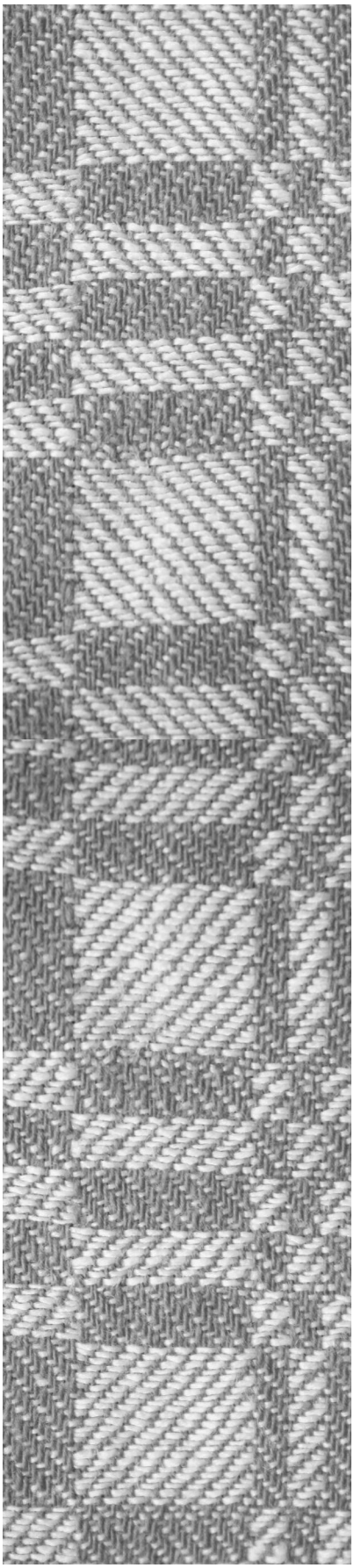

33rd Annual Report 2017-18

Quality & Commitment

STI India Limited

A Subsidiary of Bombay Rayon Fashions Limited
Manufacturers of quality Yarn & Knitted Fabrics

CORPORATE INFORMATION

Board of Directors

Mr. Aman Agrawal	Chairman
Mr. Prashant Agrawal	Managing Director
Mr. Suresh S. Vishwasrao	Independent Director
Mr. John Mathew	Independent Director
Mr. A. Arumugham	Independent Director
Mr. A. R. Mundra	Non-executive Director
Ms. Prachi Deshpande	Non-executive Director
Dr. R. B. Baheti (Ceased w.e.f. 21st February, 2018)	Non-executive Director

Key Managerial Personnel

Mr. Prashant Agrawal	Managing Director
Mr. Mukesh Maheshwari	Chief Financial Officer
Mr. Deepesh Kumar Nayak	Company Secretary

Auditors

V. K. Beswal & Associates, Chartered Accountants, Mumbai	Statutory Auditor
Rao Saklecha & Co. Practicing Company Secretary, Indore	Secretarial Auditor
Fadnis & Gupte Chartered Accountants, Indore	Internal Auditor

Bankers

State Bank of India
Axis Bank Limited
Indusind Bank Limited

Regd. Office & Works

STI India Limited
Rau-Pithampur Link Road, Tehsil - Mhow,
Distt. Indore - 453 332 (M.P.) India,
Ph. No. 0091 -731- 4014400,
Fax No.: 0091-731-4020011,
Email: share3@stitextile.net,
Website: www.stitextile.net,
CIN: L27105MP1984PLC002521

Registrar & Share Transfer Agent (RTA)

Link Intime India Private Limited
Unit – STI India Limited
C-101, 247 Park,
L B S Marg, Vikhroli, West
Mumbai- 400 083, India
Ph. No. : 0091-22-49186000
Fax No.: 0091-22-49186060
Email: prachi.babadi@linkintime.co.in

Equity Shares Listed At

National Stock Exchange of India Ltd. (NSE)
BSE Ltd. (BSE)

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NOTICE

NOTICE is hereby given that the thirty-third Annual General Meeting ("AGM") of the members of STI India Limited will be held on Tuesday, the 25th September, 2018, at 11.00 a.m. at the Registered Office of the Company situated at Rau-pithampur Link Road, Tehsil – Mhow, District – Indore, 453 332 (M.P.) India, to transact the following business:

ORDINARY BUSINESS:

1: Adoption of financial statements

To consider and adopt the audited financial statements of the Company for the financial year ended on 31st March, 2018 together with reports of the Board of Directors and Independent Auditors thereon.

2 : Appointment of Director in place of director liable to retire by rotation

To appoint a director in place of Mr. Aman Agrawal (DIN: 00019534), who retires by rotation and being eligible, offers himself for re-appointment.

Place: Mumbai
Date: 08th May, 2018

By Order of the Board of
STI India Limited

Regd. Off.- Rau-Pithampur Link Road,
Tehsil-Mhow, Distt- Indore-453 332

Deepesh Kumar Nayak
Company Secretary

NOTES:

1. M/s V. K. Beswal & Associates, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company at the 30th Annual General Meeting held on 28th September, 2015. Pursuant to Notification issued by the Ministry of Corporate Affairs on 07th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A member holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

   The instrument appointing the Proxy, in order to be effective, should be duly stamped, filled, signed and must be deposited at the registered office of the Company not less than 48 (forty eight) hours before the commencement of the meeting. A proxy form for the annual general meeting is enclosed.

   During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
3. The Register of Members and Share Transfer Books shall remain closed from **Wednesday, the 19th September, 2018 to Tuesday, the 25th September, 2018** (both days inclusive)**.**
4. A copy of Audited Standalone Financial Statements for the year ended 31st March, 2018 together with the Board's and Auditor's Report thereon are enclosed herewith.
5. Additional information pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations), in respect of director seeking re-appointment at the ensuing Annual General Meeting, is annexed hereto. The director has furnished consent / declaration for his re-appointment as required under the Companies Act, 2013 read with rules made thereunder.
6. Corporate Members intending to send their authorized representative(s) to attend the meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send a certified true copy of the Board Resolution, authorizing their representative(s) to attend and vote on their behalf at the meeting.
7. Members are requested to bring their copies of the Annual Report to the meeting.
8. Member / Proxy / Authorised Representative attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.

9. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Secretarial Department at the Registered Office well in advance or may email at share3@stitextile.net, so that the same may reach at least seven days before the date of the Meeting to enable the management to keep the required information readily available at the Meeting.
10. The Members having physical shares are requested to convert their holding in demat form in their own interest and notify immediately any change in their addresses with the Postal Identity Number (PIN) and quoting their folio number(s) to the Company. The Members holding shares in Demat form are required to update their addresses through their Depositories.
11. Non-Resident Indian Members are requested to inform Registrar and Share Transfer Agent of the Company in case of any change in their residential status on return to India for permanent settlement, particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
12. To ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits, the members are requested to provide their email IDs to the depositories who are holding their shares in demat form and the members who are holding their shares in physical form may send the duly filled form to our Registrar and Share Transfer Agent Link Intime India Private Limited, C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083, India for sending the document in electronic form.
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their E-mail address either with the Company or with the Depository Participant(s).

    Accordingly, the Notice of AGM along with the Annual Report for F.Y. 2017-18 is being sent by electronic mode to those members whose e-mail address is registered with the Company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail address, hard copies are being sent by the permitted mode.
14. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report of F.Y. 2017-18 will be available on the Company's website www.stitextile.net. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours.
15. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.
16. Members who hold shares in the physical form in the multiple folios in identical names or joint holdings in the same order of names are requested to send the Share Certificate to RTA, for consolidation into single folio.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Company or the Registrar and Share Transfer Agent.
18. Members are requested to provide their detail / information in the prescribed format as annexed with the annual report, to the Company or the Registrar and Share Transfer Agent Link Intime India Private Limited, for updation of their information in the record of the Company and Registrar and Share Transfer Agent.
19. The Register of Directors' and Key Managerial Personnel and their Shareholding, maintained under Section 170 and Register of contracts or arrangement in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
20. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
21. A route map showing directions for easy reach to the venue of annual general meeting is annexed with the annual report.
22. The annual report along with the notice of annual general meeting is being sent to the members, whose names appear in the register of members / depositories as at closing hours of business on **Friday, the 24th August, 2018**.

VOTING THROUGH ELECTRONIC MEANS

A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Rules, 2015, and Regulation 44 of the Listing Regulations, the Company is pleased to provide its members the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means. The facility of casting vote by a member using an electronic voting system from a place other than the venue of the AGM (remote e-voting) will be provided by Central

Depository Services India Limited (CDSL) and the items of business as detailed in this notice may be transacted through remote e-voting.

The facility for voting through ballot paper will also be made available at the AGM and members attending the AGM, who have not already casted their votes by remote e-voting, shall be able to exercise their right at the AGM through ballot paper. In case a member votes through remote e-voting as well as cast his / her vote at the venue of the meeting, then the vote casted through remote e-voting shall only be considered and the voting done at the venue of the meeting shall not be considered by the scrutinizer.

B. A member whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the cut-off date i.e. Tuesday, the 18th September, 2018 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

C. The instructions for shareholders voting electronically are as under:

(i) The remote e-voting period begins on **Saturday, the 22nd September, 2018, at 09.00 a. m. and ends on Monday, the 24th September, 2018 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. **Tuesday, the 18th September, 2018,** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(ii) To initiate the voting process log, on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders tab to cast your vote.

(iv) Now enter your User ID:

(a) For CDSL: 16 digits beneficiary ID,

(b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

(c) Members holding shares in physical form should enter folio number registered with the Company.

(v) Next enter the Image verification as displayed and click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Address Slip indicated in the PAN Field. Address Slip with sequence number is pasted on the annual report.
Dividend Bank Details **OR** Date of Birth (DOB	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Now, click on the **EVSN** for **STI India Limited**.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Additional instructions for Non – Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com** or to **share3@stitextile.net**.

(xxi) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. **Tuesday, the 18th September, 2018,** may follow the same instructions as mentioned above for e-Voting.

D. Mr. Pankaj Kumar Saklecha (Membership No. FCS 6292) Proprietor of M/s Rao Saklecha & Co., Practicing Companies Secretaries, Indore has been appointed as the Scrutinizer to scrutinize the e-voting process in fair and transparent manner.

E. The Chairman shall, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer by use of "Ballot Paper" for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.

F. The Scrutinizer shall after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The Chairman shall declare the result of the voting forthwith.

G. The Result declared along with the Scrutinizer's Report shall be placed on the Company's website www.stitextile.net and on the website of CDSL www.evotingindia.com after the same is declared by the Chairman. The Result shall also be simultaneously forwarded to the stock exchanges.

