

SURAT TEXTILE MILLS LIMITED

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

CIN: L17119GJ1945PLC000214; **Website:** www.surattextilemillsltd.com

E-mail: sharedepartment@stml.in; **Tel.No.**(0261) 2311198

POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014)

To the Members of the Company

NOTICE is hereby given that pursuant to the provisions of Section 110 of the Companies Act, 2013 (the 'Act') read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the 'Rules'), Secretarial Standard-2 on General Meetings (the 'SS-2') and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable laws and regulations, if any, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ('MCA') for holding general meeting / conducting postal ballot process through e-voting vide Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 22/2020 dated 15th June 2020, 33/2020 dated 28th September 2020, 39/2020 dated 31st December 2020, 10/2021 dated 23rd June 2021 and 20/2021 dated 8th December, 2021 and any other relevant circulars issued by the MCA (collectively referred to as 'MCA Circulars'), following resolutions are proposed to be passed by the Members of the Company through Postal Ballot by way of remote e-voting process only ('remote e-voting').

The proposed Resolution and the Explanatory Statement setting out the material facts as required pursuant to section 102 of the Act read with the Rules and the MCA Circulars forms part of the Postal Ballot Notice ('Notice'), for seeking consent of the Members of the Company through Postal Ballot by remote e-voting.

The Board of Directors of the Company, at its meeting held on 6th January, 2022, appointed Mr. Jigar Vyas, Practicing Company Secretary (FCS 8019 & C.P. No. 14468) of Jigar Vyas & Associates, Company Secretaries as the Scrutinizer for conducting the postal ballot only through the e-voting process in a fair and transparent manner. The Scrutinizer's decision on the validity of remote e-voting will be final.

In accordance with the MCA Circulars, members can vote only through the remote e-voting process. Accordingly, the Company is pleased to provide remote e-voting facility to all its members to cast their votes electronically. Members are requested to read the instructions in the Notes in this Postal Ballot Notice so as to cast their vote electronically not later than 5:00 p.m. IST on Saturday, 12th February, 2022, (the last day to cast vote electronically) to be eligible for being considered.

The Scrutiniser will submit their report to the Chairman or any authorised person of the Company and the results of the Postal Ballot will be announced on or before Monday, 14th February, 2022. The said results would be displayed at the Registered Office of the Company and intimated to the BSE Limited (BSE) where the shares of the Company are listed. Additionally, the results will also be uploaded on the Company's website <http://www.surattextilemillsltd.com>.

SPECIAL BUSINESS:

1. Appointment of Mr. Paresh V. Chothani (DIN 00218632) as a Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as ‘the Act’) read with Rules made thereunder and the provisions of the Articles of Association of the Company, Mr. Paresh V. Chothani (DIN 00218632), who was appointed as an Additional Director by the Board of Directors of the Company with effect from 26th November, 2021 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

2. Appointment of Mr. Paresh V. Chothani (DIN 00218632) as a Wholetime Director of the Company for a period of 3 (three) years

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 of the Act, read with Schedule V to the Companies Act, 2013 (the ‘Act’) and other applicable provisions, if any, of the Act and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company and subject to such other approvals as may be necessary under the applicable provisions of the Act, consent of the Members be and is hereby accorded for appointment of Mr. Paresh V. Chothani as a Wholetime Director of the Company for a period of 3 (three) years with effect from 26th November, 2021, as per the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, liable to retire by rotation.

RESOLVED FURTHER THAT in the event of any statutory amendment(s) or modification(s) or relaxation to Schedule V to the Act, the Board be and is hereby authorized to vary the remuneration, including the salary, commission, perquisites and other allowances, within such prescribed limit or ceiling without any further reference or approval of the members of the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, during the term of office of Mr. Paresh V. Chothani, the remuneration payable to him by way of salary, allowances, commission and perquisites and other benefits shall be the minimum remuneration payable in accordance with Schedule V of the Companies Act, 2013, by making requisite compliances prescribed in the said schedule.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the appointment and/or remuneration based on the recommendation of the Nomination & Remuneration Committee subject to overall limits approved herein.

