

SURAT TEXTILE MILLS LIMITED

Date: 25th June, 2021

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 75th AGM and Annual Report of the Company for the year ended 31st March, 2021

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 16th June, 2021 intimating the date of holding of 75th AGM on Tuesday, 20th July, 2021 and fixing of book closure for the said purpose.

Further in compliance to Clause 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report 2020-21 containing the Notice of the ensuing 75th AGM of the Company for the year 2020-21.

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, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 02/2021 dated 13th January, 2021 and Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/79 dated 12th May, 2020 and Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/11 dated 15th January, 2021, the 75th Annual General Meeting of the Company will be conducted through Video Conferencing (VC)/Other Audio Visual Means (OAVM) at 3:00 p.m. IST on **Tuesday, 20th July, 2021.**

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

Brief details of the 75th AGM of the Company are as under:

Date and Time of AGM	Tuesday, 20th July, 2021 at 3:00 p.m.
Mode	Through Video Conferencing (VC)/Other Audio Visual Means (OAVM).
Cut-off date for e-voting	Wednesday, 14th July, 2021
e-voting start date and time	Friday, 16th July, 2021, 9:00 A.M.
e-voting end date and time	Monday, 19th July, 2021, 5:00 P.M.
e-voting website	https://evoting.kfintech.com

Contd...

STM



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



Chinmay M. Methiwala

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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CIN : L17119GJ1945PLC000214



2020-2021

ANNUAL REPORT

STM

SURAT TEXTILE MILLS LIMITED

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)

COMPANY SECRETARY

Chinmay M. Methiwala

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: shareddepartment@stml.in

<http://www.surattextilemillsltd.com>

PLANT

Village Jolwa, Taluka Palsana,

Dist. Surat 394305

Tel: (02622) 271287-89

BANKERS

Bank of Baroda

REGISTRAR AND TRANSFER AGENTS

KFin Technologies Private Limited

Selenium Tower B, Plot 31 & 32,

Financial District, Gachibowli,

Nanakramguda,

Hyderabad 500032.

State: Telengana, India.

Fax No. 040 67161567

Email: einward.ris@kfintech.com

Toll Free No. 1-800-309-4001

STATUTORY AUDITORS

Sharp and Tannan Associates,

Chartered Accountants, Mumbai

COST AUDITORS

P. M. Nanabhoy & Co.,

Cost Accountants, Mumbai.

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

75th Annual General Meeting on Tuesday, 20th July, 2021 at 3:00 p.m. IST through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') facility

NOTICE

NOTICE is hereby given that the **75th ANNUAL GENERAL MEETING** of the Members of Surat Textile Mills Limited will be held on **Tuesday, 20th July, 2021 at 03:00 P.M.** (IST) through Video Conferencing ('VC') / Other Audio - Visual Means ('OAVM') to transact the following business.

ORDINARY BUSINESS:

1 Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2021 together with the Reports of the Board of Directors and Auditors' thereon.

2 Appointment of a Directors retiring by rotation

To appoint a Director in place of Mr. Yogesh C. Papaiya (DIN: 00023985), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3 To approve re-classification of Garden Silk Mills Limited from "Promoter and Promoter Group" category to "Public shareholder" category.

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

"RESOLVED THAT pursuant to the provisions of Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"SEBI LODR Regulations"**), (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any and subject to requisite approvals of the stock exchange and other appropriate statutory authorities as may be necessary, approval of the Members of the Company be and is hereby accorded for reclassification of Garden Silk Mills Limited, Member of Promoter Group holding 14500000 Equity Shares of the Company constituting 6.53% of the total paid-up equity share capital of the Company, from the "Promoter and Promoter Group" category to the "Public" category in the shareholding pattern of the Company, records and / or disclosures.

RESOLVED FURTHER THAT the Board of Directors (which may include sub-delegation of all or any of the powers herein conferred to any committee of directors or director(s) or any other officer or officers of the Company) of the Company be and are hereby authorised to perform and execute all such acts, deeds, matters and things, including but

not limited to making intimation / filings to stock exchange where shares of the Company are listed and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever, which may arise and amend such details and to represent before such authorities as may be required, and take all such steps and decisions in this regard, to give full effect to the aforesaid resolution without requiring the Board to secure any further consent or approval of the members of the Company."

4. Ratification of remuneration payable to M/s P. M. Nanabhoy & Co., Cost Auditors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], read with the Companies (Audit and Auditors) Rules, 2014, as amended to date, the Company hereby ratifies the remuneration of Rs.86,250/- (Rupees Eighty-six Thousand Two Hundred Fifty only), plus applicable taxes, reimbursement of travel and out-of-pocket expenses payable to M/s P. M. Nanabhoy & Co., Cost Accountants (Firm Registration No. 000012), who have been appointed as Cost Auditor by the Board of Directors of the Company, to conduct audit of the cost records of the Company for the financial year ending 31st March, 2022."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

5. Alteration of the Object Clause of the Memorandum of Association 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 Section 4, Section 13 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force and the rules framed there under) and subject to such other requisite approvals, if any, in this regard from appropriate authorities the

consent of the members of the Company be and is hereby accorded, for alteration of the Object Clause of the Memorandum of Association ("MOA") of the Company by inserting the following sub-clause (2), (3) and (4) after sub clause (1) of Clause III(A) of the MOA of the Company as under:

- (2) "To carry on business of traders (wholesale and/or retail) in all commodities and commodity derivatives, and to act as market makers, underwriters, sub-underwriters, providers of service for commodity related activities.
- (3) To undertake the business as general traders and merchants to buy, sell, take, hold, deal in, convert, modify, add value, transfer, to deal in any commodity market, commodity exchange, spot exchange or otherwise dispose of commodities in physical mode and/or in electronic mode, transaction in the nature of hedging, spot trading, forward commodity contracts, rate swaps, commodity future/swaps, commodity futures and options and in derivatives of all the commodities, whether for the purpose of trading, hedging, arbitrage, or any other purpose, whether in India or abroad and to undertake the activity of warehousing and processing as may be required for the aforesaid purpose(s) in commodities such as Agriculture : Wheat, Cotton, Rice, Corn, Jute, Rubber, Mustard Seed, Soyabean, Dhaniya, Jeeru etc. Metals: Copper, Zinc, Gold, Silver, Aluminium, Nickel, Lead etc. Energy: Natural Gas, Crude Oil, Heating Oil, etc. Meat and Livestock: Cattle, Egg, etc. and its commodity derivatives, and to carry on the above business in India and abroad.
- (4) To do the business of commodity warehousing, processing and consumption."

FURTHER RESOLVED THAT any of the Directors of the Company and the Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite form with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that the Members

shall be deemed to have given their approval thereto expressly by the authorities of this resolution.

FURTHER RESOLVED THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or Officer(s) of the Company in order to give effect to this resolution."

By Order of the Board of Directors

Registered Office:

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

Chinmay M. Methiwala
Company Secretary
Membership No. ACS 48146

Place: Surat
Date: 16th June, 2021

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ("MCA") followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time (collectively referred to as "MCA Circulars"), MCA has permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. 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. 4 under the heading Procedure for remote e-voting below.

3. 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.
4. 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.
5. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning the business under Item Nos. 3 to 5 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.
6. M/s 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.
7. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/their Depository Participants, in respect of shares held in physical/electronic mode, respectively.
8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participant in case the shares are held in electronic form and to M/s. KFin Technologies Private Limited, in case the shares are held in physical form.
9. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
10. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated January 15, 2021 read with SEBI Circular dated May 12, 2020, Notice of the AGM along with Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participants. Members may note that the Notice of AGM and the Annual Report 2020-21 will also be available on the Company's website at www.surattextilemillsltd.com, on the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of KFin Technologies Private Limited at <https://evoting.kfintech.com>.
12. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
13. 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. 20th July, 2021. Members seeking to inspect such documents can send an email to sharedepartment@stml.in.
14. 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 sharedepartment@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.
 15. **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, 2021 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 2020-21 is available on the website of the Company at www.surattextilemills.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>.
 16. Member will be provided with a facility to attend the e-AGM through VC/OAVM platform provided by the Company's RTA. Members may access the same at <https://emeetings.kfintech.com> by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/member's login where the 'EVENT' and the name of the company can be selected. Please note that the members who do not have the User ID and Password for remote e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice.
 17. 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.
 18. 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://emeetings.kfintech.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.
 19. **Book Closure:** The Register of Members and Transfer Books of the Company will remain closed from Thursday, 15th July, 2021 to Tuesday, 20th July, 2021 (both days inclusive) for the purpose of AGM.
 20. **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.
 21. 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.cdslindia.com/investors/open-demat.html> for further understanding of the demat procedure.

22. **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.
23. **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.
24. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to sharedepartment@stml.in by mentioning their DP ID & Client ID/Physical Folio Number.
25. 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.

1. 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 sharedepartment@stml.in, at least 48 hours before the time fixed for the AGM i.e. by 3.00 p.m. (IST) on Tuesday, 20th July, 2021, 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, 14th July, 2021, 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 Tuesday, 20th July, 2021.
- 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, 20th July, 2021 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.

2. SPEAKER REGISTRATION BEFORE AGM:

Members of the Company, holding shares as on the cut-off date i.e. Wednesday, 14th July, 2021 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 Friday, 16th July, 2021 (9:00 a.m. IST) upto Monday, 19th July, 2021 (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.

3. INSTRUCTIONS TO MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- a) 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) 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 remote e-voting instructions mentioned in the Notice to avoid last minute rush.
 - 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) Facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
 - 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.kfintech.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 call KFin Technologies Private Limited's toll free No.: 1-800-309-4001 for any further clarifications.
- facility to cast their vote electronically, through the e-Voting services provided by KFinTech, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.
- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the **individual demat account holders**, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
 - iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
 - iv. The remote e-Voting period commences from Friday 16th July, 2021.
 - v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
 - vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@kfintech.com. However, if he / she is already registered with KFinTech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.

4. PROCEDURE FOR REMOTE E-VOTING:

- i. 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 from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

Step 1 : Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3 : Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1. User already registered for IDEAS facility: <ol style="list-style-type: none"> I. Visit URL: https://eservices.nsd.com II. Click on the “Beneficial Owner” icon under “Login” under ‘IDEAS’ section. III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. 2. User not registered for IDEAS e-Services <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsd.com II. Select “Register Online for IDEAS” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1 3. Alternatively by directly accessing the e-Voting website of NSDL <ol style="list-style-type: none"> I. Open URL: https://www.evoting.nsd.com/ II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest</p> <ol style="list-style-type: none"> I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. Kfintech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ol style="list-style-type: none"> I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

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

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

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the 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 "EVEN" i.e., "AGM" and click on "Submit"
- 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 mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id csjigarvyas@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link:

<https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to inward.ris@kfintech.com.

- ii. Alternatively, member may send an e-mail request at the email id inward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFinTech. Members may access the same at <https://emeetings.kfintech.com> by using the e-voting login credentials provided in the email received from the Company/KFinTech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the 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 remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open atleast 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop 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 kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at <https://emeetings.kfintech.com>. Questions / queries received by the Company till Monday, 19th July 2021 (5.00 p.m. IST) shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from Friday, 16th July 2021 (9.00 a.m. IST) to Monday, 19th July 2021 (5.00 p.m. IST). Members shall be provided a 'queue

number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

II. Post your Question: The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from Friday, 16th July 2021 (9.00 a.m. IST) to Monday, 19th July 2021 (5.00 p.m. IST).

III. 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.kfintech.com> (Kfintech Website) or contact Manager - Corporate Registry, at evoting@kfintech.com or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.

IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, 14th July, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

V. 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, he/she 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> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

1. Example for NSDL:
2. MYEPWD <SPACE> IN12345612345678
3. Example for CDSL:
4. MYEPWD <SPACE> 1402345612345678
5. Example for Physical:
6. MYEPWD <SPACE> XXXX1234567890

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.kfintech.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

6. 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.

OTHER INFORMATION:

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

- b) The Chairman or the person authorized by him in writing shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the Results of the voting. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website and on the website of Karvy immediately after the results is declared and communicated to the Stock Exchanges where the equity shares of the Company are listed.
- c) Subject to the receipt of requisite number of votes, the Resolutions forming part of the Notice of Annual General Meeting shall be deemed to be passed on the date of the AGM i.e. Tuesday, 20th July, 2021.

7. 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, 14th July, 2021.
- 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/clientservices/mobilereg/mobileemailreg.aspx>
 - 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

Chinmay M. Methiwala

Company Secretary

Membership No. ACS 48146

Place: Surat

Date: 16th June, 2021

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, 4 and 5 of the accompanying Notice dated 16th June, 2021

Item No.3:

Garden Silk Mills Limited (GSML) a Member of Promoter Group of the Company holding 1,45,00,000 equity shares, constituting about 6.53% of the paid-up equity share capital of the Company, vide letter dated 24th March, 2021 has requested for reclassifying them from “Promoter and Promoter Group” Category to the “Public” Category. GSML was recently taken over by MCPI Private Limited through corporate insolvency resolution process under the Insolvency and Bankruptcy Code 2016 and ceases to be part of existing other Promoter and Promoter Group of the Company.

GSML has therefore requested for change of its status of promoter category to public category in the Company.

GSML has confirmed compliance with the following conditions prescribed under Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 such as:

- i. GSML
 - a) do not hold more than 10% of the total voting rights in the company
 - b) do not exercise control over the affairs of the Company, directly or indirectly
 - c) do not have any special rights with respect to the company through formal or informal arrangements including through any shareholder agreements
 - d) are not being represented on the board of directors (including not having a nominee director) of the Company
 - e) do not act as a key managerial person of the Company
 - f) are not ‘wilful defaulter(s)’ as per the Reserve Bank of India Guidelines
 - g) are not fugitive economic offender.
- ii. There is no pending regulatory action.

