Company

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

(d) Risk Management

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

(e) Statutory Compliance, Penalties and Strictures

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

(f) Whistle Blower Policy / Vigil Mechanism:

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

(g) Preventing Conflict of Interests

Members of Board and Senior Management Team while discharging their duties, avoid their conflict of interest in the decision making process. The members of Board refrain themselves from any discussions and voting in transactions where they have concern or interest.

(h) Insider Trading Code

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

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations. The Code lays down guidelines for procedures to be followed and disclosures to be made while trading in securities of the Company. During the year, the Code was amended to align it with the amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015. As per the revised Code, the Company also adopted Policy on Enquiry in case of leak or suspected leak of UPSI and policy for Determination of Legitimate Purposes.

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

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

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

(i) Reconciliation of Share Capital Audit

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

8. DISCLOSURES

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

9. DISCLOSURES
(a) 74th Annual General Meeting:

Date : Tuesday, 22nd September, 2020
 Time : 3:00 p.m. IST
 Venue : Through Video Conferencing ('VC') / Other Audio- Visual Means ('OAVM')

(b) Financial Calendar (2020-21):

Results for the quarter ending June 30, 2020 : August/September, 2020.
 Results for the quarter ending September 30, 2020 : October/November, 2020
 Results for the quarter ending December 31, 2020 : January/February, 2021
 Results for the year ending March 31, 2021 : April/May, 2021

(c) Book closure dates

: Thursday, 17th September, 2020 to
 : Tuesday, 22nd September, 2020
 : (Both days inclusive)

(d) Listing on Stock Exchange

BSE Limited, : **Stock Code**
 Phiroze Jeejeebhoy Towers, : 530185
 Dalal Street, Mumbai 400001 :
 Demat ISIN for NSDL & CDSL : INE 936A01025

(e) Annual Listing Fees

: The Company has paid the Annual Listing fee to the above stock exchange for the financial year 2020-2021.

(f) Market Price Data

The High/Low market price of the shares during the year 2019-20 at the BSE Limited are as under.

Month	High (Rs.)	Low (Rs.)
April, 2019	3.01	2.43
May, 2019	2.75	1.75
June, 2019	2.28	1.90
July, 2019	2.14	1.71
August, 2019	1.88	1.48
September, 2019	1.80	1.41
October, 2019	1.48	0.96
November, 2019	1.40	0.95
December, 2019	1.23	0.81
January, 2020	1.50	0.90
February, 2020	1.59	1.20
March, 2020	1.50	0.86

(g) Registrar and Share Transfer Agents:

KFin Technologies Private Limited
(Unit: Surat Textile Mills Limited),
Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda,
Hyderabad 500032. State: Telengana, India.
Phone No. 040 67161563 | Fax No. 040 67161567 | Email: einward.ris@kfintech.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, 2020:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters	166504917	74.98
2.	Indian Public	49183060	22.15
3.	Banks, Financial Institutions & Insurance Companies	7887	0.01
4.	NRI's / Overseas Body Corporates	695703	0.31
5.	Bodies Corporate	5466060	2.46
6.	NBFC Registered with RBI	2500	0.00
7.	Others (NSDL+CDSL) Clearing Members	204313	0.09
	TOTAL	222064440	100.00

(j) Categorywise Summary of Holders / Holdings as on 31st March, 2020:

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1- 5000	35852	96.77	12463168	5.62
5001- 10000	562	1.52	4443577	2.01
10001- 20000	290	0.78	4315453	1.94
20001- 30000	118	0.32	2998983	1.35
30001- 40000	54	0.15	1918083	0.86
40001- 50000	37	0.09	1724921	0.77
50001- 100000	70	0.19	5203224	2.34
100001 & above	68	0.18	188997031	85.11
TOTAL	37051	100.00	222064440	100.00

(k) Depository Services:

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

(l) Dematerialisation of Shares:

219711481 Equity Shares aggregating to 98.94% of the total Equity Capital is held in dematerialized form as on 31/03/2020 of which 89.26% (198221043 Equity Shares) of total equity capital is held with NSDL and 9.68% (21490438 Equity Shares) of total equity capital is held with CDSL as on 31/03/2020.

(m) Stock Exchange Intimations

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

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

(n) Letters and Reminders to Shareholders

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

(o) Credit Ratings

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds during the financial year ended 31st March, 2020. Accordingly requirement of obtaining credit rating is not applicable.

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

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

(q) Outstanding GDRs/ADRs/Warrants

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2020.

(r) Nomination:

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

(s) Address for Correspondence:

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

(i)	For Shares held in Physical Form	KFin Technologies Private Limited (Unit: Surat Textile Mills Limited), Selenium Tower B, Plot 31 & 32, Financial District, Gachibowli, Nanakramguda, Hyderabad 500032. State: Telengana, India. Phone No. 040 67161563 Fax No. 040 67161567 Email: einward.ris@kfintech.com
(ii)	For query on Annual Report	Surat Textile Mills Limited Secretarial Department, Tulsi Krupa Arcade, 6th Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010
(iii)	For Shares held in Demat Form	Respective Depository Participants of the shareholders.

(t) Eliminate Duplicate Mailing

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

(u) Equity Shares in the suspense account

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

(v) Secretarial Audit

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

A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

Mr. Jigar Vyas of M/s Jigar Vyas And Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2019-20. Their Audit Report confirms that the Company has complied with the applicable provisions of the Act and the Rules made there under, its Memorandum and Articles of Association, Listing Regulations and the applicable SBI Regulations. The Secretarial Audit Report forms part of the Board's Report.

Certificate from Practising Company Secretary

Mr. Jigar Vyas of M/s Jigar Vyas And Associates, Practicing Company Secretaries, has issued a certificate confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

In accordance with the SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Jigar Vyas of M/s Jigar Vyas And Associates, Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2020.

Web link for various documents.

The following documents/information are linked with the website of the Company i.e. www.surattextilemillsLtd.com

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

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

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

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

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

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

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

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

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

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

12. Non-Mandatory Requirements

Shareholders' Rights

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

For Surat Textile Mills Limited

Manikant R. Momaya

Managing Director

DIN: 00023993

Surat, 21st July, 2020

CEO/CFO CERTIFICATION

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

To

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

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

- (a) We have reviewed Financial Statement and the Cash Flow Statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statement together present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.

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

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

We have indicated to the Auditors and the Audit Committee:

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

For Surat Textile Mills Limited

Manikant R. Momaya
Managing Director
DIN: 00023993

Yogesh C. Papaiya
Wholtime Director & CFO
DIN 00023985

Surat, 21st July, 2020

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, 2020.

For Surat Textile Mills Limited

Manikant R. Momaya
Managing Director
DIN: 00023993

Surat, 21st July, 2020

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Surat Textile Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Surat Textile Mills Limited ("the Company"), for the year ended on 31st March, 2020, as stipulated in Regulations 17 – 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), pursuant to the Listing Agreement of the Company with Stock exchanges.