RESOLVED FURTHER THAT the Board of Directors or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid Resolution.”

3. Approval for Sale / transfer of Assets of Jolwa Division of the Company on a going concern basis

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

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with Companies (Management and Administration), Rules, 2014 and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the “Board”, which expression shall also include a Committee of Directors thereof), the consent of the Members of the Company be and is hereby accorded to the Board to sell / transfer / dispose off its assets of Jolwa Manufacturing Division situated at Village Jolwa, Taluka Palsana, Dist. Surat (‘Undertaking’), together with all tangible and intangible assets, including land, building, plant and machineries and other assets in relation to the Undertaking by way of an asset transfer / slump sale on a ‘Going Concern’ basis on an ‘as is, where is and what is’ or in any other manner as the Board may deem fit in the interest of the Company, to Garden Silk Mills Limited (‘GSML or Buyer’) for an agreed cash consideration of Rs.78 Crore (Rupees Seventy-eight Crore), on such terms and conditions set out in the term sheet and other agreements executed or to be executed by the Company with the Buyer.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake and perform all such acts, deeds, matters and things, including but not limited to, finalizing and executing the transactional documents such as term sheets, deeds, documents, agreements for sale, transfer, disposal of undertakings, and such other documents with such modification/s as may be required from time to time and to do and perform or cause to be done all such acts, deeds, matters and things, as may be required or deemed necessary and/or expedient in their discretion, to settle any questions, difficulties, doubts that may arise in this regard, as they may in their absolute discretion deem fit and finalise all issues as may be deemed necessary or expedient in their own discretion and in the best interest of the Company to give effect to the Resolution for completion of the transaction, without being required to seek any further consent or approval of the Shareholders and to delegate all or any of the powers or authorities herein conferred to any Director/s or other Officer/s of the Company, or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary.”

Registered Office:

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

Place: Surat
Date: 6th January, 2022

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

Chinmay M. Methiwala
Company Secretary
Membership No. ACS 48146

NOTES:

1. The Explanatory Statement pursuant to section 102 read with section 110 of the Companies Act, 2013 ('the Act') setting out the material facts and reasons in respect of the resolution as set out above, is annexed hereto and forms part of this Notice.

2. Pursuant to the provisions of section 110 of the Act read with the Rules and the MCA Circulars, your Company has an option to seek the approval of the Members through Postal Ballot (via remote e-voting) for the above mentioned resolution, instead of getting the same passed at a General Meeting. Accordingly, if the resolution is approved by the Members through Postal Ballot via remote e-voting, it shall be deemed to have been passed as if the same has been passed at a General Meeting of the Members convened in this regard.

3 A. Dispatch of Postal Ballot Notice through electronic mode

In compliance with the MCA Circulars, the Notice of the Postal Ballot is being sent by electronic mode only to those members whose names appears in the Register of Members/ List of Beneficial Owners maintained by the Company/ Depositories respectively as at close of business hours on Friday, 7th January, 2022 (the 'cut-off date') and whose e-mail IDs are registered with the Company/ Depositories.

As per the MCA Circulars on account of the COVID-19 pandemic, physical copies of the Notice, postal ballot forms and pre-paid business reply envelopes are not being sent to members for this Postal Ballot. Members are requested to provide their assent or dissent through remote e-voting only. In respect of those members who have not registered their email IDs, the Company has provided the mechanism for registering the email ID hereunder and a public notice to that effect has also been published in the newspapers before circulation of Postal Ballot Notice.

Members may note that the Notice will be available on the Company's website www.surattextilemillsltd.com, website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of KFin Technologies Private Limited ('KFinTech') at <https://evoting.kfintech.com>.