- iii. Shall continue to comply with the conditions mentioned at sub-clauses (i), (ii) and (iii) of clause (b) of Regulation 31A(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at all times from the date of re-classification, failing which, shall be reclassified as promoter/person belonging to the promoter group of the company.
- iv. Shall comply with the conditions mentioned in the sub-clauses (iv) and (v) of clause (b) of Regulation 31A(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for a period of not less than three years from the date of reclassification, failing which, shall be reclassified as promoter/person belonging to a promoter group of the company.

Members may also note that the Company is in compliant with the requirement for minimum public shareholding as required under Regulation 38 of the SEBI Listing Regulations, does not have trading in its shares suspended by the stock exchanges and does not have any outstanding dues to the Securities and Exchange Board of India, the Stock Exchanges or the Depositories.

The Post shareholding of Promoter and Promoter group after reclassification of GSML, will be as under:

Member	Pre-reclassification	Post-reclassification
Promoter and Promoter Group	74.98%	68.45%

Further, promoter seeking reclassification and person related to promoter under Regulation 31A(1)(b) seeking reclassification shall not vote to approve such reclassification request. Members may note that none of other promoters of the Company are related to GSML which is seeking reclassification from “Promoter and Promoter Group” Category to “Public” Category.

Members may further note that on the basis of the rationale and the confirmation provided by Garden Silk Mills Limited in accordance with provisions of Regulation 31A of the SEBI Listing Regulations, the Board of Directors of the Company at their meeting held on 31st March, 2021 had unanimously approved reclassification of GSML from “Promoter and Promoter Group” Category to the “Public” Category.

Post approval from the members, the Company will take appropriate steps including approval from Stock Exchange where shares of the Company are listed for reclassification of GSML, from "Promoter and Promoter Group" Category to the "Public" Category.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution. This statement may also be regarded as an appropriate disclosure under the SEBI Listing Regulations.

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

Item No.4:

In terms of the provisions of Section 148 of the Act and the Rules made thereunder, the Company is required to maintain Cost Audit records and have the same audited by a Cost Auditor. Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 3rd June, 2021, appointed M/s P. M. Nanabhoj & Co., Cost Accountants, (Firm Registration No. 000012), as Cost Auditor of the Company for conducting the Cost Audit for the Financial Year ending March 31, 2022, on a remuneration of Rs.86,250/- (Rupees Eighty-six Thousand Two Hundred Fifty only), plus applicable taxes thereon, reimbursement of travel and out-of-pocket expenses incurred in connection with the cost audit.

Rule 14 of the Companies (Audit and Auditors) Rules, 2014 as amended, requires that the remuneration payable to the Cost Auditor be ratified by the Members. Hence, the resolution at Item No. 4 of the Notice.

The Directors recommend that the remuneration payable to the Cost Auditor in terms of the resolution set out at Item No.4 of the accompanying Notice be ratified by the Members.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No.4 of the accompanying Notice.

Item No. 5:

Considering the present scenario and to implement the future business plans for diversification, the Board of Directors of the Company proposes to undertake and carry on business of trading in all commodities and other commodity related activities, specifically covered in the new proposed additional object clauses.

This will enable the Company to carry on its business economically and efficiently. This will also enlarge the area of operations of the Company.

For this purpose, the Object Clause of the Memorandum of Association (MOA) of the Company, requires to be altered to cover a wide range of activities to enable your Company to consider embarking upon new activities.

It is therefore proposed to insert the new sub-clause (2), (3) and (4) after the sub-clause (1) of the existing Main Object clause III(A), as stated in the resolution.

The above amendment would be subject to the approval of the Registrar of Companies and other regulatory authorities, as may be necessary.

The Board of Directors of the Company at its meeting held on 16th June, 2021 have approved the alteration of the Object Clause of MOA of Company and the Board now seeks members' approval for the same.

A copy of the Amended MOA of the Company would be available for inspection for the Members of the Company at the Registered Office of the Company during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise, in the Special Resolution except to the extent of their shareholding in the Company, if any.

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

By Order of the Board of Directors

Chinmay M. Methiwala

Place: Surat
Date: 16th June, 2021

Company Secretary
Membership No. ACS 48146

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 issued by the ICSI)

Name of the Director	Mr. Yogesh C. Papaiya Wholetime Director & CFO
DIN	00023985
Date of Birth	15/12/1952
Age	69 years
Date of first appointment on the Board	23/10/2000
Qualification	F.C.A. (Fellow Member of the Institute of Chartered Accountants of India)
Expertise in specific functional areas	Wide experience in Accounting, Taxation including functional expertise in Corporate Management.
Directorship in other Public Companies (excluding foreign companies and Section 8 companies)	Nil
Memberships / Chairmanship of committees in other public limited companies	Nil
No. of Board Meetings attended during the year	05
Relationship with other Directors and KMPs	None
Number of shares held in the Company	
(a) Own	Nil
(b) For other persons on a beneficial basis	Nil

Note: For other details such as the number of meeting of the Board / Committee attended during the year, remuneration drawn in respect of the above Director, please refer to the Corporate Governance Report, which forms part of the Annual Report.

DIRECTORS' REPORT & MANAGEMENT'S DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors present their 75th Annual Report on the performance of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2021. 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, 2021 is summarised below:

(Rs. in Crore)

Particulars	2021	2020
Revenue from Operations	131.14	180.28
Other income	4.73	4.61
Operating Profit / EBITDA (including other income)	17.96	12.01
Less: Finance Costs	0.16	0.76
Profit before Depreciation & Amortisation Expenses	17.80	11.25
Less: Depreciation & Amortisation Expenses	0.39	0.46
Profit before tax	17.41	10.79

Review of Operations

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activities. The Company's operations and revenue during FY21 were impacted due to COVID-19.

The manufacturing operations of the Company at its plant Village Jolwa, Taluka Palsana, Dist. Surat remained temporarily suspended during major part of first quarter of FY21 as per the directives of the Government, keeping in mind the paramount need of safety of the employees. The ongoing pandemic and partial lockdown during the year in different parts of the country further restricted the logistic arrangement coupled with slowdown of overall demand and weakening of the various commodities.

The manufacturing operations of the Company are conducted in compliance with the relevant guidelines / advisory issued by the central government and state authorities, for taking necessary measures for the containment of COVID-19, including measures like maintaining social distancing.

Sales fell sharply during the year with the Covid second wave and ongoing local lockdowns disrupting both production and retail sales, even as consumers cut back spending.

Your Company achieved total revenue of Rs.131.14 Crore for the financial year 2020-21 as compared to Rs.180.28 Crore for the previous year, a decline of about 27.25%.

The fall in overall sales was primarily due to lower capacity utilisation due to Covid-19 restrictions and subdued raw material scenario which resulted into lower price realisation.

Low international prices of oil drove down prices of PTA and MEG raw materials. However, with demand picking up for specialty chips, margins improved.

We earned an operating profit of Rs.17.96 Crore, representing 13.70% of total revenues, compared to Rs.12.01 Crore, representing 6.66% of total revenues, during the previous year.

The total sale of chips in volume terms for the year FY21 was lower at 18155 MT as compared to 23305 MT in the previous year. The production of Chips during FY21 was also lower at 18119 MT as compared to 23325 MT in the previous year.

During the year under review, there were no exceptional or extra-ordinary items.

Close watch on raw material prices and strict inventory management has helped the Company in these challenging times.

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.0.76 Crore in FY20 to Rs.0.16 Crore for FY21.

During second quarter of FY21, your Company resumed manufacturing operation at its Polycondensation Plant at Village Jolwa in a gradual manner under the guidelines of central government and state authorities. However, owing to COVID restrictions coupled with migration of labour, the Company operated its plants at Village Jolwa at lower capacity.

The production at polyester spinning division of the Company at Village Jolwa remained suspended during the year 2020-21 due to competitive pressure and prevailing market conditions in the yarn segment.

In view of the current economic slowdown due to COVID-19 pandemic, health impact on employees and prevailing uncertainty to the growth of business activities more particularly in the segment in which Company is operating, the Directors are considering and evaluating the proposal for sale/transfer/disposal 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, in the overall interest of the stakeholders.

Loss on investment held in Garden Silk Mills Limited consequent to extinguishment of equity capital.

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench vide its Order dated 1st January, 2021 approved Resolution Plan of Garden Silk Mills Limited (GSML) in the matter of IA 661 of 2020 in CP(IB) 453 of 2018. As an integral part of the Resolution Plan and on implementation on the same, GSML stands delisted w.e.f. 8th February, 2021 from BSE and NSE.

Further, as per the said Order the entire Issued, Subscribed and Paid up Equity Share Capital of Garden Silk Mills Limited shall stand extinguished in full without payment of any consideration / pay out / exit offer. Accordingly the investment of 480878 Equity Shares of Rs.10 each fully paid up held by the Company in GSML stands extinguished and the loss on derecognition of investment by extinguishment of Equity Shares of GSML have been passed in books of account of the Company.

Reclassification of Garden Silk Mills Limited shareholding from Promoter category to Public category

GSML, one of the Promoter Group Company holding 1,45,00,000 Equity Shares of Rs. 1/- each fully paid up in the Company, had submitted its request to the Board of Directors for their reclassification from Promoter and Promoter Group Category to Public Category in the shareholding pattern of Surat Textile Mills Limited, pursuant to Regulation 31A of SEBI (LODR) Regulations, 2015.

The Board of Directors of the Company at its meeting held on 31st March, 2021 approved the proposal for reclassification as requested subject to approval of shareholders and the approval of stock exchange i.e. BSE Limited where the shares of the Company are listed.

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 2020-21.

Transfer to Reserves

The Board of Directors have decided to retain the entire amount of profits for Financial Year 2020-21 in the Retained Earnings and do not propose to transfer any amount to general reserve.

Share Capital

The Paid-up Equity Share Capital of the Company as on March 31, 2021 was Rs.2220.64 Lakhs comprising of 22,20,64,440 equity shares of Rs.1 each. During the year under review, your Company has neither issued any shares with differential voting rights nor has granted any stock options or sweat equity. The Company has paid Listing Fees for the Financial Year 2021-22, to BSE Limited where its equity shares are listed.

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.

COVID-19 and its impact

Your Directors have been periodically reviewing the impact of COVID-19 on the Company.

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial results. The Company believes that pandemic is unlikely to impact on the recoverability of the carrying value of its assets as at 31st March, 2021. Looking to the present situation of pandemic, the extent to which the same will impact Company's future financial results is currently uncertain and will depend on future developments.

The Management anticipates slowdown for the polyester sector overall in the short term due to COVID-19 pandemic, and is also keeping a close watch on any other possible impacts of second or future waves of the pandemic. The Board and the Management will continue to closely monitor the situation as it evolves and do its best to take all necessary measures, in the interests of all stakeholders of the Company.

Industries Structure

(a) Overview of the economy

Indian Economy

India's economy grew at a better-than-expected rate of 1.6% in the January-March quarter from a year ago, but the severe second Covid wave has created economic uncertainty and dampened sentiment.

The economy, which was facing a slowdown even before the pandemic broke out last year, contracted by 7.3% during April 2020 to March 2021 fiscal (FY21), weighed down by nationwide lockdown that pummeled consumption and halted most economic activities.

This is the first full-year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2%. The economy has grown by 4% in the previous 2019-20 fiscal.

The Government does not expect the severe second wave to have a large economic impact. However, the outlook appears uncertain.

The pandemic has resulted in a huge number of job losses. According to CMIE over 97% Indians have become poorer compared with the last year and unemployment levels are at 13.73%. This will take a toll on consumption and consumption led Companies. Given the strong recovery in other countries commodity prices may remain strong and there is a worry about inflation, global as well as local, and its impact on interest rates.

The Indian manufacturing sector is showing increasing signs of strain as the Covid-19 crisis intensifies. Key gauges of current sales, production and inputs being weakened noticeably in first quarter of FY22 and pointed to the slowest rates of increase in the ten months.

(b) Industry Scenario

The year under review saw a significant reduction in polyester demand and supply owing to the pandemic. However, the industry recovered ferociously after the 1st wave and did rather good overall for the year. This was true for the company's products as well.

Raw material prices have recovered considerably but the industry has witnessed healthy pricing power and been able to pass on these increases to the customer.

It is expected that once the 2nd wave wanes in the current fiscal, demand would recover as before.

(c) Opportunities, Challenges, Threats, Risks and Concerns

The COVID-19 pandemic is a global humanitarian and health crisis, which continues to impact the major part of the country and the other geographies also reporting second and third waves of infections. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant disruption to people and businesses.

The uncertainty in demand with prolonged economic impacts of the COVID-19 pandemic will result in impact to production and may cause us to implement major cost control measures and other initiatives.

New and changing regulatory compliance, corporate governance and disclosure requirements may increase our costs of compliance.

Change in the policies of the Government of India may adversely affect economic conditions in the country generally, which could impact our business and prospects.

Covid has resulted in the loss of senior factory personnel and continues to pose a risk to health of employees just as it does to the wider public. Risks related to the market in which we operate, may affect our profitability negatively if shutdown is prolonged or if we are unable to eliminate fixed or committed costs in line with reduced demand. Unavailability of supply of electricity is another risk factor.

The Government's ability to limit the spread of the virus and materially increase the rate of vaccinations will have a direct impact on the trajectory of both health and economic outcome.

(d) Business Outlook

Indian economy is expected to rebound in current fiscal ending March '22 and perhaps clock a growth of 9-10%, but a severe second Covid wave has increased risks to India's credit profile and rated entities.

India's economy rebounded quickly from a steep contraction in 2020, but a severe second wave of the coronavirus has increased risks to the outlook with potential larger-term credit implications. Risk to India's credit profile, including a persistent slow-down in growth, weak government finances and rising financial sector risk, have been exacerbated by the shock.