Management Responsibility

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

Auditors Responsibility

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

Opinion

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

For Sharp & Tannan Associates,

Chartered Accountants

Firm's Registration No.: 109983W

by the hand of

Tirtharaj Khot

Partner

Membership No.: (F) 037457

Pune, 21st July 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SURAT TEXTILE MILLS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SURAT TEXTILE MILLS LIMITED** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31st March, 2020, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2020, and its profit(financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

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

Emphasis of matter

We draw attention to Note No. 38 to the financial statements, which describes the economic and social consequences the entity is facing as a result of Covid-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate

opinion on these matters. We have determined the key audit matter as described below:

Accounting treatment for customer contracts

Description of key audit matter

Revenue amounting to Rs.17,937.38 Lakhs reported in the company's financial statements pertains to customer specific contracts and the same are required to satisfy the recognition and measurement criteria as prescribed in IND AS 115, 'Revenue from Contracts with Customers'. Revenue recognition is considered as an inherent risk and also as a fraud risk. In case of revenue recognition risk of material mis-statement significantly increases for its cut-offs, accuracy, completeness and presentation and disclosure. This can lead to revenue either being recognised in incorrect accounting periods or at incorrect value thereby impacting the results. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

Description of Auditor's response

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

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

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge

obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with Governance for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- A. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out subsequent to commencement of lockdown were based on the remote access and evidence shared digitally.

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of section 164 (2) of the Act;

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. There is no pending litigation of Company as at 31st March 2020.
 - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Tirtharaj Khot
Partner

Membership No.: (F) 037457
UDIN: 20037457AAABN9141

Pune, 21st July 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. property, plant and equipment, investment property and other intangible assets of the Company).
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.
- (c) According to the information and explanation provided to us, all title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, reporting on paragraph 3(iii) of the Order is not applicable.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March 2020, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation provided to us, no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, GST or cess which have not been deposited on account of dispute as at 31st March 2020.
- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purposes for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi) is not applicable.

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

Tirtharaj Khot
Partner

Membership No.: (F) 037457
UDIN: 20037457AAABN9141

Pune, 21st July 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under the heading, "Report on other legal and regulatory requirements" of our report on even date)

Report on the Internal Financial Controls

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

Opinion

We have audited the internal financial controls over financial reporting of **SURAT TEXTILE MILLS LIMITED** (hereinafter referred as "the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Management's responsibility for internal financial controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Tirtharaj Khot
Partner

Pune, 21st July 2020

Membership No.: (F) 037457
UDIN: 20037457AAAABN9141

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in Lakhs)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
1 NON-CURRENT ASSETS:			
(a) Property, Plant and Equipment	1	598.57	537.88
(b) Investment Property	2	1013.70	1013.70
(c) Financial Assets			
(i) Investments	3	647.85	486.34
(ii) Loans and Advances	4	0.00	0.00
(iii) Others Financial Assets		0.00	0.00
(d) Non-Current Tax Assets (Net)	5	28.09	0.00
(e) Deferred Tax Assets (Net)	5	0.00	82.67
(f) Other Non-Current Assets	6	2895.98	2931.88
Total Non-Current Assets		5184.19	5052.47
2 CURRENT ASSETS:			
(a) Inventories	8	752.26	1583.82
(b) Financial Assets			
(i) Investments	3	3119.08	6073.45
(ii) Trade Receivables	9	350.83	400.13
(iii) Cash and Cash Equivalents	10	2013.73	565.13
(iv) Bank Balances Other than (iii) above	10	1304.97	2.39
(v) Loans and Advances	4	147.71	136.25
(c) Other Current Assets	6	597.67	368.48
Total Current Assets		8286.25	9129.65
TOTAL ASSETS		13470.44	14182.12
EQUITY AND LIABILITIES			
EQUITY:			
(a) Equity Share Capital	11	2220.64	2220.64
(b) Other Equity	12	10261.40	9870.23
Total Equity		12482.04	12090.87
LIABILITIES:			
1 NON-CURRENT LIABILITIES:			
(a) Financial Liabilities			
(i) Borrowings	13(a)	0.00	0.00
(ii) Other Financial Liabilities	17	67.25	0.00
(b) Long-Term Provisions	14	59.83	40.32
(c) Deferred Tax Liabilities (Net)	15	80.99	0.00
Total Non-Current Liabilities		208.07	40.32
2 CURRENT LIABILITIES:			
(a) Financial Liabilities			
(i) Borrowings	13(b)	0.00	0.00
(ii) Trade Payables			
1. Dues of Micro Enterprises and Small Enterprises	16	1.39	0.27
2. Dues of Other than Micro Enterprises and Small Enterprises	16	659.49	1917.76
(iii) Other Financial Liabilities	17	85.56	96.00
(b) Other Current Liabilities	18	27.89	19.17
(c) Short-Term Provisions	14	6.00	13.12
(d) Current Tax Liabilities (Net)	14	0.00	4.61
Total Current Liabilities		780.33	2050.93
TOTAL EQUITY AND LIABILITIES		13470.44	14182.12
Summary of Significant Accounting Policies	A & B		
The accompanying Notes are an Integral Part of the Financial Statements.	1 to 39		

As per our attached report of even date

For Sharp & Tannan Associates.
Chartered Accountants

Firm Registration No. 109983W

by the hand of

Tirtharaj Khot
Partner

Membership No.(F) 037457

UDIN: 20037457AAAABN9141

For and on behalf of Board of Directors

Manikant R Momaya
Managing Director

DIN: 00023993

Yogesh C Papaiya
Wholtime Director and CFO

DIN: 00023985

Hanisha Arora
Company Secretary

Surat, 21st July, 2020

Pune, 21st July, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

	Note No.	2019-20	2018-19
INCOME:			
Revenue from Operations	19	18028.46	21628.10
Other Income	20	460.79	406.65
TOTAL INCOME		18489.25	22034.75
EXPENSES:			
Cost of Materials Consumed	21	14036.35	16741.23
Purchases of Stock-In-Trade	22	0.00	393.62
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	35.90	501.19
Employee Benefits Expense	24	216.34	221.04
Finance Costs	25	76.54	108.30
Depreciation and Amortisation Expense	26	46.39	35.06
Other Expenses	27	2999.02	2959.82
TOTAL EXPENSES		17410.54	20960.26
PROFIT BEFORE TAX		1078.71	1074.49
Tax Expenses			
(1) Current tax	7	166.09	201.47
(2) Deferred tax	7	129.43	354.12
(3) Taxes in Respect of Earlier Years	7	2.87	(695.95)
Total Tax Expenses		298.39	(140.36)
PROFIT AFTER TAX		780.32	1214.85
OTHER COMPREHENSIVE INCOME:			
A (i) Items that will not be reclassified to profit or (loss)	28	(354.91)	(369.65)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)	28	(34.24)	39.25
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(389.15)	(330.40)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		391.17	884.45
Earnings per Equity Share of face value of ₹ 1 each	29	0.35	0.55
Summary of Significant Accounting Policies	A & B		
The accompanying Notes are an Integral Part of the Financial Statements.	1 to 39		

As per our attached report of even date

For Sharp & Tannan Associates.