Place: Mumbai
Date: 08th May, 2018

By Order of the Board of
STI India Limited

Regd. Off.- Rau-Pithampur Link Road,
Tehsil-Mhow, Distt- Indore-453 332

Deepesh Kumar Nayak
Company Secretary

DETAIL OF DIRECTOR, SEEKING RE-APPOINTMENT, AS PER REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

ITEM NO. 2 – MR. AMAN AGRAWAL – RETIRING DIRECTOR

Name of the Director	Mr. Aman Agrawal
DIN	00019534
Date of Birth	21st May, 1972
Nationality	Indian
Date of appointment on the Board of the Company	25th November, 2010
Education & Qualifications	Bachelor's Degree in Commerce and a Master's Degree in Business Administration from a reputed school in Australia.
Shareholding in the Company	NIL
Background details, Recognition or awards, Experience & Expertise and Job Profile	He has over 24 years of experience in the textile industry. He has strategically directed the business to newer heights. He has always encouraged innovation such as a fresh approach to projects, implementation of new technologies in the various factories of the group and IT System integration in its offices. Under his guidance, the Company has established top class manufacturing facilities in weaving, fabric processing, garmenting, etc. Mr. Aman has played an instrumental role in the growth of the Company till date. As a Chairman Mr. Aman Agrawal would be in overall charge of the organization to ensure to make it more productive. His more focus would be in areas related to IT, new technologies etc.
Terms and Conditions of Appointment/re-appointment	As per the resolution passed by the Shareholders of the Company, Mr. Aman Agrawal has been appointed as a Non – Executive Director, liable to retire by rotation.
Details of Remuneration	NIL
Remuneration last drawn	N.A
Number of Meetings attended during the financial year 2017-18	One
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	The appointee is brother of Mr. Aman Agrawal, Managing Director of the Company. Mr. Aman Agrawal is also holding position of Chairman in Bombay Rayon Fashions Limited, the Holding Company of the Company.
Membership/Chairmanship of the Committees of Board of Company & other Companies	Nil
Other Directorship as on 31st March, 2018	Bombay Rayon Holdings Limited Bombay Rayon Fashions Limited Scotts Apparels Private Limited Latur Integrated Textile Park Private Limited Best United Lifestyles Private Limited Bestseller Retail India Private Limited Ashwell Holding Company Private Limited Bluerays Realtors Private Limited Ashwell Minerals Private Limited Kagal Industrial Textile Technology Park Private Limited

None of the Director, Key Managerial Personnel of the Company and their relatives, except Mr. Aman Agrawal, appointee director and his brother Mr. Prashant Agrawal, are concerned or interested, financially or otherwise, in this resolution. The Board recommends the Ordinary Resolution as set out at item no. 2 for approval of the Members.

Place: Mumbai
Date: 08th May, 2018

By Order of the Board of
STI India Limited

Regd. Off.- Rau-Pithampur Link Road,
Tehsil-Mhow, Distt- Indore-453 332

Deepesh Kumar Nayak
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 33rd Directors' Report on the business and operations of your Company along with the audited standalone financial statements for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE

The salient features of the Company's financial results during the year are as under: (₹in Lacs)

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Sales / Revenue from Operations	**3732.83**	4697.19
Profit/(Loss) before Interest, Depreciation & Tax	**(332.26)**	(400.33)
Less: Interest	**0.39**	0.30
Profit/(Loss) before Depreciation & Tax	**(332.65)**	(400.63)
Less: Depreciation	**400.84**	397.38
Profit/(Loss) before Tax	**(733.49)**	(798.01)
Less - Provision for Taxes (including Deferred)	**-**	-
Profit/(Loss) After Tax	**(733.49)**	(798.01)
Paid Up Share Capital	**2900.00**	2900.00
Adjusted Net Worth of the Company	**(1533.67)**	(800.18)
EPS (In Rs.) Basic & Diluted	**(2.53)**	(2.75)

OPERATIONAL PERFORMANCE

During the financial year under review the turnover of your company stood at Rs. 3732.83 Lacs in financial year 2017-18 as against Rs. 4697.19 Lacs in financial year ended on 31st March, 2017 registering a decrease by 20.53%. PBIDT increased to Rs. (332.26) Lacs from Rs. (400.33) Lacs in the previous year. Interest cost increased to Rs. 0.39 Lacs from Rs. 0.30 Lacs in the previous year.

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on 31st March, 2018 has been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31st March, 2018.

MATERIAL CHANGES FROM END OF FINANCIAL YEAR TO DATE OF REPORT

There are no material change and commitment, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report other than those disclosed in the financial statements.

DIVIDEND

Considering the accumulated losses, the Board of Directors does not recommend any dividend for the year 31st March, 2018.

FIXED DEPOSITS

The Company has not accepted or renewed any deposit from the public during the year under review and no amount of principle or interest was outstanding as on the balance sheet date.

SHARE CAPITAL

The paid up equity share capital of the Company as on 31st March, 2018 stood at Rs. 2900.00 Lacs. During the year under review, the Company has neither issued shares with differential voting rights nor granted any stock options / sweat equity. None of the Directors of the Company hold shares or any other securities of the Company as on the date of this report.

During the year under review, no Stock Options were granted, vested or exercised. No Stock Options are in force as on date. Hence, there are no disclosures required to be made pursuant to the applicable requirements of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

CHANGE IN NATURE OF BUSINESS

Company continues to operate only in one segment i.e. Textile and there is no change in nature of Business of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment / Re-appointment

Mr. Aman Agrawal

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Article of Association, Mr. Aman Agrawal, Director of the Company is liable for retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

Brief profile of Mr. Aman Agrawal is given in the notice of Annual General Meeting

Cessation

Dr. R. B. Baheti – Chairman and Non-executive Director

During the year under review, Dr. R. B. Baheti, Director had resigned from the Directorship & Chairmanship of the Company w.e.f. 21st February, 2018 in view of his pre-occupations and commitments. The Board placed on records its deep appreciation and gratitude for the invaluable contributions made by Shri Dr. R. B. Baheti during his tenure as Director and Chairman of the Company.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

Except above, there is no change in the Board of Directors of the Company.

KEY MANAGERIAL PERSONNEL

In terms of section 203 of the Companies Act, 2013, the following are the Key Managerial Personnel (KMP) of the Company:

01. Mr. Prashant Agrawal : Managing Director
02. Mr. Mukesh Maheshwari : Chief Financial Officer
03. Mr. Deepesh Kumar Nayak : Company Secretary

No KMP has been appointed or has retired or resigned during the year.

DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors Mr. A. Arumugham, Mr. Suresh

Shankar Vishwasrao and Mr. John Mathew have submitted their declaration to the Board that they fulfill the criteria as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"), so as to qualify themselves to be appointed/continued as Independent Directors.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

A separate exercise was carried out to evaluate the performance of directors individually, including Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority members etc. The Performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and Non-executive Independent Directors was also carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation.

INDEPENDENT DIRECTOR'S FAMILIARIZATION PROGRAMME

The Company continued with its Independent directors' familiarization program, when needed, for familiarizing them with company's operations, regulatory and critical aspects which would enable them to effectively discharge responsibilities and functions conferred on them. Policy about familiarization Programme is placed on the Company's website and its web link is http://www.stitextile.net.

CRITERIA AND POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee (NRC) is responsible for developing competency requirements for the Board based on Industry and Strategy of the Company. The Board composition analysis reflects in depth understanding of the Company's strategies, environment, operations, financial conditions, compliance requirements, etc. In terms of Section 178(3), (4) of the Companies Act, 2013 and LODR Regulations, NRC has formulated criteria for determining qualifications, positive attributes and Independence of Directors which are as follows:

a. Qualifications: The Board nomination process encourages diversity of thought, experience, knowledge, age and gender. It also ensures that the Board has an appropriate blend of functional and industry expertise, personal, professional or business standing.

b. Expertise: The person to be chosen as a Director shall have relevant expertise in the fields of textile, information technology, sales /marketing, finance, taxation, law, governance and general management.

c. Positive Attributes: Apart from the duties of Directors as prescribed in the Companies Act, 2013, Directors are expected to demonstrate high standards of integrity, ethical behavior and independent judgment. The Directors are also expected to abide by the applicable code of conduct.

d. Independence: The Committee satisfies itself with regard to the criteria for independence of the Directors as required under applicable statutes in order to enable the Board to discharge its function and duties effectively.

e. Reappointment: In case of reappointment of Non-Executive and Independent Directors, the NRC and the Board takes into consideration the performance evaluation of the Director and his/her engagement level.

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The said Policy of the Company, *inter alia*, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive, Non-Executive and Independent Directors on the Board of Directors of the Company and persons in the Senior Management of the Company, their remuneration including determination of qualifications, positive attributes, independence of Directors and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, your Directors would like to state:

(a) that in the preparation of the annual financial statements for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under schedule III to the Act, have been followed along with proper explanation relating to material departures, if any;

(b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the (loss) of the Company for the year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual financial statements have been prepared on a going concern basis;

(e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

The Board of Directors has formulated a Policy which lays down a framework for selection and appointment of Directors and Senior Management and for determining qualifications, positive attributes and independence of Directors.

The Board has also formulated a Policy relating to remuneration of Directors, members of Senior Management and Key Managerial Personnel.

Both policies are available for inspection by members at the Registered Office of the Company during working hours up to the date of the Annual General Meeting and shall be made available to any members on request.

MEETING OF BOARD OF DIRECTORS

During the year under review, 04 (Four) Board Meetings were convened and held on 08th May, 2017, 04th August, 2017, 07th November, 2017 and 31st January, 2018. The details in respect of attendance of directors, sitting fees etc. are given in the Corporate Governance Report which forms part of the Annual Report.

The intervening gap between the above said meetings was within the timelines as stipulated under the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

COMMITTEES OF THE BOARD

The Board of Directors has the following mandatory Committees:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee; and
4. Corporate Social Responsibility Committee.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of the following members:

Mr. A. Arumugham	:	Chairman, Independent Director
Mr. John Mathew	:	Member, Independent Director
Mr. Suresh S. Vishwasrao	:	Member, Independent Director
Mr. A. R. Mundra	:	Member, Non-executive Director

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 18 of the Listing Regulations. The members of the Audit are financially literate and have experience in financial management.

There are no qualifications and observations raised by Audit Committee which required any comments from the Board or Management of the Company.

Further detail on the Audit Committee is being provided in the Report on Corporate Governance forming part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the requirements of Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility (CSR) Committee, which is responsible for fulfilling the CSR objectives. The Composition of committee is as under:

Mr. A. Arumugham	:	Chairman, Independent Director
Mr. A. R. Mundra	:	Member, Non-executive Director
Ms. Prachi Deshpande	:	Member, Non-executive Director

Dr. R. B. Baheti, Director has resigned from the membership of the Committee w.e.f. 21st February, 2018.

As the Company has no average net profit during the immediately preceding last three financial years, the provisions of section 135 of the Companies Act, 2013 with respect to contribution for CSR activities were not applicable to the Company during the financial year under review.

The details of other committees of the Board viz. Nomination and Remuneration Committee, Stakeholders Relation Committee are given in the Corporate Governance Report which forms part of this report.

AUDITORS

Statutory Auditor

M/s V. K. Beswal & Associates, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company at the 30th AGM. M/s V. K. Beswal & Associates have confirmed their eligibility and qualification required under section 139, 141 and other applicable provisions of the companies act, 2013 and rules issued thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

Pursuant to Notification issued by the Ministry of Corporate Affairs on 07th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

The Auditor's Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2018. The statements made by the Auditors in their Report are self - explanatory and do not call for any further comments.

The statutory auditors have not reported any incident of fraud under section 143(12) of the Companies Act, 2013, to the Audit Committee of the Company during the year under review.

Secretarial Auditor

As per requirements of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s Rao Saklecha & Co., Practicing Company Secretary, Indore (C.P. No. 6434) as the Secretarial Auditor of the Company to conduct Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate governance practice by the Company.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The statements made by the Auditors in their Report are self - explanatory and do not call for any further comments.

The secretarial auditors have not reported any incident of fraud under section 143(12) of the Companies Act, 2013, to the Audit Committee of the Company during the year under review.

The report of the Secretarial Auditor for the financial year 2017-18 is annexed to this report as **Annexure - I.**

Internal Auditor

As per requirements of Section 138(1) of the Companies Act, 2013 read with rule 13 of the Companies (Accounts) Rules, 2014, the Board of Directors of the Company has appointed M/s Fadnis & Gupte, Chartered Accountants, Indore as Internal Auditor of the Company to conduct Internal Audit of business processes, financial reporting & controls, compliance with applicable laws, regulations etc.During the year under review, no material or serious observation has been received from the Internal Auditors of the Company.