There are signs of pickup in economic activity and the recovery should gather pace by the end of first quarter FY22, helped by the decline in COVID cases and faster vaccination.

Going forward, capacity utilisation in polyester industry is expected to sustain at better levels in FY22. Cotton yarn realisation is expected to be strong, driven by the ban on Chinese cotton by the US. Revenue of all three segments - cotton yarn, readymade garments and home textiles is expected to recover to pre COVID levels in FY22 with good demand driven by knitted garments and home textiles segments, with operating profitability by 200-250 bps as cotton yarn spreads are expected to remain high (CRISIL). Polyester as a strong substitute of cotton is also expected to recover well in the 2nd half of the year, also owing to pent-up demand.

Financial Performance

Revenue

Total revenue from operation of the Company for FY21 declined by 27.25% at Rs.131.14 Crore as compared to Rs.180.28 Crore in FY20.

Other income for the year ended 31 March, 2021 at Rs.4.73 Crore marginally increased from Rs.4.61 Crore in the previous year.

EBITDA

Earnings before Interest, Tax and Depreciation (EBITDA) for the year FY21 was higher at Rs.17.96 Crore as compared Rs.12.01 Crore in the year FY20.

Material cost

Cost of raw material for FY21 constituted 77.42% of total expenses as compared to 80.83% in previous year FY20. The cost of both major raw materials remained low during the year.

The material cost as a percentage of revenue decreased from 78.06% in the previous year to 69.93% in the current year.

Energy Cost

Power and Fuel cost for FY21 constituted 6.09% of total expenses as compared to 5.21% in previous year FY20. 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, 2021 was lower at Rs.0.16 Crore as compared to Rs.0.76 Crore in the previous year.

Employee benefits expense

The employee benefits expense or personnel cost as a percentage of revenue has increased from 1.20% in the previous year to 1.87% in the current year.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expenses for FY21 were at Rs.0.39 Crore as compared to Rs.0.46 Crore in previous year.

Other expenses

Other expenses as a percentage of revenue for FY21 have increased from 16.63% in the previous year to 18.12% in the current year due to lower business volume and revenue.

The overall other expenses for FY21 were lower at Rs.23.76 Crore as compared to Rs.29.98 Crore in FY20 primarily on account of reduction in manufacturing expenses and selling and distribution expenses.

Subsidiary, Joint Venture and Associate Companies

The Company has no subsidiary / joint venture / associates for the financial year ended 31st March, 2021. 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 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) Rules 2015 as amended and other recognised accounting practices and policies to the extent applicable.

Resources and Liquidity

Our principal sources of liquidity are cash and cash equivalent, investments and the cash flow we generate from operations. We continue to be debt-free and maintain adequate liquidity to meet our operational requirements.

There was no outstanding term loan at the beginning or at the end of financial year 2020-21. 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. The surplus funds during the year were deployed in the secured money market instruments, primarily in mutual funds.

Corporate Governance Report

Your Company is in compliance with all the applicable provisions of Corporate Governance as stipulated under Chapter IV of the Listing Regulations. A detailed report on Corporate Governance as required under the Listing Regulations is provided in a separate section in **Annexure G** and forms part of this Report.

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 2020-21 does not contain any qualification, reservation, adverse remark or disclaimer.

Directors and Key Managerial Personnel

(a) Reappointments

(i) Directors liable to retire by rotation

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Company, Mr. Yogesh C. Papaiya (DIN: 00023985), Wholetime Director and CFO, whose office is liable to retire at the ensuing AGM, being eligible, seeks reappointment. Based on performance evaluation and the recommendations of the Nomination and Remuneration Committee, the Board recommends his reappointment.

A brief resume of directors being appointed / re-appointed along with the nature of their expertise, their shareholding in your Company and other details as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as an annexure to the Notice convening the 75th AGM to be held on 20th July, 2021.

(ii) Key Managerial Personnel ('KMP')

During the year under review, Ms. Hanisha Arora, Company Secretary and Compliance Officer resigned from the post with effect from 31st March, 2021. The Board of Directors of the Company at its meeting held on 31st March, 2021, while taking note of resignation, recognised her contribution during her tenure as Company Secretary and Compliance Officer. At the said meeting, the Board approved the appointment of Mr. Chinmay M. Methiwala, a qualified Company Secretary holding Membership No.ACS 48146 as Company Secretary and Compliance Officer with effect from 1st April, 2021.

In terms of Section 203 of the Act, the following are the Key Managerial Personnel of the Company:

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 (upto 31/03/2021)
4. Mr. Chinmay M. Methiwala, Company Secretary and Compliance Officer (w.e.f. 01/04/2021)

Independent Directors

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.

During the year under review, the Company did not have any pecuniary relationship or transactions with any of its Directors, other than payment of remuneration / Incentive to the Executive Directors

and payment of sitting fees, commission to Non-executive Directors and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committees of the Company.

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.

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 31st March, 2021.

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.

Familiarization/Orientation program for Independent Directors

Pursuant to Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), during the year under review, your Company imparted familiarization 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.

The Company issues a formal letter of appointment to the Independent Directors, outlining their role, function, duties and responsibilities, the format of which is available on the Company's Website at www.surattextilemills.com.

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

Declaration by Independent Director

The Company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

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

Committees of Board

As on 31st March, 2021, the Board had 4 committees, the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee.

A detailed note on the composition of the Board and its Committees and the number of meetings held and attendance of Directors at such meetings is provided in the Corporate Governance Report, which forms part of the Annual Report.

During the year, all recommendations made by the committees were approved by the Board.

Policy on directors' appointment and remuneration

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.

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.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualification, positive attributes, independence of a director and other matters, as required under sub-regulation 3 of Section 178 of the Companies Act, 2013 is set out in 'Annexure D', forms part of this Report and available on the website <http://www.surattextilemillsltd.com/policies.aspx>

Board Evaluation

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

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of committees, effectiveness of Committee meetings, etc.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated at separate meetings of Independent Directors. The same was also discussed in the meetings of NRC and the Board. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

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 2020-21. A declaration to this effect signed by the Managing Director of the Company is contained in this Annual Report. The Managing Director and CFO have certified to the Board with regard to the financial statements and

other matters as required under regulation 17(8) of the SEBI Listing Regulations, 2015.

Code for Prevention of Insider Trading

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

Procedure for Nomination and Appointment of Directors

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

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

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

The details of remuneration paid to the Directors including Executive Directors of the Company are given in Corporate Governance Report which forms part of Annual Report.

Internal Control Systems & their adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

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

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 placed adequate Internal Financial Controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. 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.

Statutory Auditors of the Company have in their Report dated 3rd June, 2021, opined that the Company has, in all material respects adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021.

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(1) (c) read with Section 134(5) of the Companies Act, 2013 and on the basis of explanation and compliance certificate given by the executives of the Company,

and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, the Board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2020-21.

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

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the Annual Accounts for the Financial Year ended March 31, 2021 on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Number of meeting of the Board

The Board met five times during the financial year 2020-21. The meeting details are provided in the Corporate Governance Report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

Particulars of Employees and Related Disclosures

During the financial year 2020-21, 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.

Auditors and Audit Reports

Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of maximum term permitted under the provisions of Companies Act, 2013.

In line with the requirements of the Companies Act, 2013, M/s Sharp and Tannan Associates, Chartered Accountants (ICAI Firm Registration No. 109983W) was appointed as the Statutory Auditors of the Company, to hold office for a period of 5 consecutive years from the conclusion of the 71st Annual General Meeting held on 2nd August, 2017 till the conclusion of the 76th Annual General Meeting to be held in 2022.

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

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

The Auditors report is enclosed with the financial statements in this annual report. The Auditors report for the financial year 2020-21 does not contain any qualification, reservation or adverse remark.

Cost Auditors

Pursuant to Section 148(2) of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, your Company is required to get its cost accounting records audited by a Cost Auditor.

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board of Directors, based on the recommendation of the Audit Committee, has appointed M/s P. M. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 000012), as Cost Auditor of the Company for conducting the Cost Audit for the Financial Year 2021-22, on a remuneration Rs.86,250 plus out of pocket expenses and applicable taxes.

A Certificate from M/s P. M. Nanabhoy & Co., Cost Accountants, has been received to the effect that their appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

A resolution seeking Member's ratification for the remuneration payable to the Cost Auditor forms part of the Notice of 75th Annual General Meeting and the same is recommended for your consideration and ratification.

The Cost Audit Report for the financial year 2020 was filed with the Ministry of Corporate Affairs on 25th September, 2020 vide SRN R59843433.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made there under, the Board at its meeting held on 21st July, 2020 has appointed Jigar Vyas (FCS No.8019) of Jigar Vyas & Associates, Practising Company Secretaries, (CP No.14468), to conduct a secretarial audit of the Company for the financial year 2020-21. The report of Secretarial Audit carried out for the financial year 2020-21 is annexed herewith as **Annexure E**.

The Secretarial Audit Report for the Financial Year 2020-21, does not contain any qualification, reservation, adverse remark or disclaimer requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Board, at its meeting held on 3rd June, 2021 has reappointed Jigar Vyas (FCS No.8019) of Jigar Vyas & Associates, Practising Company Secretaries as Secretarial Auditor, for conducting Secretarial Audit of the Company for the financial year 2021-22.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2020-21 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by

Mr. Jigar Vyas Practicing Company Secretary (ICSI Membership No.FCS 8019) has been submitted to the Stock Exchanges within the stipulated time, in compliance with the provisions of the Regulation 24A of SEBI (LODR) Regulations, 2015.

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 2021-22.

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.

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

Whistle Blower Policy / Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors' and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

The Policy provides for adequate safeguards against victimization of employees, who avail of the mechanism and provides to employees' direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

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

Related Party Transactions

All Related Party Transactions that were entered into during the Financial Year under review were on an arm's length basis, and in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year that required shareholders' approval under Regulation 23 of the Listing Regulations.

All Related Party Transactions are placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for these transactions cannot be foreseen in advance.

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

The statement giving details of all Related Party Transactions are placed before the audit committee / the Board for review and approval on a quarterly basis. Pursuant to Regulation 23(9) of the Listing Regulations your company has filed half yearly report on Related Party Transactions with the stock exchanges.

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.surattextilemills.com.

Reporting of frauds by auditors

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

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

The particulars as prescribed under sub section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014 are enclosed as **Annexure – A** to the Board's report.

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

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

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

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

The Policy of the "Prevention of Sexual Harassment of Women at Workplace" of the Company is available on the website of the Company <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 31st March, 2021 to review the Corporate Social Responsibility Policy.

During the year under review, your Company spent Rs.24.70 Lakhs on CSR activities. The average net profit for the past three financial years was Rs.1230.49 Lakhs.

Annual Report on mandatory CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, have been annexed as **Annexure - B** and forms integral part of this Report.

The Company has a Policy on Corporate Social Responsibility and the same has been posted on the website of the Company at <http://www.surattextilemillsLtd.com/policies.aspx>.

CEO and CFO certification.

Pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Managing Director and CFO Certification forms part of the Annual Report. Managing Director and CFO also provide quarterly certification on financial results, while placing the financial results before the Board in terms of the Listing Regulations.

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, 2021 was 58 Nos.

Overall harmonious industrial relations prevailed at all the Company's locations during FY 2020-21.

Green Initiatives

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 75th Annual General Meeting of the Company including the Annual Report for FY 2020-21 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

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.

Compliance with the provisions of Secretarial Standards

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively. During the financial year under review the Company was in compliance with Secretarial Standards i.e. SS-1 and SS-2 relating to "Meetings of Board of Directors" and "General Meetings" respectively.

Significant and Material Orders passed by the Regulators or Courts

During the year, there are no significant and material orders passed by the Regulators or Courts or Tribunals that could impact the going concern status of the Company and its future operations.

Further, members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the financial statements.

Material changes and commitment

The outbreak of COVID-19 pandemic in the financial year under review has not been contained so far all over the globe including India and its severity impacting economy has increased. The impact of COVID-19 pandemic has been disclosed in this report. Apart from COVID-19 pandemic impact which may affect the financial conditions of the Company, there are no other material change and commitment, affecting the financial position of the Company required to be reported under this section.

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.

Public Deposits

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, Guarantees and Investments

Disclosures with respect to Loans, Investments and Guarantees covered under the provisions of Section 186 of the Act are not applicable since the Company has not granted any loan, made any investment and provided any guarantees and securities to the parties covered under Section 185 and 186 of the Act.

Annual return

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

Events occurring after Balance Sheet date

There were no significant events that occurred after the Balance Sheet date apart from the ones mentioned in 'Material changes and commitments affecting financial position between the end of the financial year and date of the report' in the Board's report.

Business Responsibility Report

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the financial year ended 31st March, 2021.

Key financial ratios

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

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

Sr. No.	Particulars	FY 2020-21	FY 2019-20
1	Debtors Turnover Ratio (times)	48.60	48.01
2	Inventory Turnover Ratio (times)	13.40	14.46
3	Current Ratio (times)	35.75	10.62
4	Debt Equity Ratio (times) *	--	--
5	Operating Profit Margin (%)	9.79	3.85
6	Net Profit Margin (%)	13.28	5.98
7	Return on Net Worth (%)	12.61	8.64

* The Company has no long term debt.

Ratios where there has been a significant change from FY20 to FY21.

Change in the Current Ratio, Operating Profit Margin, Net Profit Margin and Return on Net Worth have been explained in the relevant section above.

Other Disclosures / Reporting

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme or ESOPs.
3. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company(as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3) (c) of the Companies Act, 2013).
4. There 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.
6. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

Forward Looking Statement

Certain statements made in the Directors Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, whether expressed or implied. Several factors could make significant difference to the Company's Operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, any epidemic or pandemic, natural calamities over which the Company may not have any direct / indirect control.