Chartered Accountants

Firm Registration No. 109983W

by the hand of

Tirtharaj Khot

Partner

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Wholtime Director and CFO

DIN: 00023985

Hanisha Arora

Company Secretary

Surat, 21st July, 2020

Pune, 21st July, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

	2019-20	2018-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1078.71	1074.51
Adjustment for:		
Depreciation and Amortisation Expense	46.39	35.06
Finance Costs	76.54	108.30
Interest Income	(96.35)	(48.89)
Dividend Income	(79.82)	(137.98)
(Profit)/Loss on Redemption of Investments	(32.48)	(50.37)
Loss on Investments in Bonds	0.35	0.00
Unrealised Gain on Investments	(250.03)	(94.35)
Share of Loss in Partnership Firm	0.00	0.01
Profit on Sale of Shopping Complex	0.00	(53.15)
Credit Balance Write Back	(1.63)	(19.69)
Bad debts and advance written off	6.04	62.30
Profit / (Loss) on Sale of Assets	0.00	41.75
Fair Value (Gain) / Loss	0.00	3.08
	(330.99)	(153.93)
Operating Profit before Working Capital Changes	747.72	920.58
Movements in Working Capital		
(Increase) / Decrease in Provisions	6.90	(44.78)
(Increase) / Decrease in Trade and Other Receivables	(242.28)	(479.20)
(Increase) / Decrease in Inventories	831.57	119.69
(Decrease) / Increase in Trade Payables	(1254.61)	298.15
(Decrease) / Increase in Other Financial Liabilities	(31.10)	(133.93)
(Decrease) / Increase in Other Current Liabilities	8.72	(16.14)
	(680.80)	(256.21)
Cash Generated from Operations	66.92	664.37
Direct Taxes (Paid) / Refund.	(201.67)	(147.15)
Net Cash Flow from Operating Activities (A)	(134.75)	517.22
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2.26)	(19.75)
Sale of Fixed Assets	0.00	45.62
Sale of Investment Properties	0.00	63.00
Purchase of Current Investments	(1999.35)	(5920.98)
Sale of Current Investments	4724.95	3551.10
Sale of Long Term Investments	0.00	11.08
Dividend Income on Current Investment	79.82	137.98
Interest Income	51.02	36.58
Loans to Other Company/Firm	82.22	350.00
Investment In Partnership Firm	0.00	(0.01)
Net Cash Flow used in Investing Activities (B)	2936.40	(1745.38)

(₹ in Lakhs)

	2019-20	2018-19
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds/Repayment of Short Term Borrowings	0.00	(150.74)
Repayment of Long Term Borrowings	0.00	(21.59)
Payment of Lease Liabilities	(16.87)	0.00
Interest (Paid) / Earn	(76.54)	(108.30)
LC Margin FD	(1286.01)	432.38
LC Margin FD Interest Income	26.37	0.00
Net Cash Flow from Financing Activities (C)	(1353.05)	151.75
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1448.60	(1076.41)
Cash and Cash Equivalents at the beginning of the year	565.13	1641.54
Cash and Cash Equivalents at the end of the year (Refer Note No.10)	2013.73	565.13

Notes :

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"
- There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.
- Refer note 27.2 for cash outflow on account of corporate social responsibility expenditure.

As per our attached report of even date

For Sharp & Tannan Associates.

Chartered Accountants

Firm Registration No. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership No.(F) 037457

UDIN: 20037457AAAABN9141

For and on behalf of Board of Directors

Manikant R Momaya

Managing Director

DIN: 00023993

Yogesh C Papaiya

Wholetime Director and CFO

DIN: 00023985

Hanisha Arora

Company Secretary

Surat, 21st July, 2020

Pune, 21st July, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020
A Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64
Shares issued	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64

B Other Equity

(₹ in Lakhs)

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2019	10168.16	(297.93)	9870.23
Total Comprehensive Income for the year	780.32	(389.15)	391.17
Transfer to / (from) retained earnings	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2020	10948.48	(687.08)	10261.40

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2018	8953.31	32.47	8985.78
Total Comprehensive Income for the year	1214.85	(330.40)	884.45
Transfer to / (from) retained earnings	0.00	0.00	0.00
Balance at the end of the reporting period i.e. 31st March, 2019	10168.16	(297.93)	9870.23

As per our attached report of even date

For Sharp & Tannan Associates.
Chartered Accountants
Firm Registration No. 109983W
by the hand of
Tirtharaj Khot
Partner
Membership No.(F) 037457
UDIN: 20037457AAAABN9141

Pune, 21st July, 2020

For and on behalf of Board of Directors

Manikant R Momaya
Managing Director

DIN: 00023993

Yogesh C Papaiya
Wholetime Director and CFO

DIN: 00023985

Hanisha Arora
Company Secretary

Surat, 21st July, 2020

Notes annexed to and forming part of the Financial Statements

A. Corporate Information

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

B. Summary of Significant Accounting Policies

B.1. Basis for Preparation of Financial Statements:

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

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

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

The financial statements are approved for issue by the Company's Board of Directors on 21st July 2020.

B.2. Application of New Ind AS

"Effective 1 April 2019, the company has adopted Ind AS 116 "Leases" and accordingly has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019. Adoption of Ind AS 116, has no material impact on profit and earnings per share."

B.3. Key Sources of Estimation:

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

- (i) The useful lives and Residual value of Property, Plant and Equipment
- (ii) Income Tax Assets / Liabilities
- (iii) Allowance for Expected Credit Loss of Financial Assets
- (iv) Future Obligations in Respect of Retirement Benefit Plans

- (v) Differences, if any, between the actual results and estimates are recognised in the period in which the results are known
- (vi) Fair value of Investments

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(i) Impairment of Property, Plant and Equipment:

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

(ii) Useful Lives and Residual Value of Property, Plant and Equipment:

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there are no major changes required to the useful lives of assets.

(iii) Provision for Litigations and Contingencies:

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

(iv) Allowance for Expected Credit Losses :

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

(v) Income Tax:

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

(vi) Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification

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

B.4. Current versus Non-current Classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

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

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

Depreciation Methods, Estimated Useful Lives and Residual Value

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

Sr. No.	Category of Assets	Useful Life* (in Years)
1	Buildings:	
	(i) Factory Buildings	30
	(ii) Other Buildings	60
	(iii) Fences, Wells, Tube wells	5
2	Plant and Machinery:	
	(i) Continuous Process Plants	25
	(ii) Other	8 to 10
3	Furniture and Fixtures	10
4	Vehicles	8 to 10
5	Office Equipments	5
6	Electrical installations and Equipments	10
7	Computer Equipments	3 to 6
8	Property, plant and equipment individually costing ₹ 10,000 or less	1

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

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

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

Freehold land is not depreciated.

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

Leases:

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

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

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

B.6. Impairment of Tangible Assets:

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

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

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

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

B.7. Inventories:

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

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

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

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

B.8. Revenue Recognition:

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

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

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

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

B.9. Foreign Currencies:

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

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

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

B.10. Employee Benefits:

Short-term Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries in the period the related service

is rendered at the undiscounted amount of the benefit that is expected to be paid in exchange for that service.