Cost Auditor

The Ministry of Corporate Affairs (MCA) vides Notification dated 31st December, 2014 made amendment in the Companies (Cost Records and Audit) Rules, 2014, through Companies (Cost Records and Audit) Amendment Rules, 2014. As per the said amendment rules, our Company is exempted from the requirement to conduct Cost Audit. Therefore, the Company did not appointed Cost Auditor for financial year 2017-18.

CEO / CFO CERTIFICATION

In terms of Regulation 17 of the Listing Regulations, a Compliance Certificate duly signed by the Managing Director and Chief Financial Officer of the Company, on the financial statements and internal controls relating to financial reporting has been obtained and annexed with the corporate governance report.

INDUSTRIAL RELATIONS AND CORPORATE GOVERNANCE

The company provides a congenial and friendly atmosphere to its employees to maintain cordial relations and motivate them to develop their full potential. Industrial Relations throughout the year were very peaceful & cordial.

To upgrade human skills and improve their efficiencies, the Programs like Safety First, various sports tournaments, inbound & outbound training programs, recreational and team building activities, etc. are part of the total employee experience helping to promote individual wellness while balancing the needs of the work, family and society.

Your directors are also committed to good corporate governance as a policy. As per Regulation 34(3) read with schedule V of the Listing Regulations, a detailed report on Corporate Governance is given in the annexure which forms part of this report as **Annexure II.**

The requisite certificate from the Statutory Auditors of the Company confirming compliance with the conditions of corporate governance is annexed with the report on corporate governance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The informations on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed and marked as **Annexure - III.**

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return (MGT – 9) pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure - IV** to this Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

As per provisions of sub-section (1) of Section 188 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and further amendment thereof, the Company has obtained the prior omnibus approval of Audit Committee, Board of Directors and members for all material related parties transactions.

Further, the statement giving details of all related party transactions entered into pursuant to the omnibus approval so granted has been placing before the Audit Committee and the Board of Directors for review on a quarterly basis.

The details of the related party transactions as per Indian Accounting Standards (IND AS) - 24 are set out in Note 32 to the Standalone Financial Statements of the Company.

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of contracts or arrangements with related party (ies) are given in the prescribed Form – AOC – 2 which is annexed and marked as **Annexure - V.**

The policy on Related Party Transactions as approved by the Board is hosted on the Company's website www.stitextile.net.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive informations in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Directors and the designated employees have confirmed compliance with the Code.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has provided corporate guarantee in connection with credit facilities availed by its holding company from banks. The terms and conditions of the guarantee so given are not prejudicial to the interest of the Company and in line with the provisions of the act. There is no transaction of loan and investment during the year under review.

HOLDING, SUBSIDIARY, JOINT VENTRES & ASSOCIATES COMPANIES.

Your Company continues to be the subsidiary of Bombay Rayon Fashions Limited (BRFL). The Company does not have any subsidiary, Joint Venture and Associates Company.

INTERNAL CONTROL SYSTEM AND AUDIT

The Company has appropriate Internal Control System for business processes, financial reporting & controls, compliance with applicable laws, regulations etc. The Internal Control System of the Company is designed to prevent operational risks through a framework of internal controls and processes. Our internal control system ensures that all business transactions are recorded in a timely manner, the financial records are complete, resources are utilized effectively and our assets are safeguarded. We have developed robust policies, procedures, checks and balances to bring in discipline in day-to-day functions, for accurately and timely compilation of data.

In addition, the Company has appointed M/s Fadnis & Gupte, Chartered Accountants, Indore as the Internal Auditors of the company. The Internal Audit conducts on monthly basis and the reports of auditor is placed before the Audit Committee in its next meeting. The internal audit ensures safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Further, Internal Auditors observations and findings are discussed with the concerned departments head and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operation. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

RISK MANAGEMENT

The Company has in place a mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risks by means of a properly defined frame work. As required under Regulation 17 of Listing Regulations, the Company has formulated a Policy on Risk Management.

CASH FLOW ANALYSIS

In conformity with the provisions of Regulation 34 of the Listing Regulations, the Cash Flow Statement forms part of annual report.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

In order to prevent sexual harassment of women at work place, a new act the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. As per the said act, every company is required to set up an Internal Complaints Committee (ICC) to look into complaints relating to sexual harassment at work place of any women employee.

Accordingly, the Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up an Internal Complaints Committee for implementation of said policy.

There were no incidences of sexual harassment reported during the year under review.

WHISTLE BLOWER POLICY

In compliance of the requirements of Section 177 of the Companies Act, 2013 and as a measure of good corporate governance practice, the Board has formulated a Whistle Blower Policy. The policy comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breaches of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy provides for adequate safeguard against victimization of employees and directors who avail of vigil mechanism and also provide for direct access to the Audit Committee.

POLICIES AS PER SEBI LISTING REGULATIONS

As per requirements of provisions of Listing Regulations the Company has adopted the following policies:

- Policy for Preservation of Documents.
- Policy for Determination and Disclosure of Material Events.
- Archival Policy.
- Policy on Material Related Party Transactions.
- Familiarization Programme for independent directors.

As, the Company does not have any subsidiary, hence not formulated policy on material subsidiary.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Reporting as required by Regulation 34(2)(f) of the Listing Regulations, is not applicable to your Company for the financial year ending March 31, 2018.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

Debt Recovery Tribunal (DRT) in the matter of Oriental Bank of Commerce (OBC) (Erstwhile Global Trust Bank, GTB) & Gujarat State Co-operative Cotton Federation Limited (GUJCOT), passed an order dated 01st December, 2014 against the GUJCOT (Defendant No. 1) & STI India Limited (Defendant No. 2).

Then, STI preferred an appeal before the Debts Recovery Appellate Tribunal (DRAT), against said order of DRT. The Learned DRAT, by an order dated 14th December, 2015, adjourned the said Appeal proceedings on the ground that the matter was seized up by BIFR. Next date of hearing in DRAT is 13th June, 2018.

Then, following the order of DRT and despite of pending the Company's appeal before the DRAT, Mumbai, the Recovery Officer (RO), Ahmedabad issued an impugned Order dated 31st January, 2018. By the said Impugned Order, the Recovery Officer has inter alia attached the all bank accounts of the Company and further passed an Order of Attachment dated 31st January, 2018, attaching the movable and immovable properties of the Company.

Against the said impugned orders of DRT and Recovery Officer, the Company preferred a writ petition to High Court, Ahmedabad on 12th April, 2018, requesting to quash and set aside the Recovery Proceeding (being R.P. No.265 of 2014), which are pending before the Recovery Officer and vacate the attachments levied, by the Recovery Officer vide the impugned orders dated 31st January, 2018.

The Hon'ble High Court on 17th April, 2018 granted an ad-interim relief to the Company staying the further proceeding of attachments order dated 31st January, 2018. The matter is now being reviewed by the High Court. The next date given is 13th June, 2018.

PARTICULARS OF EMPLOYEES

The detail as required pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is given in **Annexure - VI.**

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2018.

The said Annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary/Compliance Officer at the Registered Office of the Company. The aforesaid Annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before the Annual General Meeting and up to the date of the said Annual General Meeting during the business hours on working days.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his/her spouse and dependent children) more than two percent of the equity shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report on the operations of the Company as required under regulation 34(2)(e) of the Listing Regulations has been given separately and forms part of this report as **Annexure - VII.**

DISCLOSURES

The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

The Board of Directors state that except disclosures as given above, no further mandatory disclosure or reporting is required to give with this report.

GREEN INITIATIVE

The Ministry of Corporate Affairs had taken the Green Initiative in Report on Corporate Governance by allowing paperless compliances by Companies through electronic mode.

Your Company supports the Green Initiative and has accordingly decided to send necessary communications to its Shareholders to their respective registered E-mail addresses.

Your Company appeals to you, its Shareholders, who are yet to register the E-mail addresses that they take necessary steps for registering the same so that you can also become a part of the initiative and contribute towards a Greener environment.

CAUTIONARY STATEMENT

Statements in the Board's Report describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

APPRECIATIONS AND ACKNOWLEDGEMENTS

The board would like to place on record its deep appreciation to the financial institutions, banks, business partners, central and state government authorities, stock exchanges and clients for their support and co-operation during the year.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every employee of the Company. We are also deeply grateful for the confidence and faith expressed by the stakeholders in the Company.

Your Directors would also like to take this opportunity to acknowledge the excellent support given by Bombay Rayon Fashions Limited, the Holding Company of your company, in providing the financial assistance and excellent management support and guidance at all levels of business. This has enabled the Company to run its business smoothly and effectively for the accomplishment of its objectives.

For and on behalf of the Board
Of STI India Limited

Place:Mumbai
Date: 08th May, 2018

Mr. Aman Agrawal
Chairman
DIN: 00019534

ANNEXURE - I TO THE DIRECTORS REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST March, 2018

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

To,

The Members,
STI India Limited
Rau- Pithampur Link Road,
Tehsil-Mhow, Indore
(M.P.) 453 332

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by STI India Limited (hereinafter called the "Company). The Company is a subsidiary of Bombay Rayon Fashions Limited. The 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 verifications 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 authorized 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 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

I. The Companies Act, 2013 and the rules made there under:

01. The Company has complied with the provisions of the Companies Act, 2013 and the Rules made there under.
02. Interest on debentures (series 1 to 4) due up to 31st March, 2018 has been waived off by the debenture holder(s) and terms of repayment are yet to be finalized.

II. The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder:

The Company has not issued any fresh securities during the year under review and therefore, question of complying with the provisions of Securities Contract (Regulation) Act, 1956 does not arise.

Further, the company has complied with:

(a) Rule 19A of the Securities Contract Regulation Rules with respect to continuous listing requirements with the Stock Exchange (s).
(b) Rule 19(1) of SCRR with respect to filing of documents.
(c) Rule 19(2) of SCRR with respect to minimum public shareholding.

III. The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;

The company has complied with the Clause 55A of Securities and Exchange Board of India (Depositors and Participants) Regulations, 1996 with respect to the reconciliation of share capital audit.

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:

The company has not received any Foreign Direct Investments, Overseas Direct Investment and has not made any External Commercial Borrowings during the period 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.

The company has not made any substantial acquisition of shares and takeovers during the period under review and therefore the question of complying with the provisions of the Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 2011 does not arise.

b) The Securities and Exchange Board of India (Prohibition of insider Trading) Regulations,1992;

No events relating to unpublished price sensitive information took place during the year under review except quarterly/annual financial results.

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

The company has not issued any share capital during the period under review and therefore the question of complying with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise.

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The company has not made any offer to the employees under Employee Stock Option Scheme and any employee Stock Purchase Scheme during the period under review and therefore the question of complying with the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines1999, does not arise.

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008:

The Company has not issued any debt securities during the period 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.

` 1. The company has appointed Registrar and Share Transfer Agent (RTA) in accordance with the SEBI Regulations.

2. The RTA has obtained a certificate from the Practicing Company Secretary that all the transfers have been completed within the stipulated time in terms of Listing Regulations.

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2009;

1. No action has been taken by the recognized stock exchange for compulsory delisting of equity shares.

2. The company has not initiated any action for the voluntary delisting of equity shares.

Hence, the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise.

h) The Securities and Exchange Board of India (Buy back of Securities) Regulations,1998;

The Company has not purchased its own shares during the period under review and therefore the question of complying with the provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations,1998 does not arise.

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with all the regulations of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I. Secretarial Standards (SS) issued by the Institute of Company Secretaries of India.

The Company has complied all SS issued by the ICSI satisfactorily.