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

Surat, 3rd June, 2021

Manikant R. Momaya
Managing Director
DIN: 00023993

Annexure – A

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2021 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 fully absorbed : Not applicable.

IV. The expenditure incurred on Research and Development.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Lakhs)

Particulars	2020-21	2019-20
Foreign Exchange Earned	111.73	109.11
Foreign Exchange Used	Nil	Nil

Annexure - B

Annual Report on CSR Activities of the Company

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>(a) Focus areas: The Company supports various bodies in carrying out activities in the areas of rural development, education, health care etc.</p> <p>(b) CSR Objectives: To attain its CSR objectives in a professional and integrated manner, the main objectives are:</p> <ol style="list-style-type: none"> (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. (3) Ensuring protection and restoration of wildlife within the scope of operations (4) Undertaking programs focused on Education, Skill Development and healthcare etc. <p>In the financial year 2020-21, the Company has undertaken activities relating to Promoting Education, Social Welfare, Health care and Sanitation etc.</p> <p>(c) 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</p>
2	Composition of CSR Committee	<p>The CSR Committee comprises the following members:</p> <ol style="list-style-type: none"> a. Mr. Ketan Jariwala, Independent Director - Chairman b. Mr. Harishchandra Bharucha, Independent Director - Member c. Mr. Yogesh C. Papaiya, Wholetime Director & CFO - Member <p>During the financial year 2020-21, one meeting of CSR Committee was held on 31st March, 2021. All the members attended the meeting.</p>
3	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.	<p>Web-Link to the CSR Policy: http://www.surattextilemillsltd.com/policies.aspx</p>
4	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.	Not applicable.

5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any.	Financial year	Amount available for set-off from preceding financial years
		2017-18 2018-19 2019-20	Nil Nil Nil
6	Average Net Profit of the Company for last three financial years (as per Section 198 of the Companies Act, 2013)	Rs.1230.49 Lakhs	
7	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs.24.61 Lakhs	
8	Details of CSR spent during the financial year		
	(a) Total amount to be spent for the financial year.	Rs.24.70 Lakhs	
	(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.24.70 Lakhs for social welfare and education program.	
9	Excess Amount for set off, if any		
	(i) Two percent of average Net Profit of the Company as per Section 135(5) of the Act	Rs.24.61 Lakhs	
	(ii) Total amount spent for the Financial Year	Rs.24.70 Lakhs	
	(iii) Excess amount spent for the Financial Year [(ii)-(i)]	Rs.0.09 Lakhs	
	(iv) Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil	
	(v) Amount payable for set off in succeeding financial years [(iii)-(iv)]	Rs.0.09 Lakhs	
10	(a) Details of Unspent CSR Amount for the preceding three financial years.	Nil	
	(b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding financial year(s)	Nil	
11	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year.	Nil	
12	Specify the reason(s), if the Company has failed to spend two per cent of the average Net Profit as per Section 135(5) of the Act.	Not applicable.	

Responsibility statement:

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

Manikant R. Momaya
Managing Director
(DIN 00023993)

Ketan Jariwala
Chairperson - CSR Committee
(DIN 02095540)

Surat, 3rd June, 2021

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: 0.93 (2) Mr. Yogesh C. Papaiya Wholetime Director & CFO: 3.07
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 (Resigned w.e.f. 31/03/2021)
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, 2021.	58
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 2021: Rs.35.01 Lakhs (ii) Total revenue: Rs.13587.61 Lakhs (iii) Remuneration of KMPs (as percentage of revenue): 0.26 (iv) Profit before tax: Rs.1741.05 Lakhs (v) Remuneration of KMPs (as percentage of PBT): 2.01 * 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.

Sr. No.	Requirement under Rule 5(1)	Details
	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.
11.	Variations in the market capitalization.	Market capitalization as on 31/03/2021: Rs.76.39 Crore. Market capitalization as on 31/03/2020: Rs.22.21 Crore.
12.	Price earnings ratio as at the closing of 31st March, 2021 and 31st March, 2020.	31/03/2021: 3.44 31/03/2020: 2.86
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 Directors

Surat, 3rd June, 2021

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

FORM NO. MR-3

Secretarial Audit Report for the year ended 31st March, 2021

[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, 2021** ('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, 2021** 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 as the Company had no such investments and borrowings during the Financial Year under review);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;- **(Not Applicable as the Company did not issue any security during the Financial Year under review);**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;- **(Not Applicable as the Company does not have Employees Stock Option Scheme for its employees);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- **(Not Applicable as the Company has not issued any debt securities during the Financial Year under review);**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;- **(Not Applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the Financial Year under review).**

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;- **(Not Applicable as the Company has not delisted its equity shares from any stock exchange during the Financial Year under review);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;- **(Not Applicable as the Company has not done any buy back of its securities during the Financial Year under review);** and
- (vi) Other laws applicable specifically to the Company as per representations made by the Company.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) The 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 review, 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. There was no change in the composition of the Board of Directors that took place during the Financial Year under review.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at Board Meetings were taken unanimously.

I further report that on the basis of the Compliance Certificate(s) issued by the Managing Directors, Wholetime Director and CFO and the Company Secretary and taken on record by the Board of Directors at their meeting(s), I am of the opinion that 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 etc.

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

I further report that during the Financial Year under review, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having a major bearing on the Company's affairs.

For **Jigar Vyas & Associates**
Company Secretaries

SD/-
Jigar Vyas
Proprietor

Place: Surat FCS No.: 8019 C.P. No.: 14468
Date: 29th May, 2021 UDIN : FO08019CO00390456

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

Annexure A

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. I further report that, based on the information provided by the Company, its officers, and authorised representatives during the conduct of the audit and also on the review of quarterly compliance report issued by the respective departmental heads/Company Secretary/ Managing Director, taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws and Data protection policy.
8. I further report that the Compliance by the Company of applicable Financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial auditor and other designated professionals.

For **Jigar Vyas & Associates**
Company Secretaries

SD/-

Jigar Vyas
Proprietor

Place: Surat
Date: 29th May, 2021

FCS No.: 8019 C.P. No.: 14468
UDIN: FO08019CO00390456

Annexure – F

Form No. AOC-2

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

Material Related Party Transactions

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

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

Surat Textile Mills Limited ('the Company') has not entered into any contracts / arrangement / transaction with its related party which are not in ordinary course of business or at arm's length during the Financial Year 2020-21. The Company has laid down policies and processes / procedures so as to ensure compliance to the subject section in the Companies Act, 2013 and the corresponding Rules.

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

The details of material contracts or arrangements or transactions at arm's length basis during Financial Year 2020-21 are as follows.

Sr. No.	Name of the Related Party and Relationship	Nature of Transaction	Duration	Salient Terms	Amount (Rs. in Lakhs)
1	Garden Silk Mills Limited (Group Company)	Electric power and other utilities	Ongoing	On arm's length basis and in ordinary course of business.	717.81
2	Garden Silk Mills Limited (Group Company)	Others miscellaneous purchases	Ongoing	On arm's length basis and in ordinary course of business.	10.34
3	Garden Silk Mills Limited (Group Company)	Revenue from operations	Ongoing	On arm's length basis and in ordinary course of business.	3167.78
4	Garden Silk Mills Limited (Group Company)	Leave and Licence Fees and Reimbursement Expenses	Ongoing	On arm's length basis and in ordinary course of business.	1.45
5	Sorrento Textiles Private Limited (Group Company)	Leave and Licence Fees and Reimbursement Expenses	Ongoing	On arm's length basis and in ordinary course of business.	82.00

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

For and on behalf of the Board of Directors

Manikant R. Momaya
Managing Director
(DIN 00023993)

Surat, 3rd June, 2021

ANNEXURE – G

REPORT ON CORPORATE GOVERNANCE

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015), given below are the corporate governance policy and practices adopted by the Company for the year 2020-21.

1. Company's Philosophy on Code of Governance:

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

The Corporate Governance philosophy of your Company ensures transparency in all dealings and in the functioning of the management and the Board.

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.

Your Company is in compliance with the requirements of Corporate Governance stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter called "the Listing Regulations" and also the Guidance Note on Board Evaluation as prescribed by the Securities and Exchange Board of India (SEBI).

2. Board of Directors and Governance Framework:

(i) Composition of the Board

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

The Board composition is in conformity with Regulation 17 of Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act").

The Company's Board has an optimum combination of Executive and Non-Executive Directors including a Woman Director. The Board of Directors as at the end of March 31, 2021, comprised of 5 Directors, out of which 2 were Executive Directors and 3 were Non-Executive Directors, all being Independent Directors.

None of the Directors of the Company are related to each other and there are no inter-se relationships between the Directors. As on 31st March, 2021, none of the Directors hold equity shares in the Company. The Company has not issued any convertible instruments.

All Directors are in compliance with the limit on Directorships /Independent Directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations.

The Company has received declarations on criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations from the Directors of the Company who have been classified as Independent Directors as on 31st March, 2021.

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

(ii) Number of meeting of the Board.

During FY 2020-21, 5 meetings of the Board were held. The said meetings were held on 21/07/2020, 15/09/2020, 12/11/2020, 09/02/2021 and 31/03/2021. Minutes of the meetings of all the Board and Committees are circulated to all the Directors. 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, 2021:

Name	Category	No. of Board Meetings attended #	Attendance at the last AGM held on 22/09/2020	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	5	Yes	N.A.	N.A.
Mr. Harishchandra B. Bharucha	Non-executive, Independent	5	Yes	N.A.	N.A.
Mr. Ketan Jariwala	Non-executive, Independent	5	Yes	N.A.	N.A.
Ms. Kruti Kothari	Non-executive, Independent	5	Yes	N.A.	N.A.

excluding Independent Directors meeting.

* 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.

(iii) Chart / matrix setting out the skills/expertise/competence of the Board of Directors

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

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

Core skills / expertise / competencies identified by the Board of Directors as required in the context of its business(es) and sector(s)	Names of Directors who have such skills / expertise / competence
Finance, Law, Management, Administration, Corporate Governance related to the Company's business	Mr. Yogesh C. Papaiya, Ms. Kruti Kothari
Technical Operations and knowledge on Production, Processing, Quality and Marketing of products	Mr. Manikant R. Momaya, Mr. Ketan A. Jariwala
Management, Strategy, Sales, Marketing, Administration Technical Operations related to the Company's business	Mr. Manikant R. Momaya, Mr. Harishchandra Bharucha, Mr. Ketan A. Jariwala

(iv) Board Procedures

The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board members to take informed decisions.

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

Additionally, based on the agenda, meetings are attended by members of the senior leadership as invitees, which brings in the requisite accountability and also provides developmental inputs.

The Board periodically reviews the strategy, annual business plan, business performance of the Company and Risk Management, Safety, Business Sustainability and Environmental matters.

The Board also reviews the compliance reports of the laws applicable to the Company, Minutes of the Meeting of adoption of quarterly / half-yearly / annual results, minutes of committees of the Board etc.

The Board also reviews the declarations made by the Managing Director, the Wholetime Director & Chief Financial Officer and the Company Secretary regarding compliance with all applicable laws and reviews the related compliance reports, on a quarterly basis.

The information as required under Part A of Schedule II to the Listing Regulations is also made available to the Board, wherever applicable, for their consideration.

Video conferencing facility is used as and when required to facilitate Directors at other locations to participate in the meetings.

(v) Code of Conduct

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

Personnel have affirmed compliance with the applicable Code of Conduct for the Financial Year 2020-21. A declaration to this effect, signed by the Managing Director & CFO, forms part of this Report.

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

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

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

(vii) Independent Directors

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

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

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

No Independent Director had resigned during the Financial Year 2020-21.

(a) Meeting of Independent Directors

A separate meeting of Independent Directors of the Company without the presence of the Executive Directors & the Management Representatives was held on 31st March, 2021 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations. At the said meeting, the Independent Directors:

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

All the Independent Directors of the Company attended the Meeting of Independent Directors held on 31st March, 2021. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

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>

(b) Familiarization Programme for Independent Directors

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

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

The details of the Familiarization Programme for Independent Directors for 2020-21 is disclosed on the Company's website at the web link: <http://www.surattextilemillsLtd.com>

(viii) Board and Directors' Evaluation and Criteria for Evaluation

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

The Nomination and Remuneration Committee (NRC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

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

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

3. Audit Committee

(i) Terms of Reference

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act. All members of the Committee are financially literate, with Ms. Kruti Kothari, as Chairman of the Committee, having the relevant accounting and financial management expertise.

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

During the financial year 2020-21, the Audit Committee of the Company met four times on 21/07/2020, 15/09/2020, 12/11/2020 and 09/02/2021. The gap between two Audit Committee meetings did not exceed four months. The Committee, in its meeting held on 3rd June, 2021 reviewed the Annual Accounts for the year ended 31st March, 2021.

The composition of the Audit Committee and the details of the meetings attended by its Members during the financial year ended 31st March, 2021 are as under:

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

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

Ms. Kruti Kothari, as Chairman of the Audit Committee was present at the 74th Annual General Meeting of the Company held on 22nd September, 2020 held through video conference.

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

(ii) Internal Audit

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

4. Nomination and Remuneration Committee

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

(i) Terms of reference

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

(ii) Composition of the Committee and Attendance at meetings during the year

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 2020-21 two meetings of the members of Nomination and Remuneration Committee were held on 21st July, 2020 and 31st March, 2021 wherein all the members were present.

The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on 22nd September, 2020.

(iii) Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the Listing Regulations, the Annual Performance Evaluation was carried out for the Financial Year 2020-21 by the Board in respect of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Risk Management, Stakeholders' Relationship and Corporate Social Responsibility Committees.

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

(iv) 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.