Other Long-term Employee Benefits

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

Post-Employment Benefits

(i) Defined Contribution Plans:

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

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

(ii) Defined Benefit Plans:

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

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

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

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

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

(iii) Termination Benefits:

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

B.11. Borrowing Costs:

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

B.12. Taxation:

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

Current tax

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

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

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial

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

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

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

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

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

Current tax and Deferred tax for the year

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

B.13. Provisions and Contingent Liabilities:

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

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is

used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

B.14. Financial Instruments:

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

(A) Financial Assets

a) Initial Recognition and Measurement

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

b) Subsequent Measurement

(i) Financial Assets Carried at Amortised Cost (AC)

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

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

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

(iii) Financial Assets at Fair Value through Profit or Loss (FVTPL)

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

(iv) Investment in Subsidiaries, Associates and Joint Ventures

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

c) Other Equity Investments

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

d) Impairment of Financial Assets

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

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

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

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

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

(B) Financial Liabilities

a) Initial Recognition and Measurement

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

b) Subsequent Measurement

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

c) De-Recognition

Financial liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The

difference between the carrying amount of a financial liability derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

d) Foreign Exchange Gains and Losses

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

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

B.15. Cash and Cash Equivalents:

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

B.16. Statement of Cash Flow:

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

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

B.17. Events after Reporting Date:

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

B.18. Earnings per Share:

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

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

Note 1 : Property, Plants & Equipments

(₹ in Lakhs)

Description	Tangible Assets:										TOTAL	Right to Use Asset: Buildings	GRAND TOTAL
	Freehold Land	Buildings	Plant & Machinery	Furniture & Fittings	Electrical Installations & Equipments	Motor Vehicles	Office Equipments	Computers & Data Processing					
GROSS BLOCK													
Balance as at 31st March 2018	72.60	304.37	143.08	1.67	9.05	198.50	37.91	2.05	769.23	0.00	0.00	769.23	
Additions	0.00	2.41	0.00	4.26	0.00	0.00	11.50	1.58	19.75	0.00	0.00	19.75	
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	136.99	0.03	0.00	137.02	0.00	0.00	137.02	
Balance as at 31st March 2019	72.60	306.78	143.08	5.93	9.05	61.51	49.38	3.63	651.96	0.00	0.00	651.96	
Additions	0.00	0.00	0.00	0.47	0.00	0.00	0.00	1.79	2.26	104.82	0.00	107.08	
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Balance as at 31st March 2020	72.60	306.78	143.08	6.40	9.05	61.51	49.38	5.42	654.22	104.82	0.00	759.04	
ACCUMULATED DEPRECIATION													
Balance as at 31st March 2018	0.00	22.36	1.00	0.34	0.00	76.00	28.38	0.60	128.68	0.00	0.00	128.68	
Additions	0.00	11.58	0.50	0.26	0.00	21.13	1.16	0.43	35.06	0.00	0.00	35.06	
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	49.66	0.00	0.00	49.66	0.00	0.00	49.66	
Balance as at 31st March 2019	0.00	33.94	1.50	0.60	0.00	47.47	29.54	1.03	114.08	0.00	0.00	114.08	
Additions	0.00	11.66	0.50	0.62	0.00	7.88	2.19	0.67	23.52	22.87	0.00	46.39	
Retirements/(Deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Balance as at 31st March 2020	0.00	45.60	2.00	1.22	0.00	55.35	31.73	1.70	137.60	22.87	0.00	160.47	
NET BLOCK													
Balance as at 31st March 2019	72.60	272.84	141.58	5.33	9.05	14.04	19.84	2.60	537.88	0.00	0.00	537.88	
Balance as at 31st March 2020	72.60	261.18	141.08	5.18	9.05	6.16	17.65	3.72	516.62	81.95	0.00	598.57	

Note:

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

Transition to Ind AS 116, 'Leases'

Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases". Company has adopted modified retrospective approach and has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1st April 2019.

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

On transition company has recognised lease liability and right-to-use asset at ₹ 104.82 Lakhs, accordingly there is no impact on retained earnings on transition to Ind AS 116.

	(₹ in Lakhs)
Right-to-use asset	Amt ₹
Opening right-to-use asset	0.00
Net addition during the year	104.82
Depreciation charged during the year	(22.87)
Closing right-to-use asset	81.95

The net impact of change in accounting policy on account on adoption of Ind AS 116 over FY.2019-20 is as follows:

	(₹ in Lakhs)
Particulars	Amt ₹
Increase in right-to-use asset	81.95
Increase in non-current lease liability	67.25
Increase in current lease liability	20.70
Increase in depreciation	22.87
Increase in finance cost	8.79
Decrease in rent expenses	25.66

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is ₹ 30.28 Lakhs (Including GST).

	(₹ in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Note: 2 Investment Properties		
Shopping Complex Kamla Estate	19.84	19.84
Land at Varachha	905.46	905.46
Land at Vareli	88.40	88.40
Total	1013.70	1013.70

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 3 Investments		
Non-Current Investment		
Quoted		
Fair Value through Other Comprehensive Income		
In Equity Shares of Group Company		
Garden Silk Mills Ltd., FV ₹ 10 fully paid up equity share 480878 (31 March 2019 : 480878)	25.25	96.90
Amortised Cost		
Investment in Government Bond		
SBI Bank- 8.75% Perpetual Bond, FV ₹ 10,00,000 each 50 (31 March 2019 : NIL)	510.94	0.00
	536.19	96.90
Unquoted		
Fair Value through Other Comprehensive Income		
Investment in Partnership Firm		
M/s. Isha Enterprise	701.90	701.90
Less: Provision for Diminution Value of Investment #	(590.24)	(312.46)
	111.66	389.44
Total Non-Current Investments	647.85	486.34
# The Provision for Diminution in value of investment is pertain to fair valuation of equity shares of Garden Silk Mills Ltd held by Isha Enterprise.		

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Current Investment		
Fair Value through Profit and Loss		
Investment in Mutual Funds		
ABSL Arbitrage Fund- Dividend-Direct Plan- of ₹ 10/- each NIL (31 March 2019 : 7947480.081)	0.00	876.26
ABSL Corporate Bond Fund- Growth-Direct Plan- of ₹ 10/- each 803966.148 (31 March 2019 : 803966.148)	634.20	580.19
ABSL Short Term Opportunities Fund- Growth-Direct Plan- of ₹ 10/- each NIL (31 March 2019 : 1352849.679)	0.00	433.77
Baroda Dynamic Equity Fund- Regular Growth- of ₹ 10/- each NIL (31 March 2019 : 200000.000)	0.00	21.12
Baroda Ultra Short Duration Fund- Direct Plan Growth- of ₹ 10/- each NIL (31 March 2019 : 4727.360)	0.00	50.57
Baroda Ultra Short Duration Fund- Regular Plan Growth- of ₹ 10/- each NIL (31 March 2019 : 2917.907)	0.00	31.17