B. Registration of Email ID

- I. For receiving copy of Notice of Postal Ballot, members who have not yet registered their email IDs are requested to get their email IDs registered with KFinTech, on a temporary basis, by following the procedure mentioned below:
 - (a) Visit the link <https://ris.kfintech.com/clientservices/postalballot/registration.aspx>
 - (b) Select the Company name i.e. Surat Textile Mills Limited
 - (c) Select the holding type from the drop down i.e. - NSDL/CDSL/Physical
 - (d) Enter DP ID – Client ID (in case shares are held in electronic form)/Physical Folio No. (in case shares are held in physical form) and PAN.
 - (e) If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
 - (f) In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. In respect of the shares held by you.
 - (g) Enter the email ID and mobile number.
 - (h) System will validate DP ID – Client ID/Folio No. and PAN/Share Certificate No., as the case may be, and send OTP at the registered Mobile number as well as email ID for validation.

- (i) Enter the OTPs received by SMS and email to complete the validation process. OTP will be valid for 5 minutes only.
- (j) The Notice and remote e-voting instructions along with the User ID and Password will be sent on the email address updated by the member.
- (k) Please note that in case the shares are held in electronic form, the above facility is only for temporary registration of email ID for receipt of the Notice and the remote e-voting instructions along with the User ID and Password. Such members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
- (l) In case of queries, members are requested to write to einward.ris@kfintech.com or call at the toll free number 1800 309 4001.

II. Members are requested to register their email ID permanently by following the procedure as mentioned below:

- a) Members holding shares in physical mode and who have not registered/updated their email ID with the Company are requested to register/update their email ID with KFinTech by sending duly signed request letter at einward.ris@kfintech.com with details of folio number and attaching a self-attested copy of PAN card.
- b) Members holding shares in dematerialized mode are requested to register/update their email ID with the relevant Depository Participants.

C. Members whose names appears in the Register of Members/ List of Beneficial Owners as on the cut-off date i.e. Friday, 7th January, 2022 are eligible to vote on the resolution set forth in this Notice. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

4. Instructions for remote e-voting

i. In compliance with the provisions of sections 108, 110 of the Act read with the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the Listing Regulations, as amended from time to time, the Company is providing facility to the Members to exercise votes through electronic voting system ('remote e-voting') on the e-voting platform provided by KFinTech. The Members may cast their votes remotely, using remote e-voting only on the dates mentioned hereunder. The instructions for remote e-voting forms part of this Postal Ballot Notice.

ii. Facility to exercise vote through remote e-voting will be available during the following period:

Commencement of Remote e-voting	End of Remote e-voting
Friday, 14th January 2022 (9.00 a.m. IST)	Saturday, 12th February 2022 (5.00 p.m. IST)

The remote e-voting module shall be disabled by KFinTech for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.

iii. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

iv. During the above period, Members of the Company holding shares either in physical form or in dematerialised form, as on Friday, 7th January 2022, i.e., cut-off date, may cast their vote by remote e-voting. Members cannot exercise votes by proxy on Postal Ballot.

v. The process and manner for remote e-voting is as under:

- a. In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020 in relation to e-voting Facility provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by KFinTech, on the resolution set forth in this Notice. The instructions for remote e-voting are given herein below.
- b. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020 on 'e-voting facility provided by Listed Companies', e-voting process has been enabled for 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.
- c. 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. Members are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.
- d. The process and manner of remote e-voting is explained below:
 - I. Access to Depositories e-voting system in case of individual Members holding shares in demat mode.
 - II. Access to KFinTech e-voting system in case of Members holding shares in physical and nonindividual Members in demat mode

Instructions relating to e-voting:

I. Access to Depositories e-voting system in case of individual Members holding shares in demat mode

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL	<p>(i) User already registered for IDeAS facility:</p> <p>(a) Visit URL: https://eservices.nSDL.com</p> <p>(b) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</p> <p>(c) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</p> <p>(d) 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.</p> <p>(ii) User not registered for IDeAS e-Services:</p> <p>(a) To register click on link : https://eservices.nSDL.com</p> <p>(b) Select "Register Online for IDeAS" or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</p> <p>(c) Proceed with completing the required fields.</p> <p>(d) Follow steps given in above point (i)</p> <p>(iii) Alternatively by directly accessing the e-Voting website of NSDL</p> <p>(a) Open URL: https://www.evoting.nSDL.com/</p> <p>(b) Click on the icon "Login" which is available under 'Shareholder/Member' section.</p>