5. Remuneration to Directors

(i) Remuneration paid to Executive Directors during the financial year 2020-21

Name of Director	Salary & Perquisites
Mr. Manikant R. Momaya, Managing Director	Rs.7,72,489/-
Mr. Yogesh C. Papaiya, Wholetime Director & CFO	Rs.25,39,956/-

(ii) Remuneration paid to Non-Executive Directors

The Company has paid sitting fees to Non-Executive directors for attending meetings of the Board, Audit Committee and other Committee meetings. The aggregate amount of sitting fees paid during the financial year 2020-21 was Rs.6,32,500/-.

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.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted by the Board in compliance with the requirements of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations. Mr. Harishchandra Bharucha, Independent Director is the Chairman of this Committee.

Terms of reference

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

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

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.

During the Financial Year 2020-21, the Committee met once on 21st July, 2020. All the members attended the meeting.

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

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

During the Financial Year under review, 14 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.

7. 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 2020-21 the Committee met once on 31st March, 2021 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.

8. 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.

9. General Body Meetings / Postal ballots

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

Year	Venue	Date	Time
2019-20	Meeting held through Video Conferencing (VS) / Other Audio - Visual Means(OAVM)	22nd September, 2020	03.00 p.m.
2018-19	Registered Officer, Surat	3rd September, 2019	11.00 a.m.
2017-18	Registered Officer, Surat	8th August, 2018	11.00 a.m.

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

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

- i) Whether any special resolutions passed in the previous three AGMs: There were three Special Resolutions were passed at the 74th Annual General Meeting held on 22nd September, 2020. The agenda for Special Resolutions were re-appointment of Mr. Ketan A. Jariwala as an Independent Director for the second term of 4 years w.e.f. 26th August, 2020 upto 10th August, 2024, adoption of new set of Articles of Association of the Company in conformity with the Companies Act, 2013 and adoption of new set of Memorandum of Association of the Company in conformity with the Companies Act, 2013.
- ii) 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.

- iii) 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 as an Independent Director for the second term of 5 years with effect from 01/04/2019 to 31/03/2024 and another Special Resolution was passed at the said AGM for approval of Related Party Transactions.
- iv) Whether any special resolution is proposed to be conducted through postal ballot – At present, there is no proposal to pass any special resolution through Postal Ballot.
- v) Procedure for Postal Ballot – Not Applicable

(c) Postal ballot:

During the year, the Company did not pass any Special Resolution through postal ballot.

10. Means of Communication:

- (i) The quarterly and annual financial results of the Company are uploaded on BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE website. The financial results are also published in 'Indian Express' (English) and 'Dhabkar' (Gujarati) newspapers and posted on the Company's website at www.surattextilemillsLtd.com. In terms of the Listing Regulations, the Company has a designated email ID for dealing with Investors' complaints viz., sharedepartment@stml.in.
- (ii) Management Discussion and Analysis report forms part of the Directors Report.

11. General Shareholder information:

(i)	AGM: Date Time and Venue	Tuesday, 20th July, 2021	
		3:00 p.m.	
		The Company is conducting AGM through VC / OAVM pursuant to the MCA Circular dated January 13, 2021 (General Circular No. 02/21) read with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as "MCA Circulars") and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.	
(ii)	Financial Calendar (tentative)	Board Meetings for approval of:	
		Financial Results for the first quarter ending June 30, 2021	Before August 14, 2021
		Financial Results for the second quarter ending September 30, 2021	Before November 14, 2021
		Financial Results for the third quarter ending December 31, 2021	Before February 14, 2022
		Annual Accounts for Financial Year 2021-2022	In April / May 2022
		Annual General Meeting for the year ending March 31, 2022	In June/July 2022
(iii)	Dates of Book Closure	Thursday, 15th July, 2021 to Tuesday, 20th July, 2021 (both days inclusive)	
(iv)	Listing on Stock Exchange and Stock Code	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001 Tel: +91 22 22721233/34 Fax: +91 22 22721919 Stock Code: 530185	

The Company has paid Listing Fees for the Financial Year 2021 - 22 to BSE Limited, where the equity shares of the Company are listed.

(v) Market Price Data

The High/Low market price of the shares during the year 2020-21 at the BSE Limited are as under.

Month	High (Rs.)	Low (Rs.)
April, 2020	1.35	0.99
May, 2020	2.25	1.16
June, 2020	3.63	1.89
July, 2020	4.20	2.46
August, 2020	2.84	2.45
September, 2020	2.65	2.03
October, 2020	3.03	2.29
November, 2020	2.54	2.23
December, 2020	3.49	2.50
January, 2021	4.96	2.90
February, 2021	4.49	3.85
March, 2021	4.10	3.33

(vi) 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.

Toll Free No. 1-800-309-4001 | Fax No. 040 67161567 | Email: einward.ris@kfintech.com

(vii) Share Transfer System:

Share transfers, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent. For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact KFin Technologies Private Limited between Monday to Friday (except on bank holidays)

Share Transfer Physical System:

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective April 1, 2019, transfer of shares in physical form has ceased. Shareholders who had lodged their request for transfer prior to March 31, 2019 and, have received the same under objection can reodge the transfer request after rectification of the documents. Request for transmission of shares and dematerialization of shares will continue to be accepted.

(viii) Dematerialization of Shares and Liquidity:

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

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

(ix) Distribution of shareholding as on 31st March, 2021:

Sr. No.	Category of Members	No. of Shares held	% of total Shares
1.	Promoters	166504917	74.98
2.	Indian Public	49872710	22.46
3.	Banks, Financial Institutions & Insurance Companies	513	0.00
4.	NRI's / Overseas Body Corporates	401954	0.18
5.	Bodies Corporate	5098529	2.30
6.	NBFC Registered with RBI	0	0.00
7.	Others (NSDL+CDSL) Clearing Members	185817	0.08
	TOTAL	222064440	100.00

(x) Categorywise Summary of Holders / Holdings as on 31st March, 2021:

No. of Equity Shares	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 - 5000	48971	97.59	18439539	8.30
5001 - 10000	649	1.29	5182816	2.33
10001 - 20000	280	0.56	4100379	1.85
20001 - 30000	104	0.21	2580288	1.16
30001 - 40000	37	0.07	1289255	0.58
40001 - 50000	36	0.07	1697707	0.77
50001 - 100000	55	0.11	4032371	1.82
100001 & above	50	0.10	184742085	83.19
TOTAL	50182	100.00	222064440	100.00

12. Other information / Disclosures

(i) Related Party Transactions

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

Particulars of transactions between the Company and related parties as per Accounting Standard (AS) 18 – 'Related Party Disclosures' notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Audit and Accounts) Rules, 2014 are given under note No.32 of the annual accounts for the financial year 2020-21.

(ii) Disclosure of Accounting Treatments

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

(iii) 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.

(iv) 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 3rd June, 2021.

(v) 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.

(vi) 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.

(vii) Statutory Compliance, Penalties and Strictures

There has neither been any non-compliance of any of the provisions of law by the Company nor any penalty or structure imposed by the Stock Exchange or SEBI or any other statutory authorities on any matters related to capital market during the last 3 years, except a fine of Rs.18,880/- including GST imposed by BSE Limited during the year 2020-21 for non compliance of Regulation 27(2) and Regulation 31 of the SEBI (LODR) Regulations, 2015 with respect to delay in filing of quarterly Corporate Governance Compliance Report and quarterly Shareholding Pattern.

(viii) 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.

(ix) 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.

(x) Insider Trading Code

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

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

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

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

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.

(xi) 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.

(xii) 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.

(xiii) Dematerialisation of Shares:

219721915 Equity Shares aggregating to 98.95% of the total Equity Capital is held in dematerialized form as on 31/03/2021 of which 88.09% (195611878 Equity Shares) of total equity capital is held with NSDL and 10.86% (24110037 Equity Shares) of total equity capital is held with CDSL as on 31/03/2021.

(xiv) Stock Exchange Intimations

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

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

(xv) Letters and Reminders to Shareholders

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

(xvi) Credit Ratings

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds during the financial year ended 31st March, 2021. Accordingly requirement of obtaining credit rating is not applicable.

(xvii) 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.

(xviii) Outstanding GDRs/ADRs/Warrants

The Company has no outstanding GDRs/ADRs/Warrants as on 31st March, 2021.

(xix) Nomination:

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

(xx) Address for Correspondence:

For Transfer / 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. Toll Free No. 1-800-309-4001 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.

(xxi) Eliminate Duplicate Mailing

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

(xxii) 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.

(xxiii) Secretarial Audit

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

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

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

Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practicing Company Secretaries, has conducted a Secretarial Audit of the Company for FY 2020-21. 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.

(xxiv) Certificate from Practising Company Secretary

Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section.

In accordance with the SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Jigar Vyas of M/s Jigar Vyas & Associates, Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended 31st March, 2021.

(xxv) Auditors' Certificate on Corporate Governance

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

(xxvi) Web link for various documents.

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

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

(xxvii) 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.

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

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

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

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

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

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

(Rs. In Lakh)

Payment to Statutory Auditors	FY 2020-21
Audit Fees	2.25
Other Services	3.01
Total	5.26

For Surat Textile Mills Limited

Manikant R. Momaya
 Managing Director
 DIN: 00023993

Surat, 3rd June, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Directors	DIN	Date of Appointment in Company
1	Mr. Manikant R. Momaya	00023993	23/10/2000
2	Mr. Yogesh C. Papaiya	00023985	23/10/2000
3	Mr. Harishchandra B. Bharucha	00138430	26/11/2010
4	Mr. Ketan A. Jariwala	02095540	11/08/2014
5	Ms. Kruti Kothari	08502921	09/07/2019

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

For **Jigar Vyas & Associates**

Company Secretaries

SD/-

Jigar Vyas

Proprietor

Place: Surat
Date: 29th May, 2021

FCS No.: 8019 C.P. No.: 14468
UDIN: F008019C000390742

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, 2021 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
Wholetime Director & CFO
DIN 00023985

Surat, 3rd June, 2021

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, 2021.

For Surat Textile Mills Limited

Manikant R. Momaya
Managing Director
DIN: 00023993

Surat, 3rd June, 2021

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 March 31, 2021, 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 ('the condition of compliance with corporate governance').

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. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the conditions of Corporate Governance of the Listing Regulations.

4. We have examined 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. These procedures include examining evidence supporting the particulars in the Corporate Governance Report, on a test basis.

5. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include but not limited to verification of secretarial records and financial

information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India (the ICAI), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the based of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, as applicable during the year ended 31 March, 2021.

Other Matters and Restriction on use:

9. 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. Also, we have no responsibility to update this certificate or event and circumstances occurring after the date of this certificate.

10. This certificate is addressed and provided to the members of the Company solely for the purpose of enabling Company to comply with its obligation under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

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

by the hand of

Tirtharaj Khot
Partner

Membership No.: (F) 037457

UDIN No.: 21037457AAAABA4432

Pune, 3rd June, 2021

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 March 31, 2021, 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 March 31, 2021, 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. 36 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 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.13,057.30 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:

- a) Understanding the internal control environment for revenue recognition and to test check with a view to verify its operating effectiveness;
- b) Read terms of the contracts and verified accuracy of sales recognition;
- c) Discussed with the management process of identification of variable consideration;
- d) Verified cut-off documents to ensure that revenue is recognized in correct accounting period and carried out other substantive procedures;
- e) Performed analytical procedures and obtained reasons for major variances;
- f) 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 March 31, 2021- refer note 28 of the financials statement.
 - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Sharp & Tannan Associates,**
Chartered Accountants
Firm's Registration No.: 109983W
by the hand of
Tirtharaj Khot
Partner
Membership No.: (F) 037457
UDIN No.: 21037457AAAAAZ5141

Pune, June 03, 2021

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 paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to information and explanation provided to us, during the year the Company has not granted any loans, made any investments and provided any guarantees and securities to the parties covered under section 185 & 186 of the Act, accordingly reporting on paragraph 3(iv) of the Order is not applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the 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 paragraph 3(v) of the Order 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 March 31, 2021, 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 March 31, 2021.
- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company did not have any loan or borrowings dues payable to Bank, financial institutions & government during the year and also the Company did not have any debenture holders, accordingly reporting on paragraph 3(viii) of the Order is not applicable.