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
IDFC Ultra Short Term Fund Direct Plan- Growth- of ₹ 10/- each 3543643.105 (31 March 2019 : 7193144.948)	404.20	762.83
Reliance Arbitrage Fund- Direct Monthly Dividend Reinvest Plan- of ₹ 10/- each NIL (31 March 2019 : 11958425.100)	0.00	1315.04
Reliance Arbitrage Fund- Direct Plan Dividend Reinvest Plan- of ₹ 10/- each NIL (31 March 2019 : 3174039.322)	0.00	409.23
Reliance Arbitrage Fund- Growth Plan- of ₹ 10/- each NIL (31 March 2019 : 276207.049)	0.00	52.30
Reliance Credit Risk Fund- Direct Growth Plan- of ₹ 10/- each NIL (31 March 2019 : 3056152.431)	0.00	831.14
Reliance Prime Debt Fund- Direct Plan Growth Plan- of ₹ 10/- each NIL (31 March 2019 : 511082.831)	0.00	205.02
Nippon India Short Term Fund- Direct Growth Plan- of ₹ 10/- each 1969305.869 (31 March 2019 : 1399380.354) (formerly known as Reliance Short Term Fund)	778.64	504.81
ICICI Prudential Banking & PSU Debt Fund- Direct Growth Plan- of ₹ 10/- each 1858280.674 (31 March 2019 : NIL)	439.37	0.00
ICICI Prudential Savings Fund- Direct Growth Plan- of ₹ 10/- each 107242.372 (31 March 2019 : NIL)	418.64	0.00
IDFC Banking & PSU Debt Fund Direct Plan- Growth- of ₹ 10/- each 2471744.866 (31 March 2019 : NIL)	444.03	0.00
Total Current Investments	3119.08	6073.45
Total Investments	3766.93	6559.79

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 4 Loans and Advances		
Non-Current		
Unsecured, Considered Good		
Loans to Employees	0.00	0.00
	0.00	0.00
Current		
Unsecured, Considered Good		
Deposits- Receivable*	135.00	185.00
Less: Prov. for ECL on ICDs/Loans	(32.22)	(59.63)
Loans to Employees	0.00	0.00
Income Receivables	44.93	10.88
	147.71	136.25
Total	147.71	136.25

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

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 5 Non-Current Tax Assets		
Advance Income Tax (Net of Provision)	28.09	0.00
Deferred tax Assets	0.00	82.67
Total	28.09	82.67

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 6 Other Assets		
Non-Current		
Unsecured, Considered Good		
Deposits- Receivable Long term	12.46	48.36
Paintings & Artifacts	2883.52	2883.52
	2895.98	2931.88
Current		
Unsecured, Considered Good		
Advance to Suppliers	461.76	140.90
Income Receivables	98.38	154.78
Prepaid Expenses	9.24	6.61
Balances with Statutory Authorities	28.29	66.19
	597.67	368.48
Total	3493.65	3300.36

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 7 Taxes on Income		
The Major Components of Income Tax Expense for the year ended March 2020 and March 2019 are:		
(i) Statement of Profit or Loss		
Current Tax	166.09	201.47
Deferred Tax	129.43	354.12
Short/(Excess) Provision of tax for earlier years	2.87	(695.95)
Total Income Tax Expense	298.39	(140.36)
(ii) Other Comprehensive Income		
Deferred Tax relating to Net Gain/(Loss)	(34.24)	39.25
on Re-measurement of Defined Benefit Plans		
(iii) Reconciliation of Effective Tax Rate		
Income before tax	1078.71	1074.49
Enacted Tax Rate in India (as per MAT)	16.69%	20.59%
Expected Tax Expense (C)=(A)*(B)	180.06	221.24

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Tax Effect of :		
Exempted Income	(13.32)	(28.41)
Expenses disallowed	0.27	0.31
Other Items	(0.92)	8.33
Current Tax Provision (A)	166.09	201.47
Incremental deferred Tax liability on account of depreciation on property, Plant and Equipment and Intangible Assets	50.85	(4.68)
Incremental deferred Tax liability / (Asset) on account of financial asset and other items	78.58	358.80
Deferred Tax Provision (B)	129.43	354.12
Taxes in respect of earlier years (C)	2.87	(695.95)
Tax Expense recognised in statement of profit and loss (A+B+C)	298.39	(140.36)

(₹ in Lakhs)

	Opening Balance as on 01/04/2019	Recognised in Profit & Loss	Recognised in OCI	Closing Balance as on 31/03/2020
(iv) Movement of Deferred Tax				
Tax effect of Items Constituting Deferred Tax Liabilities:				
Unrealised Gain on MF Investments	26.23	50.85	0.00	77.08
Total Deferred Tax Liabilities	26.23	50.85	0.00	77.08
Tax effect of Items Constituting Deferred Tax Assets:				
Carried Forward Losses	63.64	(84.42)	0.00	(20.78)
Employees Benefits	7.44	0.00	(7.44)	0.00
Revaluation of Investments	35.61	0.00	(26.80)	8.81
Effect of 43B	2.22	4.17	0.00	6.39
Effect of Lease Asset	0.00	1.67	0.00	1.67
Total Deferred Tax Assets	108.91	(78.58)	(34.24)	(3.91)
Deferred Income Tax Assets/(Liabilities) after Set Off	82.68	(129.43)	(34.24)	(80.99)

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 8 Inventories (at lower of cost and net realisable value)		
Raw Materials	322.65	982.70
Raw Materials In Transit	0.00	59.63
	322.65	1042.33
Finished Goods (incl. Stock in trade)	113.28	139.48
Finished Goods in Transit	23.58	33.28
	136.86	172.76
Stores, Spares, Chemicals & Consumables	292.75	236.90
Stores, Spares, Chemicals & Consumables in Transit	0.00	131.83
	292.75	368.73
Total	752.26	1583.82

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 9 Trade Receivables		
Unsecured, Considered Good*	350.77	400.13
Considered Doubtful	0.06	2.45
	350.83	402.58
Less: Allowance for credit losses	0.00	2.45
Total	350.83	400.13

* Refer Note 34.2 for Amount due from Related Parties.

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 10 Cash and Cash Equivalents		
Cash on Hand	20.74	24.99
Balances with Banks in Current Accounts	992.99	540.14
FD with Banks (maturity in less than 3 months)	1000.00	0.00
Total	2013.73	565.13
Other Bank Balances		
FD with Banks (maturity in 3 to 12 months)	18.96	2.39
Margin Money with Banks	1286.01	0.00
Total	1304.97	2.39

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 11 Equity Share Capital		
Authorised Share Capital		
75,00,00,000 (75,00,00,000) Equity Shares of ₹1/- each	7500.00	7500.00
Total	7500.00	7500.00
Issued, Subscribed and Paid up *		
22,20,64,440 (22,20,64,440) Equity Shares of ₹ 1/- each fully paid up	2220.64	2220.64
Total	2220.64	2220.64

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

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

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Vareli Trading Company Ltd.	77580026	34.94%	77580026	34.94%
Shri Praful A. Shah (Individual)	27830471	12.53%	27830471	12.53%
Garden Silk Mills Limited	14500000	6.53%	14500000	6.53%
IDBI Bank Ltd.	0	0.00%	11457609	5.16%

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

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

- i) Allotted as fully paid up pursuant to contracts without payment being received in cash
- ii) Allotted as fully paid shares by way of bonus shares
- iii) Bought back.

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 12 Other Equity		
Retained Earnings		
Balance as per last Balance Sheet	10168.16	8953.31
Add: Profit/(Loss) for the Year	780.32	1214.85
	10948.48	10168.16
Other Comprehensive Income		
Balance as per last Balance Sheet	(297.93)	32.47
Add: OCI for the year	(389.15)	(330.40)
	(687.08)	(297.93)
Total	10261.40	9870.23

Nature and Purpose of Reserves

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

Items of Other Comprehensive Income

- i) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.
- ii) **Equity Instruments through Other Comprehensive Income:** The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through Other Comprehensive Income. Upon de-recognition, the cumulative fair value changes on the said instruments will not be reclassified to the Statement of Profit and Loss.