	<p>(c) 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.</p> <p>(d) Post successful authentication, you will requested to select the name of the company and the e-voting service provider name, i.e. KFinTech.</p> <p>(e) On successful selection, you will be redirected to KFinTech e-voting page for casting your vote during the remote e-voting period.</p>
Individual Members holding securities in demat mode with CDSL	<p>(i) Existing user who have opted for Easi/Easiest</p> <p>(a) Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com</p> <p>(b) Click on New System Myeasi</p> <p>(c) Login with your registered user id and password.</p> <p>(d) The user will see the e-Voting Menu. The Menu will have links of e-voting service provider i.e. KFinTech e-voting portal.</p> <p>(e) Click on e-voting service provider name to cast your vote.</p> <p>(ii) User not registered for Easi/Easiest</p> <p>(a) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>(b) Proceed with completing the required fields.</p> <p>(c) Follow the steps given in above point (i)</p> <p>(iii) Alternatively, by directly accessing the e-Voting website of CDSL</p> <p>(a) Visit URL: www.cdslindia.com</p> <p>(b) Provide your demat Account Number and PAN No.</p> <p>(c) System will authenticate user by sending OTP on registered mobile and email as recorded in the demat account.</p> <p>(d) After successful authentication, user will be provided links for the respective e-voting service provider i.e. KFinTech where the e-voting is in progress.</p>
Individual members login through their demat accounts / website of Depository Participant	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL /CDSL for remote e-voting facility. Once logged-in, you will be able to see e-voting option.</p> <p>Once you click on e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature.</p> <p>Click on options available against company name or e- voting service provider i.e. 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.</p>

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 of NSDL/CDSL.

- (c) 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 and please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43.

II. Access to KFinTech e-voting system in case of members holding shares in physical and non-individual members in demat mode.

- (A) Members whose email IDs are registered with the Company/ Depository Participant(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://emeetings.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., ‘Surat Textile Mills Limited’ 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 item specified in the notice. 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, 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.
- (B) Members whose email IDs are not registered with the Company/ Depository Participant(s), and consequently the Postal Ballot Notice 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 postal ballot notice cannot be serviced, may temporarily get their email ID and mobile number registered by accessing the link: <https://ris.kfintech.com/clientservices/postalballot/registration.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for receiving the soft copy of the notice and the e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned 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 postal ballot notice and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

(C) Members who have forgot their password may retrieve by clicking on Forgot Password option available at <https://evoting.kfintech.com/>

5. The report of the Scrutinizer shall be submitted to the Chairperson (or to such other person authorized by the Chairperson) after the completion of scrutiny of remote e-voting. The result of voting will be announced by the Chairperson or any other person duly authorized by Chairperson, on or before Monday, 14th February 2022. The results will also be posted on the website of the Company www.surattextilemillsLtd.com, website of KFinTech at <https://evoting.kfintech.com>, and will also be intimated to the BSE Limited.

6. The resolution, if passed by the requisite majority, shall be deemed to have been passed on Saturday, 12th February 2022 i.e. the last date specified for receipt of votes through the remote e-voting process.

7. All material documents referred to in the Explanatory Statement shall be available for inspection electronically without any fee by the Members from the date of dispatch of this notice till the last date for receipt of votes through the remote e-voting process. Members seeking to inspect such documents can send an e-mail to sharedepartment@stml.in.

8. Members of the Company including Institutional Investors are encouraged to vote on the resolution proposed in this Notice.

General Guidelines for Members:

1. Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signatures of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csjigarvyas@gmail.com with a copy marked to einward.ris@kfintech.com.