- (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) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- (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 No.: 21037457AAAAAZ5141

Pune, June 03, 2021

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 March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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

Membership No.: (F) 037457
UDIN No.: 21037457AAAAAZ5141

Pune, June 03, 2021

Balance Sheet as at 31st March, 2021

		(Rs. in Lakhs)	
	Note No.	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
1	NON-CURRENT ASSETS:		
(a)	1	562.69	598.57
(b)	2	1013.70	1013.70
(c)			
	(i)	3	647.85
	(ii)	0.00	0.00
	(iii)	0.00	0.00
(d)	5	163.21	28.09
(e)		0.00	0.00
(f)	6	2895.98	2895.98
		6247.90	5184.19
2	CURRENT ASSETS:		
(a)	8	960.60	752.26
(b)			
	(i)	3	3119.08
	(ii)	9	350.83
	(iii)	10	2013.73
	(iv)	10	1304.97
	(v)	4	147.71
(c)	6	445.91	597.67
		8084.47	8286.25
		14332.37	13470.44
EQUITY AND LIABILITIES			
EQUITY:			
(a)	11	2220.64	2220.64
(b)	12	11580.84	10261.40
		13801.48	12482.04
LIABILITIES:			
1	NON-CURRENT LIABILITIES:		
(a)			
	(i)	0.00	0.00
	(ii)	16	67.25
(b)	13	72.40	59.83
(c)	14	187.82	80.99
		304.83	208.07
2	CURRENT LIABILITIES:		
(a)			
	(i)	0.00	0.00
	(ii)		
	1.	15	1.39
	2.	15	659.49
	(iii)	16	85.56
(b)	17	9.72	27.89
(c)	13	5.53	6.00
(d)		0.00	0.00
		226.06	780.33
		14332.37	13470.44
The accompanying significant accounting policies and notes form an Integral Part of the Financial Statements.		1 to 39	

For and on behalf of Board of Directors

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

Manikant R Momaya
 Managing Director
 DIN: 00023993

Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 UDIN No.: 21037457AAAAA25141

Yogesh C Papaiya
 Wholetime Director and CFO
 DIN: 00023985

Pune, 3rd June, 2021

Chinmay M. Methiwala
 Company Secretary
 Surat, 3rd June, 2021

Statement of Profit and Loss for the year ended 31st March, 2021

		(Rs. in Lakhs)	
	Note No.	2020-21	2019-20
INCOME:			
Revenue from Operations	18	13114.42	18027.50
Other Income	19	473.19	460.79
TOTAL INCOME		13587.61	18488.29
EXPENSES:			
Cost of Materials Consumed	20	9148.71	14036.35
Purchases of Stock-In-Trade		0.00	0.00
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	22.63	35.90
Employee Benefits Expense	22	244.63	216.34
Finance Costs	23	16.02	76.54
Depreciation and Amortisation Expense	24	38.76	46.39
Other Expenses	25	2375.81	2998.06
TOTAL EXPENSES		11846.56	17409.58
PROFIT BEFORE TAX		1741.05	1078.71
Tax Expenses			
(1) Current tax	7	194.55	166.09
(2) Deferred tax	7	98.03	129.43
(3) Taxes in Respect of Earlier Years	7	0.00	2.87
Total Tax Expenses		292.58	298.39
PROFIT AFTER TAX		1448.47	780.32
OTHER COMPREHENSIVE INCOME:			
(i) Items that will not be reclassified to profit / (loss)	26	(120.23)	(354.91)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)	26	(8.80)	(34.24)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		(129.03)	(389.15)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1319.44	391.17
Earnings per Equity Share of face value of Rs.1/- each	27	0.65	0.35
The accompanying significant accounting policies and notes form 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 No.: 21037457AAAAAZ5141

Pune, 3rd June, 2021

For and on behalf of Board of Directors

Manikant R Momaya
 Managing Director
 DIN: 00023993

Yogesh C Papaiya
 Wholetime Director and CFO
 DIN: 00023985

Chinmay M. Methiwala
 Company Secretary
 Surat, 3rd June, 2021

Cash Flow Statement for the year ended 31st March, 2021

	Year ended 2020-21	Year ended 2019-20
(Rs. in Lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	1741.05	1078.71
Adjustment for:		
Depreciation and Amortisation Expense	38.76	46.39
Finance Costs	16.02	76.54
Interest Income	(172.61)	(96.35)
Dividend Income	0.00	(79.82)
(Profit)/Loss on Redemption of Investments	0.00	(32.48)
Mark to Market of bonds (EIR method)	0.37	0.35
Unrealised Gain on Investments	(300.55)	(250.03)
Credit Balance Write Back	0.00	(1.63)
Bad debts and advance written off	11.19	6.04
	<u>(406.82)</u>	<u>(330.99)</u>
Operating Profit before Working Capital Changes	1334.23	747.72
Movements in Working Capital		
(Increase) / Decrease in Provisions	13.76	6.90
(Increase) / Decrease in Trade and Other Receivables	272.80	(242.28)
(Increase) / Decrease in Inventories	(208.35)	831.57
(Decrease) / Increase in Trade Payables	(608.95)	(1254.61)
(Decrease) / Increase in Other Financial Liabilities	71.38	(31.10)
(Decrease) / Increase in Other Current Liabilities	(18.16)	8.72
	<u>(477.52)</u>	<u>(680.80)</u>
Cash Generated from Operations	856.71	66.92
Direct Taxes (Paid) / Refund.	(329.66)	(201.67)
Net Cash Flow from Operating Activities (A)	<u>527.05</u>	<u>(134.75)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2.89)	(2.26)
Purchase of Current Investments	(3173.52)	(1999.35)
Sale of Current Investments	0.00	4724.95
Dividend Income on Current Investment	0.00	79.82
Interest Income	143.37	51.02
Loans to Other Company/Firm	61.19	82.22
Net Cash Flow used in Investing Activities (B)	<u>(2971.85)</u>	<u>2936.40</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Payment of Lease Liabilities	(20.70)	(16.87)
Interest (Paid) / Earn	(16.02)	(76.54)
LC Margin FD	1113.75	(1286.01)
LC Margin FD Interest Income	29.24	26.37
Net Cash Flow from Financing Activities (C)	<u>1106.27</u>	<u>(1353.05)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(1338.53)</u>	<u>1448.60</u>
Cash and Cash Equivalents at the beginning of the year	<u>2013.73</u>	<u>565.13</u>
Cash and Cash Equivalents at the end of the year (Refer Note No.10)	675.20	2013.73

The accompanying significant accounting policies and notes form an Integral Part of the Financial Statements.

Notes :

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (IND AS 7) - "Statement of Cash Flows".
- There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.
- Refer note 25.2 for cash outflow on account of corporate social responsibility expenditure.

As per our attached report of even date

For Sharp & Tannan Associates.

Chartered Accountants

Firm Registration No. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership No.(F) 037457

UDIN No.: 21037457AAAAAZ5141

Pune, 3rd June, 2021

For and on behalf of Board of Directors

Manikant R Momaya

Managing Director

DIN: 00023993

Yogesh C Papaiya

Wholtime Director and CFO

DIN: 00023985

Chinmay M. Methiwala

Company Secretary

Surat, 3rd June, 2021

Statement of Changes in Equity for the year ended 31st March, 2021

A Equity Share Capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Balance at the beginning of the year	222064440	2220.64	222064440	2220.64
Shares issued	0	0.00	0	0.00
Outstanding at the end of the year	222064440	2220.64	222064440	2220.64

B Other Equity

As at 31st March 2021 (Rs. in Lakhs)

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period i.e. 1st April, 2020	10948.48	(687.08)	10261.40
Total Comprehensive Income for the year	1448.47	(129.03)	1319.44
Transfer to / (from) retained earnings	(841.47)	841.47	0.00
Balance at the end of the reporting period i.e. 31st March, 2021	11555.48	25.36	11580.84

As at 31st March 2020 (Rs. 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

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

For and on behalf of Board of Directors

Tirtharaj Khot
 Partner
 Membership No.(F) 037457
 UDIN No.: 21037457AAAAAZ5141

Manikant R Momaya
 Managing Director
 DIN: 00023993

Yogesh C Papaiya
 Wholetime Director and CFO
 DIN: 00023985

Chinmay M. Methiwala
 Company Secretary
 Surat, 3rd June, 2021

Pune, 3rd June, 2021

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 (Rs.), which is also the functional and presentation currency of the Company, and all values are rounded to the nearest Lakhs with two decimal, except when otherwise indicated.

The financial statements are approved for issue by the Company's Board of Directors on 3rd June, 2021.

B.2. Key Sources of Estimation:

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

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

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described above, the Management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

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

(i) Impairment of Property, Plant and Equipment:

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

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

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

(iii) Provision for Litigations and Contingencies:

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

(iv) Allowance for Expected Credit Losses :

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

(v) Income Tax:

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

(vi) Leases:

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

B.3. Current versus Non-current Classification

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

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.

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

A liability is current when:

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

All other liabilities are classified as non-current.

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

B.4. 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 Rs. 10,000 or less	1

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

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

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

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

Freehold land is not depreciated.

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

Leases:

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

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.5. Impairment of Tangible Assets:

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

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

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

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

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

B.6. Inventories:

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

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

Finished goods and work in progress: cost includes cost of direct materials and 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.7. Revenue Recognition:

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

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.8. Foreign Currencies:

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

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

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive

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

use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

B.9. Employee Benefits:

Short-term Employee Benefits

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

Other Long-term Employee Benefits

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

Post-Employment Benefits

(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 and loss.

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

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.

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

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.10. Borrowing Costs:

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

B.11. Taxation:

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

Current tax

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

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

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

Deferred tax

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

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

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

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

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

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

Current tax and Deferred tax for the year

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

B.12. Provisions and Contingent Liabilities:

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

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

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

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

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

B.13. Financial Instruments:

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

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

(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.

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

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.

e) Derecognition of Financial Assets

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

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

(B) Financial Liabilities

a) Initial Recognition and Measurement

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

b) Subsequent Measurement

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

c) De-Recognition

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

d) Foreign Exchange Gains and Losses

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

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

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

B.14. Cash and Cash Equivalents:

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

B.15. Statement of Cash Flow:

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

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

B.16. Events after Reporting Date:

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

B.17. Earnings per Share:

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

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

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

Note 1 : Property, Plants & Equipments

Description	Tangible Assets:										Right to Use Asset: Buildings	GRAND TOTAL
	Freehold Land	Buildings	Plant & Machinery	Furniture & Fittings	Electrical Installations & Equipments	Motor Vehicles	Office Equipments	Computers & Data Processing Units	TOTAL	TOTAL		
GROSS BLOCK												
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	651.96	
Additions	0.00	0.00	0.00	0.47	0.00	0.00	0.00	1.79	2.26	104.82	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	
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	759.04	
Additions	0.00	0.00	0.00	0.93	0.00	0.00	0.00	1.95	2.88	0.00	2.88	
Retirements/(Deductions)	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 2021	72.60	306.78	143.08	7.33	9.05	61.51	49.38	7.37	657.10	104.82	761.92	
ACCUMULATED DEPRECIATION												
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	114.08	
Additions	0.00	11.66	0.50	0.62	0.00	7.88	2.19	0.67	23.52	22.87	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	
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	160.47	
Additions	0.00	11.66	0.50	0.64	0.00	0.00	2.19	0.90	15.89	22.87	38.76	
Retirements/(Deductions)	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 2021	0.00	57.26	2.50	1.86	0.00	55.35	33.92	2.60	153.49	45.74	199.23	
NET BLOCK												
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	598.57	
Balance as at 31st March 2021	72.60	249.52	140.58	5.47	9.05	6.16	15.46	4.77	503.61	59.08	562.69	

Note:

- (i) Estimated Amount of Contract Remaining to be Executed on Capital Account is Rs.Nil (Previous Year Rs.Nil)
- (ii) Short term leases and leases for low value assets are continued to be accounted for as rent expense.
- (iii) Total cash outflow for lease arrangements during the year is Rs 32.77 Lakhs (Including GST).

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

(Rs. in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020
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

(Rs. in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020
Note: 3 Investments		
Non-Current Investment		
Quoted		
Fair Value through Other Comprehensive Income		
In Equity Shares of Group Company		
Garden Silk Mills Ltd., FV Rs.10 fully paid up equity share # Nil (31 March 2020 : 480878)	0.00	25.25
Amortised Cost		
Investment in Government Bond		
SBI Bank - 8.75% Perpetual Bond, FV Rs.10,00,000 each 50 (31 March 2020 : 50)	508.78	510.94
UP Power Corporation Ltd - 9.75% Taxable Bond, FV Rs.10,00,000 each 60 (31 March 2020 : Nil)	587.74	0.00
Bank of Baroda - 8.25% Perpetual Bond, FV Rs.10,00,000 each 50 (31 March 2020 : Nil)	500.78	0.00
	1597.30	536.19
Unquoted		
Fair Value through Other Comprehensive Income		
Investment in Partnership Firm		
M/s. Isha Enterprise *	15.02	701.90
Less: Provision for Diminution Value of Investment	0.00	(590.24)
	15.02	111.66
Total Non-Current Investments	1612.32	647.85

Pursuant to the order dated 01/01/2021, Hon'ble National Company Law Tribunal (NCLT) Ahmedabad Bench 1 approved the Resolution Plan submitted by the financial creditor of Garden Silk Mills Limited. As an integral part of the Resolution Plan, the entire Issued, Subscribed and Paid-up Equity Share Capital of Garden Silk Mills Limited stands extinguished with immediate effect without any exit offer / outgo / payment. Accordingly the investment of 480878 Equity Shares of Rs.10 each fully paid up held by the Company in Garden Silk Mills Limited stands extinguished. GSML had as part of compliance, filed applicable Form INC-28 i.e. Notice of order of the tribunal, for capital reduction pursuant to Resolution Plan. The said filing was approved by the Ministry of Corporate Affairs (MCA) on 26th February, 2021. Accordingly, the necessary accounting entries for loss on derecognition of investment by extinguishment of Equity shares of GSML have been passed in books of accounts based on the above documents.

* Isha Enterprise also had investment in equity shares of Garden Silk Mills Limited.

	(Rs. in Lakhs)	
	As at 31st March, 2021	As at 31st March, 2020
Current Investment		
Fair Value through Profit and Loss		
Investment in Mutual Funds		
ABSL Corporate Bond Fund - Growth-Direct Plan- of Rs 10/- each 987449.693 (31 March 2020 : 803966.148)	856.44	634.20
ABSL Income Fund - Growth-Direct Plan- of Rs 10/- each 503664.664 (31 March 2020 : Nil)	520.44	0.00
ICICI Prudential Banking & PSU Debt Fund - Direct Growth Plan- of Rs 10/- each 1858280.674 (31 March 2020 : 1858280.674)	476.03	439.37
ICICI Prudential Savings Fund - Direct Growth Plan- of Rs 10/- each 107242.372 (31 March 2020 : 107242.372)	450.08	418.64
IDFC Banking & PSU Debt Fund Direct Plan - Growth- of Rs 10/- each 2471744.866 (31 March 2020 : 2471744.866)	482.99	444.03
IDFC Ultra Short Term Fund Direct Plan - Growth- of Rs 10/- each 3543643.105 (31 March 2020 : 3543643.105)	424.21	404.20
Kotak Banking & PSU Debt Fund Direct Plan - Growth- of Rs 10/- each 1518147.211 (31 March 2020 : Nil)	782.20	0.00
Nippon India Corporate Bond Fund - Growth-Direct Plan- of Rs 10/- each 857459.523 (31 March 2020 : Nil)	402.07	0.00
Nippon India Short Term Fund - Direct Growth Plan- of Rs 10/- each 2162636.242 (31 March 2020 : 1969305.869)	931.06	778.64
Reliance Mutual Fund CPSE ETF (RGESE) Growth- of Rs 10/- each 800000.000 (31 March 2020 : Nil)	180.89	0.00
Total Current Investments	5506.41	3119.08
Total Investments	7118.73	3766.93

	(Rs. in Lakhs)	
	As at 31st March, 2021	As at 31st March, 2020
Note: 4 Loans and Advances		
Current		
Unsecured, Considered Good		
Deposits - Receivable*	85.00	135.00
Less: Provision for ECL on ICDs/Loans	(43.41)	(32.22)
	41.59	102.78
Income Receivables	74.69	44.93
Total	116.28	147.71

* 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.