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 13 Borrowings		
(a) Long-Term Borrowings (Secured)		
Term Loan from Banks	0.00	0.00
Less: Current Maturities of Long term debt (Note: 17)	0.00	0.00
	0.00	0.00
(b) Short-Term Borrowings (Secured)		
Cash Credit Facilities	0.00	0.00
Total	0.00	0.00

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 14 Provisions		
Long-Term		
Provisions for Employee Benefits	59.83	40.32
Short-Term		
Provisions for Employee Benefits	6.00	13.12
Others		
Provision for Income Tax (net)	0.00	4.61
Total	65.83	58.05

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 15 Non-Current Tax Liabilities		
Deferred Tax Liabilities (net)	80.99	0.00
Total	80.99	0.00

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 16 Trade Payables		
a) Acceptances	167.59	1105.78
b) Payable to Others		
i) Payable to Micro and Small Enterprises*	1.39	0.27
ii) Others including Creditors for Expenses#	491.90	811.98
	660.88	1918.03

*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2020 as disclosure requirement under MSMED act, 2006 are applicable.

Refer Note 34.2 for Amount payable to Related Parties.

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Principal Amount Due	1.39	0.12
(b) Interest on Principal Amount Due	Nil	Nil
(c) Interest and Principal Amount paid beyond appointment day	Nil	Nil
(d) The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act.	Nil	0.15
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	0.00	0.15
(f) The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	Nil	Nil

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

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 17 Other Financial Liabilities		
Non Current		
Lease Liabilities- Building	67.25	0.00
	67.25	0.00
Current		
Payable- Expenses	64.36	95.50
Lease Liabilities- Building	20.70	0.00
Deposits- Payable	0.50	0.50
Creditors for Capital Goods	0.00	0.00
Current Maturities of Long Term Debt (Refer Note : 13a)	0.00	0.00
	85.56	96.00

(₹ in Lakhs)

	As at 31st March, 2020	As at 31st March, 2019
Note: 18 Other Current Liabilities		
Goods and Services Tax	7.06	1.09
Advances from Customers	13.16	11.35
Payable- Expenses	2.55	1.92
Payable- TDS	5.12	4.81
Total	27.89	19.17

(₹ in Lakhs)

	2019-20	2018-19
Note: 19 Revenue from Operations		
Sale of Products	17937.38	21532.45
Other Operating Revenue	91.08	95.65
Total	18028.46	21628.10

(₹ in Lakhs)

	2019-20	2018-19
19.01 Particulars of Sale of Products		
Chips	17937.38	20826.49
POY	0.00	300.78
MEG	0.00	79.58
PTA	0.00	325.60
Others	91.08	95.65
Total	18028.46	21628.10

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

19.02 Reconciliation of Revenue from Sale of Product with Contracted Price

(₹ in Lakhs)

	2019-20	2018-19
Contracted Price	18065.38	22641.70
Add: Export Benefits	0.96	0.29
Less: Rate Difference, etc.	128.96	1109.54
	17937.38	21532.45

Note: 20 Other Income

(₹ in Lakhs)

	2019-20	2018-19
Interest Income		
Bank Deposits	46.02	14.87
Investments in Bonds	6.94	0.00
Others	43.39	34.02
Dividend Income		
on Current Investments	79.82	137.98
Other Non-Operating Income		
Profit on Sale of Shopping Complex	0.00	53.15
Profit on Sale of Current Investments	32.48	50.37
Unrealised gain on Current Investments (FVTPL)	250.03	94.35
Credit Balances Write Back	1.63	19.69
Miscellaneous Receipts	0.48	2.22
Total	460.79	406.65

(₹ in Lakhs)

	2019-20	2018-19
Note: 21 Cost of Materials Consumed		
Opening Stock of Raw Material	1042.33	736.58
Add: Purchases during the year	13316.67	17046.98
	14359.00	17783.56
Less: Closing Stock of Raw Material	322.65	1042.33
Total	14036.35	16741.23

(₹ in Lakhs)

	2019-20	2018-19
21.01 Value of Imports on CIF Basis in Respect of		
Stores, Spares, Chemicals & Consumables	1172.64	1389.42
Total	1172.64	1389.42

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

(₹ in Lakhs)

	2019-20	2018-19
Note: 22 Purchases of Stock-in-trade		
PTA	0.00	314.12
MEG	0.00	79.50
Total	0.00	393.62

(₹ in Lakhs)

	2019-20	2018-19
Note: 23 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	172.76	673.95
Work-in-Progress	0.00	0.00
	172.76	673.95
Less: Closing Stock		
Finished Goods and Stock-in-trade	136.86	172.76
Work-in-Progress	0.00	0.00
	136.86	172.76
Total	35.90	501.19

(₹ in Lakhs)

	2019-20	2018-19
Note: 24 Employee Benefits Expense		
Salaries and Wages	196.39	191.74
Contribution to Provident and Other Funds	10.64	11.61
Gratuity	6.60	11.96
Staff Welfare Expenses	2.71	5.73
Total	216.34	221.04

(a) Defined Contribution Plan:

The Company has Recognized ₹3.40 Lakhs for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2020 (Previous Year ₹3.66 Lakhs)

(b) Defined Benefit Plan:

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

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

Annexure 1 : Funded status of the plan

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Present value of unfunded obligations	52.12	41.27	13.70	12.17
Present value of funded obligations	0.00	0.00	0.00	0.00
Fair value of plan assets	0.00	0.00	0.00	0.00
Net Liability (Asset)	52.12	41.27	13.70	12.17

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

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Current Liability	5.28	7.50	0.72	5.63
Non-Current Liability	46.85	33.78	12.98	6.55
Net Liability	52.13	41.28	13.70	12.18

Annexure 2 : Profit and Loss account for the current period

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Service cost:				
Current service cost	3.73	6.27	7.78	5.03
Past service cost and loss/(gain) on curtailments and settlement	0.00	0.00	0.00	0.00
Net interest cost	2.87	5.69	0.72	1.73
Net value of remeasurements on the obligation and plan assets	0.00	0.00	1.72	3.04
Total included in 'Employee Benefit Expense'	6.60	11.96	10.22	9.80
Total Charge to Profit & Loss	6.60	11.96	10.22	9.80

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

Other Comprehensive Income for the current period

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Due to Change in financial assumptions	3.04	(0.16)	0.74	(0.04)
Due to change in demographic assumption	(0.01)	0.00	(0.00)	0.00
Due to experience adjustments	0.72	(4.84)	0.98	3.08
Return on plan assets excluding amounts included in interest income	0.00	0.00	0.00	0.00
Amounts recognized in Other Comprehensive Income	3.75	(5.00)	1.72	3.04

Notes annexed to and forming part of the Financial Statements (Contd.)
Annexure 3: Reconciliation of defined benefit obligation