II. The Listing Agreements entered into by the company with Stock Exchanges.

The company has complied with most of the regulations of the Listing Regulations.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the observations as stated above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive, Non-executive, Independent and Woman Directors. During the audit period, the changes in the composition of the Board of Directors have taken place, are in compliance with the applicable provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent at least seven days in advance. 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report 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 following applicable laws:

1. The Factories Act, 1948
2. Industrial Dispute Act, 1947
3. The Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident and Miscellaneous Provisions Act,1952
6. The Payment of Bonus Act, 1965
7. The Payment of Gratuity Act, 1972
8. The Contract Labour (Regulation and Abolition) Act, 1970
9. The Maternity Benefits Act, 1961
10. The Child Labour (Prohibition and Regulation) Act, 1986
11. The Employees' Compensation Act, 1923
12. The Apprentices Act, 1961
13. Equal Remuneration Act,1976

Pollution Control Laws:

1. The Air (Prevention and Control of Pollution) Act, 1981
2. The Water (Prevention and Control of Pollution) Act, 1974

I further report that during the audit period, there were no specific events/ action having a major bearing on the Company's affairs in pursuant of the above referred laws, rules, regulations, guidelines, standards etc.

I further report that the compliance by the Company for the applicable Financial Laws like Direct Taxes, Indirect Taxes and the compliance of the Accounting Standards, and the Annual Financial Statements has not been reviewed in this audit report, since the same have been subject to the Statutory Financial Audit by other designated professionals. This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For Rao Saklecha & Co.
Practicing Company Secretary

Pankaj Kumar Saklecha
FCS No.6292
CP No.:6434

Place: Indore
Date: 08th May, 2018

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'Annexure A'

To,
The Members
STI India Limited,
Rau- Pithampur Link Road,
Tehsil-Mhow, Indore
(M.P.) 453 332

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we 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. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Rao Saklecha & Co.
Practicing Company Secretary

Pankaj Kumar Saklecha
CP No.:6434
FCS No.6292

Place: Indore
Date: 08th May, 2018

ANNEXURE: II TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance is set out in compliance with the Corporate Governance requirements as stipulated in Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes that for sustained growth and for enhancing shareholder value, sound Corporate Governance is a must. We ensure fairness for every stakeholder – our customers, investors, vendors and communities where we operate, through transparency and accountability, the two basic tenets of Corporate Governance. We strive to ensure that our performance is driven by integrity, values and ethics. Company has guiding principles laid out through its Code of business conduct, duly adopted and adhered to by directors and senior management personnel which has been posted on website of company.

Company is in compliance with all mandatory requirements of corporate governance laid down under the new Listing Regulations and has also been complying with most non-mandatory requirements.

The Company has been regular in sending its quarterly compliance report on Corporate Governance to Stock Exchanges. The Corporate Governance Report in respect of the year ended 31st March, 2018 is given below:

1. Board of Directors:

Composition and size of the Board

The Board has an optimum combination of Executive, Non-executive and Independent Directors. The Board has strength of 7 (Seven) directors, including woman director, as on 31st March, 2018. There are no nominee directors, representing any institution on the Board of the Company. Category wise details are as under:

Category	No. of Directors
Independent Directors	3
Non-executive- Promoter Directors	3
Executive- Promoter Director	1
Total	**7**

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013. None of the Directors of the Company is a member of more than 10 committees or Chairman of more than 5 committees. The Chairman of the Board is Non-executive Director. All the Directors have made necessary disclosures and declarations regarding positions occupied by them in other companies. The Non-executive Directors are eminent professionals, having considerable professional experience in respective fields. The Board is primarily responsible for the overall management of the Company's business.

Role of Non-Executive / Independent Directors

Non-Executive / Independent Directors play a key role in the decision-making process of the Board and in shaping various strategic initiatives of the Company. These Directors are committed to act in what they believe to be in the best interests of the Company and its stakeholders. These Directors are professionals, with expertise and experience in general corporate management, corporate laws, finance and other allied fields. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

Directorship and Membership on Committees

The details of nature of Directorships, number of directorships and committee chairmanships / memberships held by directors in other public companies, as on 31st March, 2018, are given as under:

Name of the Director	Nature of Directorship	Directorship in other Companies(*)	Memberships and Chairmanship of Other Companies(**)	
			Chairman	Member
Mr. Aman Agrawal	Chairman - Non-executive	2	-	-
Mr. Prashant Agrawal	Managing Director -Executive	2	-	1
Mr. A. Arumugham	Independent - Non-executive	2	1	3
Mr. Suresh Shankar Vishwasrao	Independent - Non-executive	2	-	3
Mr. John Mathew	Independent - Non-executive	1	-	2
Mr. A. R. Mundra	Non-executive	1	-	2
Ms. Prachi Deshpande	Non-executive	1	-	-

Note: *Excludes directorship in STI India Limited, Private Companies, Foreign Companies, Companies incorporated under Section 8 of the Companies Act, 2013 and alternate directorships.

**For the purpose of considering the limit of Committee Memberships and Chairmanships of a Director, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of Public Companies have been considered. Also excluded the Memberships & Chairmanships of all committees of STI India Limited.

- Memberships of the Directors in various Committees are within the permissible limits of the Listing Regulations.
- Dr. R. B. Baheti has resigned from the directorship of the Company w.e.f. 21st February, 2018.
- No inter-se relationship with any of the Directors of your Company except Mr. Aman Agrawal & Mr. Prashant Agrawal who are brothers.

Number of Board Meetings held

During the year under review, 04 (Four) Board Meetings were convened and held on 08th May, 2017, 04th August, 2017, 07th November, 2017 and 31st January, 2018.

The intervening gap between the above said meetings was within the timelines as stipulated under the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

Attendance of Directors in Board and last Annual General Meeting (AGM)

The details of attendance at Board and Annual General Meeting are detailed below:

Name of the Director	No. of Board Meetings Held	No. of Board Meetings attended	Last AGM Attended
Dr. R.B. Baheti (ceased w.e.f. 21st February, 2018)	4	4	Yes
Mr. Aman Agrawal	4	1	No
Mr. Prashant Agrawal	4	1	No
Mr. A. Arumugham	4	1	Yes
Mr. John Mathew	4	4	No
Mr. A. R. Mundra	4	3	No
Ms. Prachi Deshpande	4	3	No
Mr. Suresh Shankar Vishwasrao	4	4	No

Sitting Fees

Details of the sitting fees paid to Directors during the year 2017-18 are as under:

Name of the Director	Sitting Fees Paid (Rs.)
Dr. R.B. Baheti	22,000/-*
Mr. AmanAgrawal	5,500/-
Mr. Prashant Agrawal	NIL**
Mr. A. Arumugham	5,500/-
Mr. John Mathew	22,000/-
Mr. A. R. Mundra	16,500/-
Ms. Prachi Deshpande	16,500/-
Mr. Suresh Shankar Vishwasrao	22,000/-

* Dr. R. B. Baheti has resigned from the Directorship w.e.f. 21st February, 2018.
**As per terms of appointment, sitting fees is not payable to Mr. Prashant Agrawal.

Procedure of Board Meeting

The Board Meetings are generally scheduled well in advance and are governed by a structured agenda and explanatory notes. The notice of each board meeting is given in writing to each Director within the prescribed time period. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

The gap between the two meetings is not in excess of 120 days. Additional Meetings are held, whenever considered necessary. The draft minutes of the Board and its Committees are sent to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting. Senior Management Personnel are called to provide additional inputs for the items being discussed by the Board of Directors whenever necessary.

All statutory, significant and other material information as specified in the Regulation 17 of Listing Regulations is regularly made available to the Board. The Board also reviews periodically the compliances of all laws applicable to the Company.

Board's role, functions, responsibilities and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

Independent Directors

As per provisions of the Act and Listing Regulations, the Independent Directors of the Company, as on 31st March, 2018, were appointed for a tenure of 5 (five) years . Detail is given as below:

Name of Independent Director	Date of Appointment by the Board	Date of Appointment confirmed by the Members	Period of Appointment
Mr. A. Arumugham	30th July, 2014	29th September, 2014 (29th Annual General Meeting)	1st April, 2014 to 31st March, 2019
Mr. John Mathew	15th May, 2015	30th September, 2015 (30th Annual General Meeting)	15th May, 2015 to 14th May, 2020
Mr. Suresh Shankar Vishwasrao	05th November, 2016	29th September, 2017 (32nd Annual General Meeting)	05th November, 2016 to 04th November, 2021.

The Independent Directors have submitted declarations that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations and have confirmed that they do not hold directorship more than the prescribed limit in the Listing Regulations.

Separate meeting of Independent Directors

During the year under review, a meeting of Independent Directors was held on 04th August, 2017, without the attendance of Non-Independent Directors and members of the management, inter alia, to discuss on the following:

- To review the performance of the Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account views of Executive / Non- Executive Directors; and
- Assess the quality, quantity and timeliness of flow of information between your Company's management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting.

Shareholding of Directors in the Company

Apart from sitting fees for attending the Board meetings, no other fees or commission is paid to the Non-executive and Independent Directors during the financial year.

As on 31st March, 2018, no director, whether executive or non-executive, hold equity shares in the Company.

Familiarization Programme

In terms of Regulation 25(7) of Listing Regulations, the Company familiarizes the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., from time to time basis.

The Company familiarizes not only the Independent Directors but any new appointee on the Board with a brief background of the Company their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. They are updated on all business related issues and new initiatives. They are also informed of the important

policies of your Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading.

Regular updates on relevant statutory and regulatory changes are regularly circulated to the Directors.

Brief details of the familiarization programme are uploaded on the website of your Company and can be accessed at www.stitextile.net

Board Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 read with the rules made thereunder and part D of Schedule II of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

Accordingly, the annual performance evaluation of the Board, its Committees and each Director was carried out for the financial year 2017-18.

The Chairman of the Nomination and Remuneration Committee plays a vital role in undertaking the evaluation of performance for the Board and the Directors. The Nomination and Remuneration Committee discussed on the evaluation mechanism, outcome and the feedback received from the Directors. The Independent Directors at their meeting also discussed the performance of the Non-Executive/Promoter Directors including the Chairman of the Board.

The Directors expressed their satisfaction with the evaluation.

Remuneration to Directors

During the year under review, except, payment of sitting fees for attending the Board Meeting, no remuneration, incentive or perquisites was paid to any executive/non-executive director.

Appointments / Re-appointment / Cessation of Directors

Director retires by rotation

Mr. Aman Agrawal, Director is liable to retires by rotation at the ensuing Annual General Meeting and being eligible for re-appointment. Brief profile of Mr. Aman Agrawal is given under explanatory statement annexed with the notice of Annual General Meeting which forms part of the Annual Report.

Cessation from the Directorship

During the year under review, Dr. R. B. Baheti has resigned from the Directorship of the Company w.e.f. 21st February, 2018.

2. COMMITTEES OF BOARD

For effective and efficient functioning of the Company, the Board has formed the following mandatory committees:

(I) Audit Committee,

(ii) Nomination and Remuneration Committee, and

(iii) Stakeholders Relationship Committee

The terms of reference and other details of Board Committees are given as under:

(i) AUDIT COMMITTEE

Composition of Committee

The Audit Committee comprises four members as per details given below in the table. Mr. Suresh Shankar Vishwasrao was inducted as member of the Committee w.e.f. 04th August, 2017.

Name	Category
Mr. A. Arumugham	Chairman – Non-executive, Independent
Mr. John Mathew	Member – Non-executive, Independent
Mr. Suresh Shankar Vishwasrao	Member – Non-executive, Independent
Mr. A. R. Mundra	Member – Non-executive, Non-Independent

The composition of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. All the members of the Audit Committee are financially literate, have experience in financial management and have the ability to read and understand the financial statements. The Audit Committee invites Senior Executives, Statutory Auditors & Internal Auditors, whenever it considers appropriate, to be present at its meetings.

Mr. Deepesh Kumar Nayak, Company Secretary of the Company acts as Secretary to the Committee.

Number of Meetings

During the year 2017-18, 4 (four) Audit Committee Meetings were held on 08th May, 2017, 04th August, 2017, 07th November, 2017 and 31st January, 2018.