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 5 Non-Current Tax Assets		
Advance Income Tax (Net of Provision)	163.21	28.09
Deferred tax Assets	0.00	0.00
Total	163.21	28.09

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 6 Other Assets		
Non-Current		
Unsecured, Considered Good		
Deposits - Receivable Long term	12.46	12.46
Paintings & Artefacts	2883.52	2883.52
	<u>2895.98</u>	<u>2895.98</u>
Current		
Unsecured, Considered Good		
Advance to Suppliers	327.42	461.76
Income Receivables	42.64	98.38
Prepaid Expenses	19.11	9.24
Balances with Statutory Authorities	56.74	28.29
	<u>445.91</u>	<u>597.67</u>
Total	3341.89	3493.65

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 7 Taxes on Income		
The Major Components of Income Tax Expense for the year ended March 2021 and March 2020 are:		
(i) Statement of Profit and Loss		
Current Tax	194.55	166.09
Deferred Tax	98.03	129.43
Short/(Excess) Provision of tax for earlier years	0.00	2.87
Total Income Tax Expense	292.58	298.39
(ii) Other Comprehensive Income		
Deferred Tax relating to Net Gain/(Loss) on Re-measurement of Defined Benefit Plans	(8.80)	(34.24)
(iii) Reconciliation of Effective Tax Rate		
Income before tax	1741.05	1078.71
Enacted Tax Rate in India (as per MAT)	21.55%	16.69%
Expected Tax Expense (C)=(A)*(B)	375.18	180.06

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Tax Effect of :		
Exempted Income	0.00	(13.32)
Expenses disallowed	0.34	0.27
Other Items	(180.97)	(0.92)
Current Tax Provision (A)	194.55	166.09
Incremental deferred Tax liability on account of depreciation on property, Plant and Equipment and Intangible Assets	32.17	50.85
Incremental deferred Tax liability / (Asset) on account of financial asset and other items	65.86	78.58
Deferred Tax Provision (B)	98.03	129.43
Taxes in respect of earlier years (C)	0.00	2.87
Tax Expense recognised in statement of profit and loss (A+B+C)	292.58	298.39

(Rs. in Lakhs)

	Opening Balance as on 01/04/2020	Recognised in P & L	Recognised in OCI	Closing Balance as on 31/03/2021
(iv) Movement of Deferred Tax				
Tax effect of Items Constituting				
Deferred Tax Liabilities:				
Unrealised Gain on MF Investments	77.08	87.65	0.00	164.73
Total Deferred Tax Liabilities	77.08	87.65	0.00	164.73
Tax effect of Items Constituting				
Deferred Tax Assets:				
Carried Forward Losses	(20.78)	(11.39)	0.00	(32.17)
Employees Benefits	0.00	0.00	0.00	0.00
Revaluation of Investments	8.81	(0.01)	(8.80)	0.00
Effect of 43B	6.39	0.31	0.00	6.70
Effect of Lease Asset	1.67	0.71	0.00	2.38
Total Deferred Tax Assets	(3.91)	(10.38)	(8.80)	(23.09)
Deferred Income Tax Assets/(Liabilities) after Set Off	(80.99)	(98.03)	(8.80)	(187.82)

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 8 Inventories (at lower of cost and net realisable value)		
Raw Materials	672.71	322.65
Raw Materials In Transit	0.00	0.00
	672.71	322.65
Finished Goods (including Stock in trade)	114.23	113.28
Finished Goods in Transit	0.00	23.58
	114.23	136.86
Stores, Spares, Chemicals & Consumables	173.66	292.75
	173.66	292.75
Total	960.60	752.26

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 9 Trade Receivables		
Unsecured, Considered Good*	188.78	350.77
Considered Doubtful	0.06	0.06
	188.84	350.83
Less: Allowance for credit losses	0.00	0.00
Total	188.84	350.83

* Refer Note 32.2 for Amount due from Related Parties.

Trade Receivable ageing Schedule

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment			Total
	Less than 6 months	6 months - 1 years	more than 1 years	
(a) Undisputed Trade Receivable - Considered Good	188.78	0.00	0.00	188.78
(b) Undisputed Trade Receivable - Considered Doubtful	0.00	0.00	0.06	0.06
(c) Disputed Trade Receivable - Considered Good	0.00	0.00	0.00	0.00
(d) Disputed Trade Receivable - Considered Doubtful	0.00	0.00	0.00	0.00

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 10 Cash and Cash Equivalents		
Cash on Hand	15.82	20.74
Balances with Banks in Current Accounts	653.51	992.99
Fixed Deposits with Banks (maturity in less than 3 months)	5.87	1000.00
Total	675.20	2013.73
Other Bank Balances		
Fixed Deposits with Banks (maturity in 3 to 12 months)	0.00	18.96
Margin Money with Banks	191.23	1286.01
Total	191.23	1304.97

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 11 Equity Share Capital		
Authorised Share Capital		
75,00,00,000 (75,00,00,000) Equity Shares of Rs.1/- each	7500.00	7500.00
Total	7500.00	7500.00
Issued, Subscribed and Paid up *		
22,20,64,440 (22,20,64,440) Equity Shares of Rs. 1/- each fully paid up	2220.64	2220.64
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, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Vareli Trading Company Ltd.	77580026	34.94%	77580026	34.94%
Mr. Praful A. Shah (Individual)	27830471	12.53%	27830471	12.53%
Garden Silk Mills Limited (refer note 37)	14500000	6.53%	14500000	6.53%

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.

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 12 Other Equity		
Retained Earnings		
Balance as per last Balance Sheet	10948.48	10168.16
Add: Profit/(Loss) for the Year	1448.47	780.32
Add: Transfer from Other Comprehensive Income	(841.47)	0.00
	11555.48	10948.48
Other Comprehensive Income		
Balance as per last Balance Sheet	(687.08)	(297.93)
Less: OCI for the year	(129.03)	(389.15)
Less: Transfer to retained earnings	841.47	0.00
	25.36	(687.08)
Total	11580.84	10261.40

Nature and Purpose of Reserves

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

Items of Other Comprehensive Income

- i) **Remeasurements of Net Defined Benefit Plans:** Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.
- ii) **Equity Instruments through Other Comprehensive Income:** The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in Equity instruments through Other Comprehensive Income. Upon de-recognition, the cumulative fair value changes on the said instruments will not be reclassified to the Statement of Profit and Loss. Based on this on derecognition by way of extinguishment of equity shares of GSML has not been reclassified to P&L A/c and cumulative impact given to OCI reserve in previous years has been transfer to accumulated surplus.

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 13 Provisions		
Long-Term		
Provisions for Employee Benefits	72.40	59.83
Short-Term		
Provisions for Employee Benefits	5.53	6.00
Total	77.93	65.83

(Rs. in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020
Note: 14 Non-Current Tax Liabilities		
Deferred Tax Liabilities (net)	187.82	80.99
Total	187.82	80.99

(Rs. in Lakhs)		
	As at 31st March, 2021	As at 31st March, 2020
Note: 15 Trade Payables		
a) Provisions for Employee Benefits Acceptances	0.00	167.59
b) Payable to Others		
i) Payable to Micro and Small Enterprises *	0.09	1.39
ii) Others including Creditors for Expenses #	51.87	491.90
Total	51.96	660.88

*Information in Respect of Micro, Small and Medium Enterprises as at 31st March, 2021 as disclosure requirement under MSMED act, 2006 are applicable.

Refer Note 32.2 for Amount payable to Related Parties.

(Rs. in Lakhs)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Principal Amount Due	0.09	1.39
(b) Interest on Principal Amount Due	Nil	Nil
(c) Interest and Principal Amount paid beyond appointment day	Nil	Nil
(d) The Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the amount of interest specified under MSMED Act.	Nil	Nil
(e) The Amount of Interest accrued and remaining unpaid at the end of the year	Nil	Nil
(f) The Amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	Nil	Nil

Trade Payables ageing Schedule

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment			
	Less than 1 year	1-2 years	2-3 years	Total
(a) MSME	0.09	0.00	0.00	0.09
(b) Others	48.37	0.00	3.50	51.87
(c) Disputed Dues - MSME	0.00	0.00	0.00	0.00
(d) Disputed Dues - Others	0.00	0.00	0.00	0.00

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 16 Other Financial Liabilities		
Non Current		
Lease Liabilities - Building	44.61	67.25
Total	44.61	67.25
Current		
Payable - Employees Benefit Expenses	30.09	17.17
Payable - Expenses	105.62	47.19
Lease Liabilities - Building	22.64	20.70
Deposits - Payable	0.50	0.50
Total	158.85	85.56

(Rs. in Lakhs)

	As at 31st March, 2021	As at 31st March, 2020
Note: 17 Other Current Liabilities		
Goods and Services Tax	1.06	7.06
Advances from Customers	0.30	13.16
Payable - Expenses	2.19	2.55
Payable - TDS	6.17	5.12
Total	9.72	27.89

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 18 Revenue from Operations		
Sale of Products	13057.30	17935.46
Other Operating Revenue	57.12	92.04
Total	13114.42	18027.50

	(Rs. in Lakhs)	
	2020-21	2019-20
18.1 Particulars of Sale of Products		
Chips	13057.30	17935.46
POY	0.00	0.00
	13057.30	17935.46
18.2 Other Operating Revenue		
Scrap/Waste & Others	52.04	91.08
Export Benefit-Duty Drawback	1.35	0.00
Export Benefit-MEIS	3.73	0.96
	57.12	92.04
Total	13114.42	18027.50

18.3 Reconciliation of Revenue from Sale of Product with Contracted Price

	(Rs. in Lakhs)	
Particulars	2020-21	2019-20
Contracted Price	13109.34	18155.50
Add: Export Benefits	5.08	0.96
Less: Rate Difference, etc.	0.00	128.96
Total	13114.42	18027.50

	(Rs. in Lakhs)	
Particulars	2020-21	2019-20
Note: 19 Other Income		
Interest Income		
Bank Deposits	40.90	46.02
Investments in Bonds	119.62	6.94
Others	12.09	43.39
Dividend Income		
on Current Investments	0.00	79.82
Other Non-Operating Income		
Unrealised gain on Current Investments (FVTPL)	300.55	250.03
Profit on Sale of Current Investments	0.00	32.48
Credit Balances Write Back	0.00	1.63
Miscellaneous Receipts	0.03	0.48
Total	473.19	460.79

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 20 Cost of Materials Consumed		
Opening Stock of Raw Material	322.65	1042.33
Add: Purchases During the Year	9498.77	13316.67
	9821.42	14359.00
Less: Closing Stock of Raw Material	672.71	322.65
Total	9148.71	14036.35

	(Rs. in Lakhs)	
	2020-21	2019-20
20.1 Value of Imports on CIF Basis in Respect of		
Stores, Spares, Chemicals & Consumables	15.10	1172.64
Total	15.10	1172.64

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 21 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stock		
Finished Goods and Stock-in-trade	136.86	172.76
Work-in-Progress	0.00	0.00
	136.86	172.76
Less: Closing Stock		
Finished Goods and Stock-in-trade	114.23	136.86
Work-in-Progress	0.00	0.00
	114.23	136.86
Total	22.63	35.90

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 22 Employee Benefits Expense		
Salaries and Wages	219.38	196.39
Contribution to Provident and Other Funds	12.08	10.64
Gratuity	8.00	6.60
Staff Welfare Expenses	5.17	2.71
Total	244.63	216.34

(a) Defined Contribution Plan:

The Company has Recognized Rs.4.93 Lakhs for Provident Fund contribution in the Statement of Profit and Loss for the year ended March 31, 2021 (Previous Year Rs.3.40 Lakhs)

(b) Defined Benefit Plan:

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

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

Annexure 1 : Funded status of the plan		(Rs. in Lakhs)			
Particulars	Gratuity		Leave Benefits		
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)	
Present value of unfunded obligations	54.24	52.12	23.70	13.70	
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)	54.24	52.12	23.70	13.70	

Bifurcation of liability as per schedule III		(Rs. in Lakhs)			
Particulars	Gratuity		Leave Benefits		
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)	
Current Liability*	4.65	5.28	0.88	0.72	
Non-Current Liability	49.59	46.85	22.81	12.98	
Net Liability	54.24	52.13	23.69	13.70	

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

Annexure 2 : Profit and Loss account for the current period		(Rs. in Lakhs)			
Particulars	Gratuity		Leave Benefits		
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)	
Service cost:					
Current service cost	4.61	3.73	11.19	7.78	
Past service cost and loss/(gain) on curtailments and settlement	0.00	0.00	0.00	0.00	
Net interest cost	3.39	2.87	0.91	0.72	
Net value of remeasurements on the obligation and plan assets	0.00	0.00	1.50	1.72	
Total included in 'Employee Benefit Expense	8.00	6.60	13.60	10.22	
Total Charge to Profit and Loss	8.00	6.60	13.60	10.22	