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Opening Defined Benefit Obligation	41.27	77.43	12.17	22.75
Transfer in/(out) obligation	0.62	0.00	0.00	0.00
Current service cost	3.73	6.27	7.78	5.03
Interest cost	2.87	5.69	0.72	1.73
Components of actuarial (gain)/losses on obligations:				
Due to Change in financial assumptions	3.04	(0.16)	0.74	(0.04)
Due to change in demographic assumption	(0.01)	0.00	0.00	0.00
Due to experience adjustments	0.72	(4.84)	0.98	3.08
Past service cost	0.00	0.00	0.00	0.00
Loss (gain) on curtailments	0.00	0.00	0.00	0.00
Liabilities extinguished on settlements	0.00	0.00	0.00	0.00
Liabilities assumed in an amalgamation in the nature of purchase	0.00	0.00	0.00	0.00
Exchange differences on foreign plans	0.00	0.00	0.00	0.00
Benefits paid	(0.13)	(43.12)	(8.69)	(20.37)
Closing Defined Benefit Obligation	52.11	41.27	13.70	12.18

Annexure 4: Reconciliation of net defined benefit liability

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Net opening provision in books of accounts	41.27	77.43	12.17	22.75
Transfer in/(out) obligation	0.62	0.00	0.00	0.00
Transfer (in)/out plan assets	0.00	0.00	0.00	0.00
Employee Benefit Expense as per Annexure 2	6.60	11.96	10.22	9.80
Amounts recognized in Other Comprehensive (Income)	3.75	(5.00)	0.00	0.00
Total	52.04	84.39	22.39	32.55
Benefits paid by the Company	(0.13)	(43.12)	(8.69)	(20.37)
Contributions to plan assets	0.00	0.00	0.00	0.00
Closing provision in books of accounts	52.11	0.00	13.70	12.18

Annexure 5: Principle actuarial assumptions

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 months)	31/03/2019 (12 months)	31/03/2020 (12 months)	31/03/2019 (12 months)
Discount Rate	6.85%	7.60%	6.85%	7.65%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
Withdrawal Rates	2% at all ages	2% at all ages	2% at all ages	2% at all ages
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

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

Annexure 6: Expected cash flows based on past service liability

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	5.28	5.30%	0.72	2.60%
Year 2	2.36	2.40%	0.63	2.30%
Year 3	10.21	10.20%	6.64	24.20%
Year 4	1.17	1.20%	0.27	1.00%
Year 5	3.78	3.80%	0.80	2.90%
Year 6 to Year 10	24.51	24.50%	4.70	17.10%

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

The Expected contribution for the next year is ₹ 5.28 Lakhs.

The Weighted Average Duration (Years) as at valuation date is 8.11 years.

Annexure 7: Sensitivity to key assumptions

(₹ in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2020 (12 Months)	31/03/2019 (12 Months)	31/03/2020 (12 Months)	31/03/2019 (12 Months)
Discount rate Sensitivity				
Increase by 0.5%	50.18	39.75	13.23	11.83
(% change)	-3.72%	-3.69%	-3.48%	-2.82%
Decrease by 0.5%	54.21	42.91	14.22	12.55
(% change)	3.99%	3.96%	3.78%	3.10%
Salary growth rate Sensitivity				
Increase by 0.5%	54.17	42.90	14.22	12.55
(% change)	3.93%	3.96%	3.75%	3.10%
Decrease by 0.5%	50.19	39.74	13.23	11.83
(% change)	-3.70%	-3.71%	-3.49%	-2.85%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	52.13	41.31	13.70	12.19
(% change)	0.01%	0.10%	0.00%	0.09%
W.R. x 90%	52.12	41.23	13.70	12.16
(% change)	-0.01%	-0.10%	0.00%	-0.09%

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

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

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

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

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

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

(₹ in Lakhs)

	2019-20	2018-19
Note: 25 Finance Costs		
Interest Expenses	24.02	62.53
Interest on Lease Liabilities	8.79	0.00
Other Financial Charges	43.73	46.45
	76.54	108.98
Less: Interest Recovered from Party	0.00	0.68
Total	76.54	108.30

(₹ in Lakhs)

	2019-20	2018-19
Note: 26 Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	23.52	35.06
Depreciation- Right of Use Assets	22.87	0.00
Total	46.39	35.06

(₹ in Lakhs)

	2019-20	2018-19
Note: 27 Other Expenses		
Manufacturing Expenses		
Consumption of Stores, Spares and Chemicals	1449.05	1569.52
Power and Fuel	906.66	803.12
Factory Expenses	24.59	25.37
Packing Charges	58.00	52.89
R&M- Plant and Machinery	9.56	15.72
R&M- Buildings	8.49	3.65
R&M- Others	13.50	15.30
	2469.85	2485.57
Selling and Distribution Expenses		
Freight, Octroi, Carting, Loading, Unloading, etc.	68.15	67.35
Commission and Discount	69.56	5.95
Advertisement	0.00	0.51
	137.71	73.81
Establishment Expenses		
General Charges	78.09	50.82
Legal and Professional Charges	158.95	98.06
Rent	65.10	74.66
Insurance	23.10	22.03
Rates and Taxes	22.09	25.28
Auditors' Remuneration	10.26	14.66
Loss on Sale of Fixed Assets	0.00	41.75
Corporate Social Responsibility	27.89	7.80
Miscellaneous Balance Write Off	0.00	0.22
Bad-Debts Write Off	35.90	0.00
Bad and Doubtful Debts / (Recovery) on ECL	(29.86)	62.08
Exchange (Gain) / Loss	(0.06)	3.08
	391.46	400.44
Total	2999.02	2959.82

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

	(₹ in Lakhs)	
	2019-20	2018-19
27.01 Payment to Auditors:		
(a) Paid to Statutory Auditors:		
Statutory Audit Fees	2.75	7.00
Certification Fees/Limited review	3.11	3.00
(b) Paid to Other Auditors:		
Tax Audit Fees	0.75	0.75
Cost Audit Fees	0.75	0.75
Internal Audit Fees	1.00	0.75
GST/VAT Audit Fees	1.39	1.30
Stock Audit Fees	0.00	0.41
Reimbursement of out of Pocket Expenses	0.51	0.70
Total	10.26	14.66

27.02 Corporate Social Responsibility:

- (a) As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.
- (b) Gross amount required to be spent by the Company during the year is ₹27.67 Lakhs (previous year ₹23.30 Lakhs)
- (c) Actual amount spent by the company during the year is ₹27.89 Lakhs (Previous year ₹7.80 Lakhs) towards Social welfare and Education Programmes.
- (d) The CSR activities carried / to be carried out by the company is driven by the expertise of management. Additionally the company gives preference to the local area(s) of its operations for CSR activities. The company believes that CSR should be in the filled(s) which have substantial social impact and which co-relate with philosophy of the company to improve the quality of Life. The CSR committee will further identify the project which can covered under the CSR guild lines in compliance with the CSR objectives and policy of the Company.