Attendance of Members

Number of meetings attended by members is as under:

Name	Designation	No. of meetings helds	No. of meetings attended
Mr. A. Arumugham	Chairman	4	1
Mr. John Mathew	Member	4	4
Mr. A. R. Mundra	Member	4	3
Mr. Suresh Shankar Vishwasrao	Member	4	3

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Role and Power of the Audit Committee inter alia, includes the following

The terms of reference of the Audit Committee are aligned with the terms of reference provided under Section 177(4) of the Companies Act, 2013 and Part C of Schedule II of the Listing Regulations.

A. The role of the audit committee shall include the following

The Audit Committee is empowered, pursuant to its terms of reference and its role, inter alia, includes the following:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b. changes, if any, in accounting policies and practices and reasons for the same;

c. major accounting entries involving estimates based on the exercise of judgment by management;

d. significant adjustments made in the financial statements arising out of audit findings;

e. compliance with listing and other legal requirements relating to financial statements;

f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(21) Any other matter referred to by the Board of Directors.

B. The audit committee shall mandatorily review the following information

1) management discussion and analysis of financial condition and results of operations;

2) statement of significant related party transactions submitted by management;

3) management letters / letters of internal control weaknesses issued by the statutory auditors;

4) internal audit reports relating to internal control weaknesses; and

5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

6) statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

C. Powers of the Audit Committee

The Audit Committee is entrusted with the following powers:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if necessary.

(ii) NOMINATION AND REMUNERATION COMMITTEE (NRC)

Composition of Committee

The NRC comprises three members as per details given below in the table. The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Name	Category
Mr. A. Arumugham	Chairman - Non-executive, Independent
Mr. John Mathew	Member - Non-executive, Independent
Mr. A. R. Mundra	Member - Non-executive , Non-independent

Number of Meetings and Attendance of Members

During the year 2017-18 one meeting of Nomination and Remuneration Committee was held on 08th May, 2017.

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Terms of Reference of the Committee, inter alia, includes the following

The terms of reference of the NRC are aligned with the terms of reference provided under Section 178 of the Companies Act, 2013 and Para A of Part D of Schedule II of the Listing Regulations.

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To devise a policy on Board diversity;
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Performance evaluation criteria for Independent Directors

Performance evaluation of all Directors (including Independent Directors) is undertaken on the basis of a structured questionnaire.

(III) STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

Composition of Committee

The SRC comprises three members as per details given below in the table. The composition of Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Name	Category
Mr. Aman Agrawal	Chairman – Non-executive Director
Mr. A. R. Mundra	Member - Non-executive Director
Ms. Prachi Deshpande	Member - Non-executive Director

Dr. R. B. Baheti, Member & Chairman of the Committee has ceased w.e.f. 21st February, 2018 and in his place Mr. Aman Agrawal was appointed as new Chairman of the committee w.e.f. 08th May, 2018.

Number of Meetings

During the year 2017-18, 4 (four) SR Committee Meetings were held on 08th May, 2017, 04th August, 2017, 07th November, 2017 and 31st January, 2018.

Number of Meetings attended by members is as under :

Name	Designation	No. of meetings held	No. of meetings attended
Dr. R. B. Baheti	Chairman	4	4
Mr. A. R. Mundra	Member	4	3
Ms. Prachi Deshpande	Member	4	3

Sitting Fees

No Sitting Fees was paid to the Members for attending the Committee Meeting.

Terms of Reference

The SRC looks into member's services like transfer/transmission of shares, Dematerialization / Rematerialization requests and various investors' complaints like - non-receipt of refund, declared dividends, etc. and takes necessary steps for redressal thereof.

The transactions in the shares and the complaints from the investors, are handled by the Registrar & Share Transfer Agent as well as the Share Department of the Company, and are being quarterly reviewed by the SRC.

The Company has appointed Link Intime India Pvt. Ltd., a SEBI Registered independent agency, as Registrar & Share Transfer Agent for handling Demat as well as Physical Share Transfer and registry work of the Company. The Company maintains continuous interaction with the RTA and takes proactive steps and actions for resolving shareholder complaints / queries.

Status of Complaints as on 31st March, 2018

The terms of reference of the Committee includes enquiring into and redressing complaints of shareholders and investors and to resolve the grievance of the security holders of your Company.

During the year, there was one request from shareholder for routine corporate actions viz., Change of Address/supply of copy of Annual Report/ Splitting/ Consolidation/ Dematerialization and Dematerialization of Shares etc. The request was attended promptly and no complaint was pending as at the end of the year.

No. of complaints pending at the beginning of the year	Nil
No. of complaints received during the year	01
No. of complaints resolved during the year	01
No. of complaints pending at the end of the year	Nil

Details of Transactions in shares

As informed by the Registrar and Share Transfer Agent, during the financial year 2017-18, 02 (two) dates for approval of Transfer / Transmission of Physical Shares were recorded. The details of these transactions were also taken on record in the Meetings of SRC. More details on the transfer of shares approved during the year are as under. The figures in the brackets are for the previous year.

Dates Recorded	No. of Cases Considered	No. of shares Transferred
2(2)	3(2)	375(200)

According to new guidelines of SEBI, the Transfer of Demated Shares is not subjected to approval of any committee or Board of Directors and physical shares are also handled on time by the Registrar and Share Transfer Agent. However, SRC, on quarterly basis takes note of all the transactions held (in physical) in shares and Stakeholders Complaints and their Grievances.

Company Secretary & Compliance Officer

Mr. Deepesh Kumar Nayak, Company Secretary and Compliance Officer, is responsible for complying with requirements of Securities Laws and Listing Agreements with the Stock Exchanges. The Company has the designated Email ID share3@stitextile.net to enable stakeholders to email their grievances.

(IV) Other Committees of the Board

Corporate Social Responsibility (CSR) Committee

The Board of Directors of the Company has constituted a Corporate Social Responsibility Committee of the Board presently comprising of two Independent Directors viz. Mr. A. Arumugham and Mr. John Mathew and One Non-executive Director Mr. A. R. Mundra. Mr. A. Arumugham, Independent Director is the Chairman of the Committee.

Finance Committee

The Board of Directors of the Company has constituted a Finance Committee of the Board presently comprising of two Non-Executive Directors viz. Mr. Aman Agrawal and Mr. A. R. Mundra and One Executive Director Mr. Prashant Agrawal. Mr. Aman Agrawal, Non-executive Director is the Chairman of the Committee.

3. General Body Meetings

Details of Annual General Meetings held during the preceding 3 years and Special Resolutions passed thereat are given below:

Date	Venue	Time	Details of Special Resolutions passed
32nd AGM 29.09.2017	Regd. Office: Rau-Pithampur Link Road, Tehsil: Mhow, District Indore (M.P.) 453 332	11.00 A.M.	- Approval for Loan, Investment, Guarantee, Security as per Section 186 of the Companies Act, 2013.
31st AGM 23.08.2016	Regd. Office: Rau-Pithampur Link Road, Tehsil: Mhow, District Indore (M.P.) 453 332	11.00 A.M.	None
30th AGM 28.09.2015	Regd. Office: Rau-Pithampur Link Road, Tehsil: Mhow, District Indore (M.P.) 453 332	11.00 A.M.	- Alteration in Article of Association. - Approval for Remuneration to Director under Section 196,197 of the Companies Act, 2013.

Special Resolutions set out in the notice for the AGM were passed by the shareholders with requisite majority. During the year, no Extra-Ordinary General Meeting (EGM) and Postal Ballot was held and conducted.

4. Disclosures

Related Party (ies) Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year 2017-18 were undertaken in compliance with the aforesaid regulatory provisions.

The Company has entered into transactions with the related parties that may not have any potential conflict with the interests of the Company. The details of such transactions are forming part of "Notes to Accounts & Accounting Policies" attached to the Annual Accounts of the Company.

The Register of Contracts / statement of related party transactions, is placed before the Board / Audit Committee Regularly.

Compliances by the Company

The Company has fairly compiled with the requirements of the Companies Act, Stock Exchanges, SEBI and other Act. The shares of the Company are traded on the BSE Limited., Mumbai (BSE) and National Stock Exchange of India Ltd., Mumbai (NSE).

Listing Fees

Listing fees, to the Stock Exchanges, for the financial year 2018-19 not made till the date of this report.

Public Deposit

The Company has not accepted any Public Deposit under the Companies Act, 1956 as well as under Companies Act, 2013.

Compliance Certificate of the Auditor

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations.

Audit Qualification

There are no audit qualifications in the Company's financial statements for the year under review.

Compliance Report

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

Reporting of Internal Auditor

The Internal Auditor reports to the Audit Committee and the Board. On requisition, he participates in the meetings of the Audit Committee of the Board of Directors of your Company and presents his internal audit observations to the Audit Committee.

Code of Conduct for Board Members and Senior Management

In terms of Regulation 17(5) of Listing Regulations, the Board of Directors has laid a Code of Conduct for all the Board Members and Senior Management of the Company. The code of conduct is also posted on the website of the Company.

A declaration confirming compliance with the code of conduct by all Directors and Senior Management forms part of this report.

Chief Financial Officer (CFO)

Mr. Mukesh Maheshwari is a Chief Financial Officer (CFO) of the Company.

CEO/CFO Certification

As required under Regulation 17 of the Listing Regulations, the CEO/CFO certificate for the financial year 2017 – 18 signed by Mr. Prashant Agrawal, Managing Director & Mr. Mukesh Maheshwari, Chief Financial Officer, was placed before the Board of Directors of your Company at their meeting held on 08th May, 2018 and forms part of this report.

Directors with materially significant, pecuniary or business relationship with your Company

There is no pecuniary or business relationship between the Executive, Non-Executive and Independent Directors and your Company. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

Access to the Audit Committee

No person was denied access to the Audit Committee of the Company.

Compliance with Mandatory / Non-Mandatory Requirements

- The Company has complied with all the applicable mandatory requirements of the Listing Regulations.
- The Company has also adopted the non-mandatory requirement as specified in the Listing Regulations regarding unmodified audit opinion.

5. Means of Communication

- Full Annual Report is sent to each Shareholder every year at his or her registered Address regularly;
- The Company has been regularly sending quarterly/half-yearly/ annual financial results to the Stock Exchanges immediately after approved by the Board.
- The quarterly results are publish;
- The quarterly financial results and Annual Report are also sent to Financial Institutions/Analysts/Institutional Investors on demand;
- The Management Discussion and Analysis Report forms part of the Annual Report.
- In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website www.stitextile.net, gives information on various announcements made by the Company viz. stock quotes, Annual Report, Quarterly/Half yearly/Nine-months and Annual financial results along with the applicable policies of the Company.
- Your Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

- The Company has designated the Email ID share3@stitextile.net exclusively for investor servicing. This Email ID has been displayed on the Company's website www.stitextile.net.
- SCORES is a system implemented by SEBI which enables investors to lodge their complaints electronically on the SEBI website. The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are centralized database of all complaints, online uploading of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are in accordance with the Listing Regulations filed electronically via NEAPS (NSE Electronic Application Processing System) and BSE Corporate Compliance & Listing Centre.

NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates.