2. In case of any queries, please visit Help and FAQs section available at KFinTech website <https://evoting.kfintech.com>. For any grievances related to remote e-voting, please contact KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 at evoting@kfintech.com, Toll Free No. 1800 309 4001.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.1 & 2

Pursuant to provisions of Section 161 of the Companies Act, 2013 ('the Act'), the Articles of Association of the Company and as recommended by the Nomination and Remuneration Committee ('NRC'), the Board of Directors, at its meeting held on 26th November 2021, appointed Mr. Paresh V. Chothani (DIN 00218632), as an Additional Director of the Company with immediate effect. At the said meeting, the Board of Directors based on the recommendation of NRC, also appointed Mr. Paresh V. Chothani as the Wholetime Director of the Company, for a period of 3 (three) years, w.e.f. 26th November 2021, subject to the approval of the members, on the terms and conditions including remuneration as recommended by the NRC and approved by the Board of the Directors.

As an Additional Director, Mr. Paresh V. Chothani is entitled to hold office upto the date of the Annual General Meeting and is eligible to be appointed as a Director of the Company.

The Company has received a notice from a Member under section 160(1) of the Act proposing his candidature for the office of Director of the Company. The Company has received consent from Mr. Paresh Chothani to act as the Director of the Company along with a declaration to the effect that he is not disqualified from being appointed as a Director in terms of section 164(2) of the Act and has not been debarred or disqualified from being appointed or continuing a Director of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. The Company has also received declaration from him confirming that his name does not appear in the list of wilful defaulters issued by Reserve Bank of India. Paresh V. Chothani satisfies all the conditions set out in Part-I of Schedule V to the Act and under sub-section (3) of section 196 of the Act for being eligible for this appointment.

Mr. Paresh Chothani aged 63 years, has graduated in Textile engineering (B.Text.) from VJTI Mumbai. He has working experience of more than 3 decades in the field of Manmade textile industry, more particularly in fabrics marketing. He also excels in the field of business management and administration skills.

During his long tenure as Head of Fabrics Marketing Division and as a Consultant, he has contributed valuable suggestions towards improvement of sales and marketing of fabric segment for a large size Company. He has also performed the functions in production planning of fabric segment etc.

Considering the vast experience and knowledge in the field of textiles and more particularly in fabrics sale and marketing, the scale of business handled, current needs of the business, present performance and potential assessment, the Board considers Mr. Paresh V. Chothani's appointment as a valuable addition to the Board, which will augment the present Board Composition.

The remuneration and other terms and conditions of appointment of Mr. Paresh V. Chothani as the Wholetime Director of the Company as set out in the resolution and explanatory statement are subject to your approval.

So long as Mr. Paresh V. Chothani functions as the Wholetime Director, he shall not be paid any fees for attending the meetings of the Board or any Committee(s) thereof of the Company.

Accordingly, the Board recommends (i) appointment of Mr. Paresh V. Chothani as the Director of the Company as per the resolution set out at Item No. 1 of the Notice by way of an Ordinary Resolution; and (ii) appointment of Mr. Paresh V. Chothani as the Wholetime Director of the Company, for a period of 3 (three) years, w.e.f. 26th November 2021, on the terms as to remuneration and otherwise as set out in the resolution at the Item No. 2 of the Notice by way of a Special Resolution.

This Explanatory Statement may be considered as the requisite abstract under section 190 of the Act.

Mr. Paresh V. Chothani satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment.

It is therefore proposed to seek the members' approval for the aforesaid appointment and remuneration payable to Mr. Paresh V. Chothani. The salient features of the terms and conditions of and remuneration payable to Mr. Paresh V. Chothani as set out in the draft agreement are as follows:

i) Salary: Upto Rs.2,00,000/- per month.

ii) Perquisites and Allowances:

- (a) in addition to the salary as above, Mr. Paresh V. Chothani shall be entitled to perquisites which includes accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, medical/accident insurance, leave travel concession for self and family including dependents; club fees, car(s) with driver and telephone(s) at residence and such other perquisites and/or other allowances as the Board (which includes any committee thereof) may in its absolute discretion determine from time to time provided that the aggregate value of such perquisites shall not exceed 100% of the salary mentioned at i) above.
- (b) The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income-tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.
- (c) The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent these singly or together are not taxable under the Income-tax law, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company and to the extent not taxable under the Income-tax law shall not be included for the purpose of computation of the overall ceiling of remuneration.

iii) Remuneration based on net profits:

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

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

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

iv) Reimbursement of Expenses

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

v) Minimum Remuneration

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

vi) Other Terms and Conditions

- (a) The Wholetime Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and confirm to comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Wholetime Director will be under the overall authority of the Managing Director.
- (b) The Wholetime Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (c) The Wholetime Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

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

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

Brief profile of Mr. Paresh V. Chothani and information in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of appointment of Mr. Paresh V. Chothani is mentioned in the annexure which forms part of this notice.