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

Other Comprehensive Income for the current period		(Rs. in Lakhs)			
Particulars	Gratuity		Leave Benefits		
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)	
Due to Change in financial assumptions	0.00	3.04	0.64	0.74	
Due to change in demographic assumption	0.00	(0.01)	0.00	(0.00)	
Due to experience adjustments	(3.15)	0.72	0.86	0.98	
Return on plan assets excluding amounts included in interest income	0.00	0.00	0.00	0.00	
Amounts recognized in Other Comprehensive Income	(3.15)	3.75	1.50	1.72	

Annexure 3: Reconciliation of defined benefit obligation

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)
Opening Defined Benefit Obligation	52.12	41.27	13.70	12.17
Transfer in/(out) obligation	0.00	0.62	0.00	0.00
Current service cost	4.61	3.73	11.19	7.78
Interest cost	3.39	2.87	0.91	0.72
Components of actuarial (gain)/losses on obligations:				
Due to Change in financial assumptions	0.00	3.04	0.64	0.74
Due to change in demographic assumption	0.00	(0.01)	0.00	0.00
Due to experience adjustments	(3.15)	0.72	0.86	0.98
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	(2.73)	(0.13)	(3.61)	(8.69)
Closing Defined Benefit Obligation	54.24	52.11	23.69	13.70

Annexure 4: Reconciliation of net defined benefit liability

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)
Net opening provision in books of accounts	52.12	41.27	13.70	12.17
Transfer in/(out) obligation	0.00	0.62	0.00	0.00
Transfer (in)/out plan assets	0.00	0.00	0.00	0.00
Employee Benefit Expense as per Annexure 2	8.00	6.60	13.60	10.22
Amounts recognized in Other Comprehensive (Income)	(3.15)	3.75	0.00	0.00
Total	56.97	52.24	27.30	22.39
Benefits paid by the Company	(2.73)	(0.13)	(3.61)	(8.69)
Contributions to plan assets	0.00	0.00	0.00	0.00
Closing provision in books of accounts	54.24	52.11	23.69	13.70

Annexure 5: Principle actuarial assumptions

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)
Discount Rate	6.85%	6.85%	6.45%	6.85%
Salary Growth Rate	7.00%	7.00%	7.00%	7.00%
Withdrawal Rates	2% at all ages	2% at all ages	2% at all ages	2% at all ages
Leave Availment Rate			0% p.a.	0% p.a.
Leave Encashment Rate			0% p.a.	0% p.a.

Annexure 6: Maturity Profile of Defined Benefit Obligation

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	Cash flows	%	Cash flows	%
Year 1	4.65	4.60%	0.88	2.00%
Year 2	11.09	11.00%	8.78	20.20%
Year 3	1.18	1.20%	1.06	2.40%
Year 4	3.91	3.90%	1.37	3.10%
Year 5	13.02	12.90%	3.77	8.70%
Year 6 to Year 10	13.98	13.90%	6.32	14.50%

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

The Expected contribution for the next year is Rs. 4.65 Lakhs.

The Weighted Average Duration (Years) as at valuation date is 7.6 years.

Annexure 7: Sensitivity to key assumptions

(Rs. in Lakhs)

Particulars	Gratuity		Leave Benefits	
	31/03/2021 (12 months)	31/03/2020 (12 months)	31/03/2021 (12 months)	31/03/2020 (12 months)
Discount rate Sensitivity				
Increase by 0.5%	52.35	50.18	22.90	13.23
(% change)	-3.49%	-3.72%	-3.37%	-3.48%
Decrease by 0.5%	56.27	54.21	24.56	14.22
(% change)	3.74%	3.99%	3.65%	3.78%
Salary growth rate Sensitivity				
Increase by 0.5%	56.23	54.17	24.55	14.22
(% change)	3.67%	3.93%	3.61%	3.75%
Decrease by 0.5%	52.37	50.19	22.90	13.23
(% change)	-3.45%	-3.70%	-3.37%	-3.49%
Withdrawal rate (W.R.) Sensitivity				
W.R. x 110%	54.24	52.13	23.69	13.70
(% change)	0.00%	0.01%	-0.04%	0.00%
W.R. x 90%	54.24	52.12	23.71	13.70
(% change)	0.00%	-0.01%	0.04%	0.00%

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

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

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

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

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

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 23 Finance Costs		
Interest Expenses	0.00	24.02
Interest on Lease Liabilities	7.07	8.79
Other Financial Charges	8.95	43.73
Total	16.02	76.54

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 24 Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	15.89	23.52
Depreciation - Right of Use Assets	22.87	22.87
Total	38.76	46.39

	(Rs. in Lakhs)	
	2020-21	2019-20
Note: 25 Other Expenses		
Manufacturing Expenses		
Consumption of Stores, Spares and Chemicals	1125.43	1449.05
Power and Fuel	721.45	906.66
Packing Charges	47.15	58.00
Factory Expenses	19.66	24.59
Repairs & Maintenance - Plant and Machinery	1.93	9.56
Repairs & Maintenance - Buildings	5.55	8.49
Repairs & Maintenance - Others	11.17	13.50
	1932.34	2469.85
Selling and Distribution Expenses		
Freight, Octroi, Carting, Loading, Unloading, etc.	52.18	68.15
Commission and Discount	12.07	69.56
Advertisement	0.13	0.00
	64.38	137.71
Establishment Expenses		
General Charges	51.75	78.09
Legal and Professional Charges	159.38	158.95
Rent	65.10	65.10
Insurance	20.06	23.10
Rates and Taxes	37.83	22.09
Auditors' Remuneration	8.54	10.26
Corporate Social Responsibility	24.70	27.89
Bad-Debts Write Off	0.00	35.90
Bad and Doubtful Debts / (Recovery) on ECL	11.19	(29.86)
Exchange (Gain) / Loss	0.54	(1.02)
	379.09	390.50
Total	2375.81	2998.06

(Rs. in Lakhs)

	2020-21	2019-20
25.1 Payment to Auditors:		
(a) Paid to Statutory Auditors:		
Statutory Audit Fees	2.25	2.75
Certification Fees/Limited review	3.01	3.11
(b) Paid to Other Auditors:		
Tax Audit Fees	0.75	0.75
Cost Audit Fees	0.75	0.75
Internal Audit Fees	1.00	1.00
GST/VAT Audit Fees	0.75	1.39
Reimbursement of out of Pocket Expenses	0.03	0.51
Total	8.54	10.26

25.2 Corporate Social Responsibility:

- (a) As per section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are Healthcare, including preventive Healthcare, promoting Education, Environmental Sustainability and promotion and development of traditional art etc. A CSR committee has been formed by the Company as per the Act. The funds were primarily utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.
- (b) 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 field(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 be covered under the CSR guidelines in compliance with the CSR objectives and policy of the Company.
- (c) Gross amount required to be spent by the Company during the year is Rs.24.61 Lakhs (previous year Rs.27.67 Lakhs)
- (d) Actual amount spent by the company during the year is Rs.24.70 Lakhs (Previous year Rs.27.89 Lakhs) towards Social welfare and Education Programmes.

(Rs. in Lakhs)

	2020-21	2019-20
The amounts expended are as follows:		
i) Construction / acquisition of any asset	0.00	0.00
ii) for purposes other than (i) above	24.70	27.89

(Rs. in Lakhs)

	2020-21	2019-20
Note: 26 Other Comprehensive Income		
Items that will not be Reclassified to Profit or (Loss)		
(i) Changes in Revaluation Surplus:		
Actuarial Gain/(Loss) on Gratuity	3.15	(3.76)
Actuarial Gain/(Loss) on Leave Encashment	(1.50)	(1.72)
Gain/(Loss) on Revaluation of Investments	(121.88)	(349.43)
	(120.23)	(354.91)
(ii) Income tax relating to items that will not be reclassified to Profit or (Loss)		
Deferred Tax	(8.80)	(34.24)
Total	(129.03)	(389.15)

	2020-21	2019-20
Note: 27 Earning Per Share		
(a) Net Profit attributable to shareholders (Rs. in Lakhs)	1448.47	780.32
(b) Weighted average number of Equity Shares outstanding (nos.)	222064440	222064440
(c) Basic and Diluted Earnings per share (Rs.)	0.65	0.35
(d) Face Value per equity share (Rs.)	1.00	1.00

(Rs. in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Note: 28 Contingent Liabilities:		
Claims against the Company not acknowledged as debts		
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)	0.00	52.00
Others		
Custom Duty on Raw Materials Imported under Advance License against which Export Obligation is to be fulfilled	0.00	21.66

Note: 29 Capital Management:

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

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

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

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

Particulars	31st March, 2021	31st March, 2020
Total Debt (Rs. in Lakhs)	0.00	0.00
Total Equity (Rs. in Lakhs)	13801.48	12482.04
Debt to Equity Ratio	0.00%	0.00%

Note: 30 Financial Instruments:

30.01 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.

Additional Information to Financial Statements and Disclosures under Accounting Standards:

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31st March, 2021 and 31st March, 2020:

Particulars	As at 31st March, 2021				As at 31st March, 2020			
	Carrying Amount / Fair Value	Level of Input used in			Carrying 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	1597.30	1597.30			510.94	510.94		
(ii) Trade receivables	188.84				350.83			
(iii) Cash and cash equivalents	675.20				2032.69			
(iv) Bank balances other than (iii) above	191.23				1286.01			
(v) Loans and Advances	41.59				102.78			
(vi) Others financial assets	74.69				44.93			
At FVTPL								
(i) Investments	5506.41	5506.41			3119.08	3119.08		
(ii) Others financial assets	0.00				0.00			
At FVTOCI								
(i) Investments	15.02			15.02	136.91	25.25		111.66
(ii) Others financial assets	0.00				0.00			
Financial Liability								
At Amortised Cost								
(i) Borrowings	0.00				0.00			
(ii) Trade Payables	51.96				660.88			
(iii) Other financial liabilities	203.46				152.81			
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.

30.02 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:

(Rs.in Lakhs)		
Particulars	31st March, 2021	31st March, 2020
Working Capital Loan		
Amount Used	0.00	0.00
Amount Unused	0.00	0.00

Foreign Currency Risk Management:

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

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

Foreign Currency Exposure:

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

Note: 31 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:

		(Rs. in Lakhs)	
Segment Revenue - Geographic Segment by Location of Customer	2020-21	2019-20	
Within India	13002.69	17918.39	
Outside India	111.73	109.11	
Total	13114.42	18027.50	

Note: 32 As per Regulation Ind AS 24, the disclosures of transactions with the related party are given below:

32.01 List of related parties where controls exists and Relationships:

Sr. No.	Name of Related Party	Nature of Relationship
1	Garden Silk Mills Limited Vareli Trading Company Limited	Group Company
2	M/s. Isha Enterprises	Partnership Firm
3	Mr. Manikant R. Momaya - Managing Director 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 Ms. Hanisha Arora - Company Secretary	Key Managerial Personnel (KMP)
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.

32.02 Transactions During the year with Related Parties:

			(Rs. in Lakhs)	
Sr. no.	Name and Nature of Transactions of Related Parties	Relationship	2020-21	2019-20
1	Revenue from Operations			
	Garden Silk Mills Limited	Group Company	3167.78	7452.95
2	Purchase of Power & Other Utilities			
	Garden Silk Mills Limited	Group Company	717.81	1022.18
3	Leave & Licence Fees & Reimbursement of Expenses			
	Garden Silk Mills Limited	Group Company	1.45	24.73
	Sorrento Textiles Private Limited	Group Company	82.00	82.61
4	Payment to Key Managerial Personnel and their Relatives*			
	Mr. Manikant R. Momaya	KMP	7.72	8.40
	Mr. Yogesh C. Papaiya	KMP	25.40	27.88
	Mr. Harishchandra B. Bharucha	KMP	2.13	2.45
	Mr. Ketan A. Jariwala	KMP	2.13	2.45
	Ms. Kruti G Kothari	KMP	2.08	1.83
	Ms. Hanisha Arora	KMP	1.88	1.98
5	Other Transaction			
	Garden Silk Mills Limited	Group Company	10.34	37.58
	Balance as at 31st March, 2021			
	Garden Silk Mills Limited	Group Company		
	- Trade Receivables		0.00	3.78
	- Trade Payables & Others		84.12	61.85
	Sorrento Textiles Private Limited	Group Company		
	- Trade Payables		0.00	7.36

*Payment to Key Managerial Personnel and their Relatives are Short-term benefits.

Note: 33 Income in Foreign Currency:

			(Rs. in Lakhs)	
Particulars			2020-21	2019-20
Sales - Export			111.73	109.11

Note: 34

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at 31st March, 2021.

Note: 35

Contribution to Political parties during the year 2020-21 is Rs. Nil (Previous Year Rs. Nil).

Note: 36

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: 37

GSML, one of the Promoter Group Company holding 1,45,00,000 Equity Shares of Rs.10 each fully paid up in the Company, had submitted its request for their reclassification from Promoter and Promoter Group Category to Public Category in the shareholding pattern of Surat Textile Mills Limited, pursuant to Regulation 31A of SEBI (LODR) Regulations, 2015.

The Board of Directors of the Company at its meeting held on 31st March, 2021 subject to approval of shareholders and stock exchange, approved the proposal for re-classification of Garden Silk Mills Limited from 'Promoter and Promoter Group' category to 'Public' category in the shareholding pattern of Surat Textile Mills Limited.

Note: 38

Due to the spread of covid pandemic across the state of Gujarat, followed by the prevailing subdued market conditions, the management has decided to temporarily shut down the manufacturing activity of Polyester Chips at our Plant at Village Jolwa, Taluka Palsana, Dist. Surat since May 2021.

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

Wholetime Director and CFO

DIN: 00023985

Chinmay M. Methiwala

Company Secretary

Surat, 3rd June, 2021

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