- **Address for Correspondence:** For any queries relating to the shares of Company, correspondence may please be addressed to:

  Link Intime India Private Limited
  Registrar and Share Transfer Agent
  Unit : STI India Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400 083, India
  Tel No: +91 (022) 49186000 Fax: +91 (022) 49186060
  E-mail: prachi.babadi@linkintime.co.in, Website: www.linkintime.co.in
  For the benefit of shareholders, documents will continue to be accepted at the following registered office address of the Company:
  STI India Limited
  Registered Office and Works Rau-Pithampur Link Road,
  Tehsil-Mhow, Distt- Indore-453 332(M.P.) India,
  Ph: +91(0731) 4014400, Fax: +91(0731) 4020011,
  Email: share3@stitextile.net, Website: www.stitextile.net,
  CIN: L27105MP1984PLC002521

- **Address of Regulatory Authority / Stock Exchanges**

Securities and Exchange Board of India (SEBI) Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra Tel.: +91 22 2644 9000 Fax: +91 22 2644 9019-22	**National Stock Exchange of India (NSE)** Exhange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra Tel.: +91 22 2659 8100 Fax: +91 22 2659 8120	**BSE Limited (BSE)** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra Tel.: +91 22 2272 1233 Fax: +91 22 2272 1919

6. General Shareholders Information

Dates of Board Meetings for consideration of Annual Accounts	08th May, 2018: For consideration and approval of Annual Financial Statements for the financial year 2017-18.
Date, Time and Venue of 33rd Annual General Meeting	**Date :** Tuesday, the 25th September, 2018 **Time:** 11.00 a. m. **Venue:** Registered Office of the Company
Last date for receipt of Proxy Form(s)	48 hours before the date and time of AGM.
Financial Calendar	01st April to 31st March, 2018
Date of Book Closures	19th September, 2018 to 25th September, 2018 (both days inclusive)
Registered Office and Works	Rau-pithampur Link Road, Tehsil: Mhow, Distt: Indore, PIN -453 332 (M.P.) India.
Listing on Stock Exchanges	(1) National Stock Exchange of India Limited; and (2) BSE Limited.
Custodian	(1) National Securities Depository Limited (NSDL) (2) Central Depository Services (India) Limited (CDSL) The payment of annual issuer / custodian fees to NSDL and CDSL for the financial year 2018-19 not made till the date of this report.
Stock Code	NSE: STINDIA BSE: 513151
ISIN	INE090C01019
Corporate Identification Number (CIN)	L27105MP1984PLC002521
Tentative Calendar of Board Meetings for the financial year 2018-19	**Financial reporting for the quarter ended:** June 30, 2018 By Aug 14,2018 Sept 30, 2018 By Nov 14,2018 Dec 31,2018 By Feb 14,2019 Mar 31,2019 By May 30,2019

7. Market Price Data

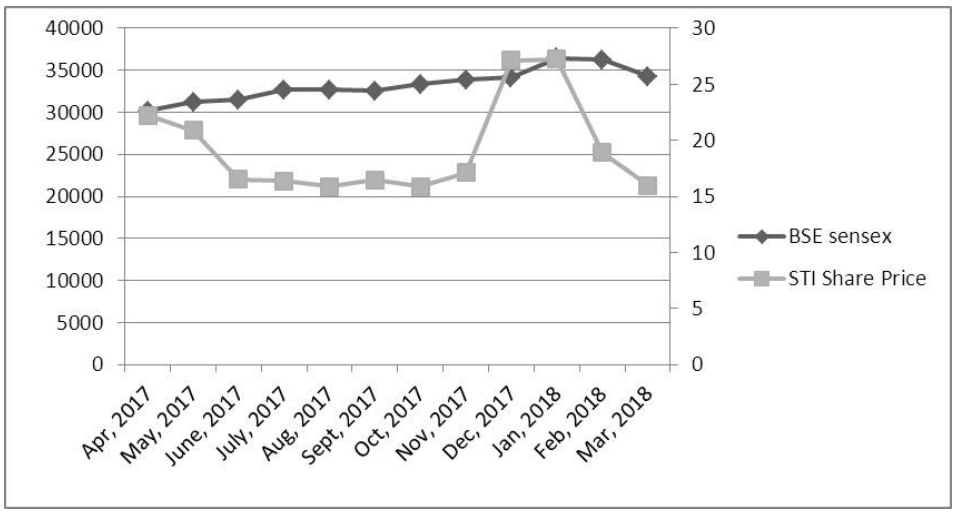
The monthly high and low quotations of shares traded on the BSE Limited and National Stock Exchange of India Limited are as follows:

Month	BSE Limited			National Stock Exchange of India		
	High (₹)	Low (₹)	No. of shares (Volume)	High (₹)	Low (₹)	No. of shares (Volume)
April, 17	22.50	14.30	52110	21.45	14.05	58871
May, 17	20.90	14.30	27550	21.70	14.10	45466
June, 17	16.50	14.00	7846	17.15	14.10	35121
July, 17	16.35	15.10	1015	15.35	14.05	30354
August, 17	15.90	12.35	6793	15.75	9.70	2458747
September, 17	16.45	12.25	9046	17.60	12.15	83685
October, 17	15.90	14.15	8601	15.30	12.00	54838
November, 17	17.10	14.38	7556	16.60	12.85	69020
December, 17	27.15	14.40	50683	27.70	14.75	166708
January, 18	27.25	19.20	30758	26.50	18.55	90529
February, 18	18.90	16.65	1724	21.25	16.20	9185
March, 18	16.00	12.40	3922	17.00	11.20	14195
		Total	**207604**			**3116719**

Source: BSE and NSE website.
Note: High and Low are in Rs. per traded share. Volume is the total monthly volume of trade (in number) in the shares of the Company on BSE & NSE.

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

STI VS BSE SENSEX



8. Registrar and Share Transfer Agent

For Shares held in Depository Mode

The Company has engaged the services of Link Intime India Pvt. Ltd., Mumbai, as Registrar & Share Transfer Agent (RTA) for providing national connectivity to deal in shares in depository mode. Their address for communication is as under:

Link Intime India Private Limited

Registrar and Share Transfer Agent
Unit : STI India Limited, C 101, 247 Park,
L B S Marg, Vikhroli West, Mumbai - 400 083, India
Tel No: +91 22 49186000 Fax: +91 22 49186060
E-mail: prachi.babadi@linkintime.co.in
Website: www.linkintime.co.in

For Shares held in Physical Mode

As per SEBI directives with effect from 01st March, 2003, Link Intime India Pvt. Ltd. also handles the transfer of shares in physical mode. All the correspondence with regard to share transfers, change of address, nomination etc. are to be addressed to the Share Transfer Agent i.e., Link Intime India Pvt. Ltd. at their Mumbai address. The Demat request as well as request for transfer/transmission may primarily be sent to the Registrar and Share Transfer Agent as above.

Investors Help – Desk

Requests or complaint in other matters such as Unpaid/Unclaimed Dividend/Debenture Interest/Debenture Redemption, Change of Address, Splitting of Shares or Conversion of Debentures, copy of Annual Report can also be sent to Company's Secretarial Dept., at Rau-Pithampur Link Road, Tehsil Mhow, Dist. Indore - 453 332 (M. P.) India. Email: share3@stitextile.net

Compulsory Dematerialized Trading

As the Shareholders are aware that the Securities and Exchange Board of India (SEBI), has included equity shares of the Company for compulsory dematerialized trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable Members of the Company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that 98.26% holding of the Company has already been dematerialized. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is **INE 090C01019.**

Share Transfer System

Share certificates, received in physical form, are processed and returned in 10 to 15 days from the date of receipt, subject to the documents being valid and complete. As per the guidelines of the Securities and Exchange Board of India (SEBI), the Company offers the facility of transfer-cum-dematerialisation (demat).

Shares held in the dematerialized form are electronically traded in the depository. The registrar and share transfer agents of the company periodically receive from the depository the beneficiary holdings to enable them to update their records and to send out corporate communications such as Annual Reports, Notice etc.

All shareholders' complaints / request received have been cleared within the financial year. The complaints are generally replied within 15 days from their lodging with the Company. The investors/members may write for their queries to Shares Department of the Company and the Registrar and Share Transfer Agent.

The new Certificates after registering transfer / transmission are returned within 15 days period except in the cases that are constrained for technical reasons.

9. Distribution of Shareholders

Distribution of Shareholding as on 31st March, 2018:

Shareholding of Share	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
1 to 500	4936	91.42	763354	2.63
501 to 1000	270	5.00	224977	0.78
1001 to 2000	100	1.85	159759	0.55
2001 to 3000	25	0.46	67405	0.23
3001 to 4000	8	0.15	30020	0.10
4001 to 5000	23	0.43	109700	0.38
5001 to 10000	18	0.33	139292	0.48
100001 and above	19	0.36	27505493	94.85
Total	**5399**	**100**	**29,00,00,000**	**100**

Categories of Shareholders as on 31st March, 2018

Sr. No.	Category	No. of Shareholders	No. of Shares	% Shares
1	Promoters	1	21750000	75%
2	Mutual Funds and UTI	2	300	Negligible
3.	Foreign Portfolio Investors	2	5281638	18.21
4.	Private Corporate Bodies	52	278405	0.96
5.	Clearing Members	31	74725	0.25
6.	NRI's	270	95809	0.33
7.	Public	5041	1519123	5.25
	Total	**5399**	**2,90,00,000**	**100.00**

10. Commodity Price Risk or Foreign Exchange Risk and hedging activities

During FY 2017-18, the Company did not have significant foreign currency exposure and has not engaged in any hedging activities.

11. Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has formulated a whistle blower policy which comprehensively provides an opportunity for any employee / director of the Company to raise any issue concerning breach of law, accounting policies or any act resulting in financial or reputation loss and misuse of office or suspected or actual fraud. The policy also provides for mechanism to report such concern to the Audit Committee through specified channels.

The policy will be periodically communicated to the employees and also posted on the Company's website. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013 and Listing Regulations.

During the year under review, no complaint was received from any employee and director.

12. Internal Complaints Committee

The Company is known for developing unique and healthy human development and management policies and their implementation in fair and transparent manner. Considering our responsibility towards employees as well as society and in view of the present scenario of the country wherein number of cases of sexual harassment against women are coming in to light, the Company realizes its social responsibility in ensuring safe environment at the work place free from sexual harassment to its female employees.

Accordingly, your Company has formulated an "Internal Complaints Committee (ICC)" as per the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, that will ensure a work environment free of all forms of sexual harassment – verbal, written, physical, visual or otherwise.

The Committee is formed as per the statute and the majority of members of the Committee are woman employees including Mr. Mukund Kulkarni who is a prominent social worker from leading NGO "Abhyas Mandal". The sole objective of the Committee is to address cases of sexual harassment against women properly and judiciously. The Committee lays down the whole procedure of filing complaints, enquiry, redressal of grievance and taking action against those who are found guilty by the Committee in a fair and transparent manner.

During the year under review, no incident of sexual harassment was reported

13. Outstanding Debentures

The Company had issued 3,21,80,000 Optionally Convertible Debentures (OCDs) to Overseas Private Investors (OPIs) in the financial year 2006-07. On 27th October, 2010 OPIs has transferred said 3,21,80,000 Debentures to Bombay Rayon Fashions Limited (BRFL).

Except above, the Company does not have any other Debentures / GDRs/ ADRs/ Bonds / Warrants.

14. Certificate on Corporate Governance

Certificate from M/s. V. K. Beswal & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations, is annexed with this report.

For and on behalf of the Board
Of STI India Limited

Place: Mumbai
Date: 08th May, 2018

Mr. Aman Agrawal
Chairman
DIN: 00019534

Annexure to Report on Corporate Governance for the financial year ended 31st March, 2018

Declaration on the Compliance of the Company's Code of Conduct

To,
The Members,
STI India Limited

I, Prashant Agrawal, Managing Director of the Company, hereby confirm that:

The Company has framed a specific code of conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with the Stock Exchange to further strengthen corporate governance practices in the Company.

All the Members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non compliance during the year ended March 31, 2018.