	(₹ in Lakhs)	
	2019-20	2018-19
Note: 28 Other Comprehensive Income		
Items that will not be Reclassified to Profit or (Loss)		
(i) Changes in Revaluation Surplus:		
Actuarial Gain/(Loss) on Gratuity	(3.76)	5.00
Actuarial Gain/(Loss) on Leave Encashment	(1.72)	(3.04)
Gain/(Loss) on Revaluation of Investments	(349.43)	(371.61)
Total	(354.91)	(369.65)
(ii) Income tax relating to items that will not be reclassified to Profit or (Loss)		
Deferred Tax	(34.24)	39.25
Total	(389.15)	(330.40)

	(₹ in Lakhs)	
	2019-20	2018-19
Note: 29 Earning Per Share		
(a) Net Profit attributable to shareholders (₹in Lakhs)	780.32	1214.85
(b) Weighted average number of Equity Shares outstanding (nos.)*	222064440	222064440
(c) Basic and Diluted Earnings per share (₹)	0.35	0.55
(d) Face Value per equity share (₹)	1.00	1.00

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

Notes annexed to and forming part of the Financial Statements (Contd.)
Note: 30 Contingent Liabilities: Claims against the Company not acknowledged as debts

(₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Disputed Liabilities in Appeal		
Income Tax	0.00	0.00
Excise Duty / Service Tax	0.00	0.00
Guarantees		
Bank Guarantees (Counter-Guarantees to Banks against guarantees issued to third parties)	52.00	52.00
Others		
Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled	21.66	36.99

Note: 31 Capital Management:

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

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

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

Note: 32 Financial Instruments:
32.01 Categories of Financial Instruments and Fair Value Measurement:

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

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

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

Level 3 – Unobservable inputs for the asset or liability.

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31st March, 2020 and 31st March, 2019:

(₹ in Lakhs)

Particulars	As at 31st March, 2020				As at 31st March, 2019			
	Caring Amount /Fair Value	Level of Input used in			Caring Amount /Fair Value	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost								
(i) Investments	510.94	510.94			0.00			
(ii) Trade receivables	350.83				400.13			
(iii) Cash & cash equivalents	2013.73				565.13			
(iv) Bank balances other than (iii) above	1304.97				2.39			
(v) Loans and Advances	102.78				125.37			
(vi) Others financial assets	44.93				10.88			
At FVTPL								
(i) Investments	3119.08	3119.08			6073.45	6073.45		
(ii) Others financial assets	0.00				0.00			
At FVTOCI								
(i) Investments	136.91	25.25		111.66	486.34	96.90		389.44
(ii) Others financial assets	0.00				0.00			
Financial Liability								
At Amortised Cost								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	660.88				1918.03			
(iii) Other financial liabilities	152.81				96.00			
At FVTPL								
(i) Other financial liabilities	0.00				0.00			
At FVTOCI								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	0.00				0.00			
(iii) Other financial liabilities	0.00				0.00			

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

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

32.02 Financial Risk Management Framework:

Market Risk:

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

Credit Risk:

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

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

Liquidity Risk:

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

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

(₹in Lakhs)

Particulars	31st March, 2020	31st March, 2019
Working Capital Loan		
Amount Used	0.00	0.00
Amount Unused	0.00	500.00

Foreign Currency Risk Management:

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Foreign Currency Exposure:

The Company does not have Foreign Currency exposure as on reporting date.

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

Note: 33 Segment Reporting:

The Company's business segment consists of a single segment of "Textiles" in accordance with Ind AS 108 - 'Operation Segments' notified pursuant to the Companies (Indian Accounting Standard) Rules, 2015. The Company is not relied on single major customers having transaction more than 10% of total revenue. Information with respect to geographical segment, to the extent applicable is as follows:

(₹ in Lakhs)

Segment Revenue - Geographic Segment by Location of Customer	2019-20	2018-19
Within India	17917.44	21571.90
Outside India	111.02	56.20
Total	18028.46	21628.10

Note: 34 As per Regulation Ind AS 24, the disclosures of transactions with the related party are given below:

34.01 List of related parties where controls exists and Relationships:

Sr. No.	Name of Related Party	Nature of Relationship
1	Garden Silk Mills Limited	Group Company
	Vareli Trading Company Limited	
2	M/s. Isha Enterprises	Partnership Firm
3	Mr. Manikant R. Momaya- Managing Director	Key Managerial Personnel (KMP)
	Mr. Yogesh C. Papaiya- Wholetime Director & CFO	
	Mr. Harishchandra B. Bharucha- Non Executive Director	
	Mr. Ketan A. Jariwala- Non Executive Director	
	Ms. Kruti Kothari- Non Executive Director (w.e.f. 9th July, 2019)	
	Ms. Hanisha Arora- Company Secretary	
4	Sorrento Textiles Private Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence

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

34.02 Transactions During the year with Related Parties:

(₹ in Lakhs)

Sr. No.	Name and Nature of Transactions of Related Parties	Relationship	2019-20	2018-19
1	Revenue from Operations			
	Garden Silk Mills Limited	Group Company	7452.95	10069.64
2	Purchase of Raw Materials & Chemicals			
	Garden Silk Mills Limited	Group Company	0.00	121.35
3	Purchase of Power & Other Utilities			
	Garden Silk Mills Limited	Group Company	1022.18	885.44
4	Leave & Licence Fees & Reimbursement of Expenses			
	Garden Silk Mills Limited	Group Company	24.73	0.00
	Sorrento Textiles Private Limited	Group Company	82.61	0.00

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

(₹ in Lakhs)

Sr. No.	Name and Nature of Transactions of Related Parties	Relationship	2019-20	2018-19
5	Payment to Key Managerial Personnel and their Relatives*			
	Shri. Manikant R. Momaya	KMP	8.40	7.86
	Shri. Yogesh C. Papaiya	KMP	27.88	24.90
	Shri. Harishchandra B. Bharucha	KMP	2.45	1.13
	Shri. Ketan A. Jariwala	KMP	2.45	1.13
	Ms. Kruti G. Kothari	KMP	1.83	0.00
	Smt. Hanisha Arora	KMP	1.98	1.98
6	Other Transaction			
	Garden Silk Mills Limited	Group Company	37.58	99.00
	Balance as at 31st March, 2020			
	Garden Silk Mills Limited	Group Company		
	- Trade Receivables & Others		3.78	0.00
	- Trade Payables		61.85	44.63
	Sorrento Textiles Private Limited			
	- Trade Payables		7.36	0.00
*Payment to Key Managerial Personnel and their Relatives are Short-term benefits.				

Note: 35 Income in Foreign Currency:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Sales- Export	109.11	56.77

Note: 36 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2020.

Note: 37 Contribution to Political parties during the year 2019-20 is ₹ Nil (Previous Year ₹ Nil).

Note 38 The outbreak of Coronavirus (COVID-19) pandemic disrupted the Operations of the Company since end March, 2020. The Government of India ordered a nationwide lockdown to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

The Company had adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with maintaining social distancing, sanitization of work spaces etc. The extent and duration of COVID-19 is currently unknown and depends on future developments that are uncertain. Any resultant outcome and impact on business, due to this is unpredictable. In assessing the recoverability of Company's assets such as Investment, Loans and other receivables, the management has used internal and external source of information upto the date of approval of these financial results. Given the uncertainties, the impact of COVID-19 may be different from that estimated as at the date of approval of these financial results, and the Company will continue to closely monitor the developments.

Note: 39 Figures for the previous year have been regrouped/reclassified wherever necessary.

For and on behalf of Board of Directors

Manikant R Momaya
Managing Director

DIN: 00023993

Yogesh C Papaiya
Wholtime Director and CFO

DIN: 00023985

Hanisha Arora
Company Secretary

Surat, 21st July, 2020

If undelivered, please return to:
SURAT TEXTILE MILLS LIMITED

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