Other particulars pertaining to the Company, which are required to be disclosed as per section II of Part II of the Schedule V of the Act, are given below and forms part of this notice.

I General Information:

(1) Nature of Industry:

The Company is engaged in the business of man-made textiles that manufactures and sale of Polyester Chips and Partially Oriented Yarn (POY).

(2) Date or expected date of commencement of commercial production:

Not applicable since the Company is an existing Company.

(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus: Not applicable as the Company is an existing Company.

(4) Financial performance based on given indicators – for the year ended 31st March 2021:

Particulars	(Rs in Lakhs)
Total Revenue (Net)	13587.61
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	1795.83
Less: Finance Costs	16.02
Profit/(Loss) before Depreciation and Tax	1779.81
Depreciation and Amortization	38.76
Profit/(Loss) before exceptional items	1741.05
Exceptional items	0.00
Profit/(Loss) after Tax	1448.47

(5) Foreign Investments and collaboration, if any:

The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company.

II Information about the Appointee:

(a) Background details

Mr. Paresh V. Chothani aged 63 years, is graduated in Textile engineering (B.Text.) from VJTI Mumbai. He has working experience of more than 3 decades in the field of Man-made textile industry, more particularly in fabrics marketing apart from business management and administration skill.

(b) Past Remuneration: Not applicable.

(c) Recognition and Awards: Nil

(d) Job Profile and his Suitability:

Considering the vast experience and knowledge in the field of textiles and more particularly in fabrics sale and marketing, the scale of business handled, current needs of the business, present performance and potential assessment, the Board considers Mr. Paresh V. Chothani's appointment as a valuable addition to the Board.

(e) Remuneration proposed: As mentioned above.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid commensurates with the remuneration package paid to similar senior level counter parts in other companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Beside the remuneration proposed, Mr. Paresh V. Chothani does not have any pecuniary relationship with the Company. Mr. Paresh V. Chothani is not related to any Director or form part of the Promoter Group of the Company. Mr. Paresh V. Chothani does not hold any Equity Shares in the Company.

III Other Information:

(a) Reasons of loss or inadequate profit:

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

The reduction in Revenue from operations of the Company during FY 21 was primarily owing to plant remaining shut down due to Covid-19 restrictions and subdued raw materials scenario which resulted into lower price realisation.

During the quarter ended June 21, the business activities of the Company were adversely affected owing to non availability of technical staff and sluggish domestic demand growth. Therefore, the manufacturing activity of the Company at Jolwa plant were suspended from May, 2021.

In view of these facts, the overall financial performance of the Company was subdued leading to negative Profit After Tax during the quarter ended 30th September, 2021.

(b) Steps taken or proposed to be taken for improvement:

The Directors are considering and evaluating the proposal for sale/transfer/disposal of the assets of Jolwa Manufacturing Division situated at Village Jolwa, Taluka Palsana, Dist. Surat, which is a loss making Division. Additionally, the Company is taking necessary steps to improve its overall business and also focussing on cost control in all areas.

(c) Expected increase in productivity and profits in measurable terms:

It is difficult to forecast the profitability in measurable terms especially due to Covid-19 pandemic. The management is evaluating the alternative options for upscaling its business activities.

IV Disclosures:

1. Remuneration package of the managerial person: As detailed in the explanatory statement which forms part of the Notice.
2. Disclosures in the Board of Directors' report under the heading 'Corporate Governance' included in Annual Report 2020-21: The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of FY 2020-21 of the Company.