Place: Mumbai
Date: 08th May, 2018

Prashant Agrawal
Managing Director

COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17(8) read with proviso of Regulation 33(2)(a) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

We have reviewed the Financial Statements for the year ended **31st March, 2018** and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

A. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

B. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

C. We have indicated to the Auditors and the Audit committee :-

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies has been made during the year and that therefore the same was not required to be disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Mukesh Maheshwari
Chief Financial Officer

Place: Mumbai
Date: 08th May, 2018

Prashant Agrawal
Managing Director

Place: Mumbai
Date: 08th May, 2018

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have examined the compliance of conditions of Corporate Governance by STI India Limited ('the Company'), for the year ended 31st March, 2018, as stipulated in regulations and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, ('Listing Regulations') for the period 31st March, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V. K. BESWAL & ASSOCIATES**
Chartered Accountants

CA K. V. BESWAL
Partner
Membership Number - 131054
Firm Regn. No.: 101083W

Place : Mumbai
Date : 08th May, 2018

ANNEXURE - III TO THE DIRECTORS REPORT

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

The information under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018 is given below and forms part of the Directors' Report.

A. CONSERVATION OF ENERGY

(i) For conservation of Energy the Company has taken the following measures given here under along with benefits derived thereto:

1. Replacement of existing fluorescent type tube lights by energy efficient LED tube lights. Replacement of tube lamps couldn't be done due to financial constraints till end of the year. However, this would be taken up during routine maintenance.
2. In previous years we have done energy conservation activities and those projects are still in use:
   a) In F.Y. 2014-15 we replaced LED Tube rods - 402 nos. & 2 sets of energy efficient Rings on Ring frames, and
   b) In F.Y. 2015-16 we replaced LED Tube rods - 100 nos. & 6 sets of energy efficient Rings on Ring frames.
   c) In F.Y. 2016-17 we replaced LED Tube rods - 160 nos.

(ii) For reduction of consumption of energy, the Company has been reviewing various additional investment proposals from time to time mainly by way of replacement of existing equipments with modern and new energy efficient equipments.

Future Planning for Energy conservation (2018-19)

1. Replacement by LED Tube Lights in Department against routine maintenance.
2. Replacement of existing 4 sets of Ingersoll Rand air compressors with high Efficient screw air compressors each of 481 CFM with drier and one set with VFD, the replacement scheduled for one set was in 2016-17 but not done in time, the same is to be executed on priority before the next scheduled for rest of up to March 2019.

(iii) The Steps taken by the Company for utilizing alternate Sources of energy- We are having DG sets to meet the power requirement.

(iv) The Capital investment on energy conservation equipment: During the year Capital investment on energy conservation equipment was nil.

(B). TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION.

(i) Efforts, in brief, made towards technology absorption, adaption and innovation.

The Company's In-house R&D division continuously engaged in developing, improvements in process technology in its various manufacturing sections and also hire external agency in domestic / overseas level when it find suitable.

(ii) Benefits derived as a result of the above efforts, e. g. product improvement, cost reduction, product development, import substitution etc.

The continuous upgradation and adoption of new technology has benefited the Company in the form of better production process, better yields, better quality of the product and cost reduction.

(iii) In case of imported technology (imported during the last 5 years reckoned from beginning of the financial year), following information may be furnished: Nil

(iv) Expenditure on R & D

Specific expenditure of recurring or capital nature is not involved.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	Financial Year 2017-2018 (Rs. in Lacs)	Financial Year 2016-2017 (Rs. in Lacs)
Foreign Exchange earnings:		
- FOB value of goods exported	-	-
C.I.F. Value of Imports		
- Stores, Spares & HSD	7.17	-
- Capital Goods	-	-
Foreign Exchange Expenditures:		
- Commission on Export Sales	-	-
- Foreign Traveling	-	1.37

For and on behalf of the Board of Directors of
STI India Limited

Place: Mumbai
Date: 08th May, 2018

Aman Agrawal
Chairman
DIN: 00019534

ANNEXURE – IV TO THE DIRECTORS' REPORT

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Corporate Identification Number (CIN)	L27105MP1984PLC002521
Registration Date	07th August, 1984
Name of the Company	STI India Limited
Category/Sub-Category of the Company	Public Limited Company / Limited by Shares
Address of the registered office and contact details	Rau-pithampur Link Road, Tehsil – Mhow, Distt. Indore – 453 332 (M.P.) India, Ph. No. 0091 -731- 4014400, Fax No.: 0091-731-4020011, Email: share3@stitextile.net, Website:www.stitextile.net
Whether Listed Company (Yes / No)	Yes (BSE & NSE)
Name, Address and Contact details of Registrar and Share Transfer Agent	Link Intime India Pvt. Ltd. Registrar and Share Transfer Agent Unit : STI India Limited, C - 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083, Tel No: 0091-22-49186000, Fax No.: 0091-22-49186060 Email : prachi.babadi@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are as follow:-

Name and Description of main Products / Services	NIC Code of the Product / Service*	% of total turnover of the Company
1311 : Preparation and spinning of textile fibres:		
- Preparation and spinning of cotton fiber including blended cotton	13111	50%
- Preparation and spinning of man-made fiber including blended man-made fiber	13114	50%
1391 : Manufacture of knitted and crocheted fabrics:		
- Manufacture of knitted and crocheted cotton fabrics	13911	90%
- Manufacture of knitted and crocheted synthetic fabrics	13913	10%

* As per National Industrial Classification-Ministry of Statistics and Programm Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and Address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
Bombay Rayon Fashions Limited (BRFL) D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road , Chandivali, Andheri (East) Mumbai-400072	L17120MH1992PLC066880	Holding Company	75%	2(46)

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(A) Promoter & Promoter Group									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	2,17,50,000	-	2,17,50,000	75.00	2,17,50,000	-	2,17,50,000	75.00	-
e) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**2,17,50,000**	**-**	**2,17,50,000**	**75.00**	**2,17,50,000**	**-**	**2,17,50,000**	**75.00**	**-**
2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+ (A)(2)	**2,17,50,000**	**-**	**2,17,50,000**	**75.00**	**2,17,50,000**	**-**	**2,17,50,000**	**75.00**	**-**
(B). Public									
1. Institutions									
a) Mutual Funds	-	300	300	0.001	-	300	300	0.001	-
b) Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	41,35,052	-	41,35,052	14.26	-	-	-	-	**(14.26)**
h) Foreign Portfolio Investors	11,82,570	-	11,82,570	4.08	52,81,638	-	52,81,638	18.21	**14.13**
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Any others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	**53,17,622**	**300**	**53,17,922**	**18.34**	**52,81,638**	**300**	**52,81,938**	**18.21**	**-**
2. Non Institutions									
a) Bodies Corporates									
(I) Indian	60,291	14,268	74,559	0.26	2,64,137	14,268	2,78,405	0.96	0.70
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(I) Individuals holding nominal share capital upto Rs. 1 lakh	9,24,482	4,08,406	13,32,888	4.59	8,80,095	4,05,006	12,85,101	4.43	(0.16)
(ii) Individuals holding nominal share capital in excess of Rs 1 lakh	1,35,569	15,000	1,50,569	0.52	1,84,522	15,000	1,99,522	0.69	0.17
c) Any others:									
I. Trust	100	-	100	0.00	100	-	100	0.00	-
ii. NRIs & NRN	28,283	68,205	96,488	0.33	28,334	67,475	95,809	0.33	-
iii. Clearing Members	2,41,746	-	2,41,746	0.83	74,725	-	74,725	0.26	(0.57)
iv. Hindu Undivided Family	35,728	-	35,728	0.12	34,400	-	34,400	0.12	-
Sub-total(B)(2)	**14,26,199**	**5,05,879**	**19,32,078**	**6.66**	**14,66,313**	**5,01,749**	**19,68,062**	**6.79**	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**67,43,821**	**5,06,179**	**72,50,000**	**25.00**	**67,47,951**	**5,02,049**	**72,50,000**	**25.00**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	**2,84,93,821**	**5,06,179**	**2,90,00,000**	**100.00**	**2,84,97,951**	**5,02,049**	**2,90,00,000**	**100.00**	-

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of shares	% of total Shares of the company	% of Shares Pledged / encumber-ed to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumber-ed to total shares	
Bombay Rayon Fashions Limited	2,17,50,000	75.00	75.00	2,17,50,000	75.00	75.00	-
Total	**2,17,50,000**	**75.00**	**75.00**	**2,17,50,000**	**75.00**	**75.00**	**-**

(iii) Change in Promoter's Shareholding

Shareholder's Name	Share holding at the beginning of the year		Cumulative Shareholding During the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Bombay Rayon Fashions Limited				
At the beginning of the year	2,17,50,000	75%		
Increase / (Decrease) in Promoters Shareholding during the year	NIL	NA	NIL	NA
At the End of the year	2,17,50,000	75%	2,17,50,000	75%

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

Sr. No.	Name of Shareholders & Type of Transaction	Shareholding at the beginning of the year -2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Share held	% of Total Shares of the Company	Date of Transaction	No. of Share	No. of Share held	% of Total Shares of the Company
1	OLUMPUS TRADING AND ADVISORY LLP	0	0.0000			0	0.0000
	Transfer			09 Mar 2018	137200	137200	0.4731
	AT THE END OF THE YEAR					137200	0.4731
2	ARCADIA SHARE &STOCK BROKERS PVT LTD	71541	0.2467			71541	0.2467
	Transfer			02 Jun 2017	75	71616	0.2470
	Transfer			29 Sep 2017	(75)	71541	0.2467
	Transfer			22 Dec 2017	(6215)	65326	0.2253
	Transfer			12 Jan 2018	(26461)	38865	0.1340
	Transfer			19 Jan 2018	(1)	38864	0.1340
	AT THE END OF THE YEAR					38864	0.1340
3	BELA PROPERTIES PRIVATE LTD	0	0.0000			0	0.0000
	Transfer			08 Sep 2017	16971	16971	0.0585
	Transfer			15 Sep 2017	9397	26368	0.0909
	Transfer			22 Sep 2017	9616	35984	0.1241
	AT THE END OF THE YEAR					35984	0.1241
4	AMRITESH KAMALKISHORE VAID	0	0.0000			0	0.0000
	Transfer			12 Jan 2018	8000	8000	0.0276
	Transfer			02 Feb 2018	9043	17043	0.0588
	Transfer			09 Feb 2018	3585	20628	0.0711
	Transfer			16 Feb 2018	1372	22000	0.0759
	AT THE END OF THE YEAR					22000	0.0759
5	SURENDER KUMAR	20000	0.0690			20000	0.0690
	AT THE END OF THE YEAR					20000	0.0690
6	MAHESH K SACHADE	16543	0.0570			16543	0.0570
	AT THE END OF THE YEAR					16543	0.0570
7	JAGRAJ VERMA	15000	0.0517			15000	0.0517
	AT THE END OF THE YEAR					15000	0.0517
8	MERCANTILE CREDIT CORPORATION LTD.	10800	0.0372			10800	0.0372
	AT THE END OF THE YEAR					10800	0.0372
9	MONA MULJIBHAI KOTHARI	9000	0.0310			9000	0.0310
	AT THE END OF THE YEAR					9000	0.0310
10	PAWAN BANSAL	9000	0.0310			9000	0.0310
	AT THE END OF THE YEAR					9000	0.0310
11	PRIME INDIA INVESTMENT FUND LTD	2420984	8.3482			2420984	8.3482
	Transfer			11 Aug 2017	(32949)	2388035	8.2346
	Transfer			18 Aug 2017	(2388035)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
12	INDIA MAX INVESTMENT FUND LIMITED	1714068	5.9106			1714068	5.9106
	Transfer			18 Aug 2017	1000000	2714068	9.3589
	AT THE END OF THE YEAR					2714068	9.3589
13	GROVSNOR INVESTMENT FUND LTD	1182570	4.0778			1182570	4.0778
	Transfer			18 Aug 2017	1385000	2567570	8.8537
	AT THE END OF THE YEAR					2567570	8.8537
14	SAMCO SECURITIES LIMITED	137300	0.4734			137300	0.4734
	Transfer			07 Jul 2017	(100)	137200	0.4731
	Transfer			09 Mar 2018	(137200)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
15	RAGHAV KUMAR	50000	0.1724			50000	0.1724
	AT THE END OF THE YEAR					50000	0.1724
16	REKHA	25526	0.0880			25526	0.0880
	AT THE END OF THE YEAR					25526	0.0880

Note :

1. Paid up Share capital of the Company (Face Value Rs. 10.00) at the end of the year is 29000000 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of they Year.