Except Mr. Paresh V. Chothani and his relatives, none of the other Directors, Key Managerial Personnel ('KMP') or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out at item No.1 and 2 of the Notice.

The Board commends the Ordinary and Special Resolution set out at item No. 1 and 2 respectively of this Notice for the approval by the Members.

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

Name of the Director	Mr. Paresh V. Chothani
DIN	00218632
Date of Birth	05/09/1959
Age	62 Years
Nationality	Indian
Date of first appointment on the Board	26/11/2021
Qualification	Graduated in Textile Engineering (B.Text.) from VJTI Mumbai.
Expertise in specific functional areas	More than 3 decades of experience in the field of Man Made Textile Industry, more particularly in fabrics marketing.
Terms & Conditions of appointment and proposed remuneration to be paid	Terms and conditions of his appointment and proposed remuneration are specified in the resolution set out at Item no. 2 of the Notice read with explanatory statement thereof.
Remuneration last drawn	Not applicable
Shareholding in the Company including shareholding as a beneficial owner	Nil
Number of Board Meetings attended during the financial year 2020-21	Not Applicable
Directorship in other Indian Companies	Nil
Memberships / Chairmanship of committees in other public limited Companies	Nil
Relationship with other Directors, Managers and other Key Managerial Personnel of the Company	Not related to any Director and Key Managerial Personnel of the Company.

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

Item No.3

The Company is engaged in the business of manmade textiles and operating its Spinning Division manufacturing polyester yarn as well as the Polycondensation Plant for manufacturing of polyester chips at Village Jolwa, Taluka Palsana, Dist. Surat.

The production at Polyester Spinning Division at Village Jolwa, Taluka Palsana, Dist. Surat ('Undertaking') of the Company remained suspended since 2016 due to competitive pressure and prevailing market conditions in the yarn segment.

Several initiatives such as improvement in quality and service, cost reduction etc. were taken in the past. However, in light of the changing economic scenario coupled with sluggish domestic demand growth and due to non availability of technical staff, the Company suspended its manufacturing operations at its polycondensation plant also from May, 2021.

After considering various options, the Board decided to sell the assets of Jolwa Manufacturing Division in the overall interest of all the stakeholders. In the opinion of the Board, the operating environment of chips and yarn segment under the present scenario does not seem to be favourable, while generating incremental liquidity on sale of assets may provide a better return on deployment of funds in the near future.

Your Directors thus considered the proposal received from Garden Silk Mills Limited, a Public Limited Company, incorporated under the Companies Act, 1956 and having its Registered Office at Tulsi Krupa Arcade, 1st Floor, Puna-Kumbharia Road, Dumbhal, Surat 395010, Gujarat, for purchase of the said undertaking on asset sale / slump sale basis at a total consideration of Rs.78 Crore (Rupees Seventy-eight Crores only).

In accordance with the provisions of Section 180(1)(a) of the Companies Act, 2013 ('Act') any sale, lease or otherwise disposal of the whole or substantially the whole of an undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking, requires the approval of members of the Company accorded by way of a special resolution and as per the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, such a permission by way of special resolution may be accorded by way of postal ballot.

The Board at its meeting held on 1st January, 2021, has approved the proposal, by way of an asset sale / slump sale on a going concern basis to the Garden Silk Mills Limited subject to approval of the shareholders of the Company. Your Directors considered that the proposed sale is fair and reasonable and that it would be in the interest of the Company and its Shareholders and all concerned.

Accordingly, consent of the members is being sought by way of a Special Resolution for approval of the proposed transaction of sale of Undertaking.

The funds realized by the Company on sale of Undertaking will be used for business and other general corporate purposes as the Board may in its absolute discretion and in the best interest of the Company deem fit.

None of the Directors, Key Managerial Personnel ('KMP') of the Company and their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their respective shareholding and/or their employment, if any, in the Company.

The Board commends the Special Resolution set out at item No.3 of this Notice for the approval by the Members.

Registered Office:

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

Place: Surat

Date: 6th January, 2022

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

Chinmay M. Methiwala
Company Secretary
Membership No. ACS 48146