V. Shareholding of Directors and Key Managerial Personnel (KMPs).

S. No.	For each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
01.	**Dr. R. B. Baheti***				
	At the beginning of the year	42	Negligible	42	Negligible
	At the end of the year	42	Negligible	42	Negligible
02.	**Mr. Aman Agrawal**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
03.	**Mr. Prashant Agrawal**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
04.	**Mr. A. R. Mundra**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
05.	**Mr. A. Arumugham**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
06.	**Mr. Suresh S. Vishwasrao**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
07.	**Mr. John Mathew**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
08.	**Ms. Prachi Deshpande**				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
09.	**Mr. Mukesh Maheshwari**				
	Chief Financial Officer (KMP)				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-
10.	**Mr. Deepesh Kumar Nayak**				
	Company Secretary (KMP)				
	At the beginning of the year	NIL	-	NIL	-
	At the end of the year	NIL	-	NIL	-

*Director for part of the year.

Note: There was no increase / decrease in Shareholding of Directors and Key Managerial Personnel during the year.

VI. INDEBTEDNESS

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

(₹in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
i) Principle Amount	11272.00	-	-	11272.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**11272.00**	**-**	**-**	**11272.00**
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- (Reduction)	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
Indebtedness at the end of the financial year (31.03.2018)				
i) Principle Amount	11272.00	-	-	11272.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**11272.00**	**-**	**-**	**11272.00**

VII REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year under review, no remuneration was paid to Mr. Prashant Agrawal, Managing Director of the Company. The Company does not have Whole Time Director and Manager.

B. Remuneration to other directors:

(in Rupees)

Name of Director	Fees for attending board meetings	Commission	Others	Total
1. Independent Directors:				
Mr. A. Arumugham	5,500/-	-	-	5,500/-
Mr. John Mathew	22,000/-	-	-	22,000/-
Mr. Suresh S. Vishwasrao	22,000/-	-	-	22,000/-
Total (1)	**49,500/-**	**-**	**-**	**49,500/-**
2. Non-executive Directors:				
Dr. R. B. Baheti (ceased w.e.f. 21st February, 2018)	22,000/-	-	-	22,000/-
Mr. Aman Agrawal	5,500/-	-	-	5,500/-
Mr. A. R. Mundra	16,500/-	-	-	16,500/-
Ms. Prachi Deshpande	16,500/-	-	-	16,500/-
Total (2)	**60,500/-**	**-**	**-**	**60,500/-**
Total (1) + (2)	**1,10,000/-**	**-**	**-**	**1,10,000/-**

Note: Except payment of sitting fees for attending the Board Meeting, no commission and other remuneration was paid to Independent and Non-executive Directors.

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

Particulars of Remuneration	Key Managerial Personnel		Total
	Mr. Mukesh Maheshwari (Chief Financial Officer)	Mr. Deepesh Kumar Nayak (Company Secretary)	
Gross Salary			
(a) Salary as per provisions contained in section 17(1)of the Income-tax Act, 1961	48,89,290	6,57,926	55,47,216
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) of Income -tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
– as % of profit	-	-	-
– others, specify	-	-	-
Others			
Leave Travel Allowance	2,65,280	37,270	3,02,550
Medical Allowance	54,000	37,270	97,270
Ex-gratia	10,660	10,660	21,320
Total	**52,19,230**	**7,43,126**	**59,68,356**

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no Penalties/ Punishment/ Compounding of Offences for the year ending 31st March, 2018.

ANNEXURE - V TO THE DIRECTORS REOPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the 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 arm's length transaction under third proviso thereto:

1. Details of contracts or arrangements or transactions not at Arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at Arm's length basis

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2018 are as follows:

Name(s) of related party	Bombay Rayon Fashions Limited, (BRFL), Mumbai.
Nature of relationship	Holding Company
Nature of contracts/arrangements/ transactions	Sale, purchase or supply of products, goods, materials or services on arm's length basis.
Duration of the contracts/arrangements / transactions	01st April, 2014 to 31st March, 2019
Salient terms of the contracts or arrangements or transactions including the value.	Estimated amount of related party transaction aggregating up to ₹ 80.00 Crores (Rupees Eighty Crores) with the increase in the transactions upto 20% (Twenty percent) in every financial year for a period of 5 (Five) financial years commencing from 1st April, 2014 to 31st March, 2019.
Date of Approval by the Board	30th July, 2014
Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors of
STI India Limited

Place: Mumbai
Date: 08th May, 2018

Aman Agrawal
Chairman
DIN: 00019534

ANNEXURE – VI TO THE DIRECTORS' REPORT

Disclosure as per Rule 5(1) of Chapter XIII, of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(I) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Median Salary for financial year 2017-18	1,13,328/-

S. No.	Name of the Director	Remuneration per annum (INR)	Median Remuneration per annum (INR)	Ratio (Remuneration of Director to Median Remuneration	Remarks
NIL					

(ii) The percentage increase in remuneration of each Directors, KMPs i.e. Chief Financial Officer, Chief Executive Officer, Company Secretary of Manager in the financial year:

S. No.	Name of Director & KMP	% Increase in remuneration
01.	Mr. Mukesh Maheshwari, Chief Financial Officer	10%
02.	Mr. Deepesh Kumar Nayak, Company Secretary	10%

(iii) The percentage increase in the median remuneration of employees in the financial year 2017-18:

% increase in the Median remuneration of the employees	8.18%

(iv) The number of permanent employees on the rolls of Company:

No. of Permanent Employees as on 31 March, 2018	695

v) The explanation on the relationship between average increase in remuneration and Company performance:

Remuneration of KMP's is fixed on the basis of Company's HR policy and annual increments are based on Company's performance as well as individual's performance. Remuneration is adjusted for industry trend and cost of living in the areas where KMP's are stationed.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Remuneration of KMPs is fixed according to HR policy of the Company and annual increments are based on Company's performance as well as individual's performances. This may or may not be in the proportion of performance of the Company.

(vii) Variations in the market capitalization of the Company:

The market capitalization as on March 31, 2018 was Rs. 36.25 Crores as against Rs. 46.11 Crores as on March 31, 2017.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the 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:

Average increase in the remuneration of all employees excluding KMPs	4.12%
Average increase in the remuneration of KMPs	10%

Justification : Employees salary increases are decided based on the individual performance, inflation, prevailing industry trends and benchmarks.

(ix) Comparison of the Remuneration of the Key Managerial Personnel(s) against the performance of the Company: **(₹in Lacs)**

Aggregate remuneration of Key Managerial Personnel (KMP)	59.62
Revenue of the Company	3732.83
Remuneration of KMPs (as % of revenue)	1.60

(x) The key parameters for any variable component of remuneration availed by the directors:

The Company does not pay any remuneration to its Directors apart from sitting fees for attending the meetings of the Board of Directors.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

Not applicable.

(xii) The Company affirms that the remuneration is as per the Remuneration Policy of the Company:

ANNEXURE- VII TO THE DIRECTORS REPORT

Management Discussion and Analysis 2017-18

Industry Structure and Development

India is the world's largest producer of cotton and also the second largest exporter. Global cotton production for the 2017-18 seasons is projected to be 25.40 million tons and consumption at 25.22 million tons.

World area under cotton has averaged 32.4 million hectares over the last ten years and is projected to grow moderately during the next season.

Global average yield for 2017-18 is currently being estimated at 778 kilograms per hectare, a 0.1% increase from the previous season, while area increases are 12% greater from the previous season.

Major producers, India and Pakistan, with estimated area increases of 16% and 24% respectively, encountered production losses from pink bollworm this season.

Cotton sown on 122.59 Lac Hectares across the country during the cotton season 2017-18 compared to 102.79 Lac Hectares in period 2016-17.

The country is expected to produce about 362 Lac bales during 2017-18 as compared to around 341 Lac bales produced in 2016-17 crop year up to 7 % while the domestic consumption is estimated at 330 Lac bales.

Cotton arrival in all over India about 275 Lakh bales till end of March'2018 during the cotton seasons 2017-18.

The carry-over stock at the end of this season on September 30, 2018 is estimated to be 22 lakh bales, which is lower by 20 lakh bales than the previous closing stock of 42 lakh bales.

India's cotton exports in 2017-18 are estimated at 67 Lac bales, up 15% over the same period last year amid aggressive demands from neighboring countries like Bangladesh, Pakistan and China.

India has already shipped nearly 53-55 lakh bales in the current season and contracts have been signed for another 8-10 lakh bales scheduled for shipment in April-May.

Imports are set to decline to a three-year low of 15 Lakh bales from 27 Lakh bales in 2016-17 on high global prices.

Planted area in India is expected to decrease to 11.9 million hectares in 2018-19 compare to 12.3 million hectares during cotton season 2017-18.

World Cotton prices have remained high in 2017-18 at an average of 84.63 cents per pound thus far over the course of the season.

Financial and Operational Performance of the Company

STI India Limited (STI) is situated amidst the cotton growing belt of Madhya Pradesh having 71040 Spindles and 31 Knitting Machines and producing spun yarn and knitted grey fabric. The Company is doing 100% Job Work for Bombay Rayon Fashions Limited, the Holding Company of the Company.

During the financial year under review the turnover of your company stood at Rs. 3732.83 Lacs in financial year 2017-18 as against Rs. 4697.19 Lacs in financial year ended on 31st March, 2017 registering a decrease by 20.53%. PBIDT increased to Rs. (357.51) Lacs from Rs. (400.34) Lacs in the previous year. Interest cost increased to Rs. 0.39 Lacs from Rs. 0.30 Lacs in the previous year.

RISKS AND CONCERNS

The Company has laid down a well-defined Risk Management Framework covering the risk, risk exposure, potential impact and risk mitigation process. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company has framed Risk Management Policy. The Audit Committee and Board review the risks and suggest steps to be taken to control and mitigate the same through a properly defined framework.

The Company's Board of Directors perceives the following risks as high risks areas:-

1. Currency / Foreign Exchange Risks
2. Procurement Risks
3. Business Risks

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly cotton which is the largest component of cost. Since cotton is an agricultural produce, it suffers from climatic volatility in the major cotton producing countries.

Other factors like shortage of skilled workers coupled with lack of uninterrupted power, high transaction cost, and high cost of labour are hindering the progress.

However, we are making all our efforts to cope with all these challenges by continuous efforts at cost reduction and modernization.

Opportunities

- Large potential in International Market.
- Product development and diversification to cater global needs.
- Elimination of Quota Restrictions leads to greater Market

Access.

- Market is gradually shifting towards Branded Readymade Garments.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Greater Investment and FDI opportunities are available.
- Large scope for technical textile linked with growing industrialization, large infrastructure projects in stream.

Threats

- Competition from other developing countries, especially China in domestic market also- will lead to consolidation.
- Rising prices of inputs-raw material
- Formation of trading blocks

Strengths

- Independent & Self-Reliant industry.
- Availability of Low Cost and Skilled Manpower.
- Availability of large varieties of cotton fiber and has a fast Growing synthetic fiber industry.
- India has great advantage in Spinning Sector and has a Presence in complete textile value chain.

Weakness

- The fabric and garmenting sector need modernization, which is under process.
- Infrastructural Bottlenecks and Efficiency such as, Transaction time at Ports and transportation Time.
- Unfavorable labor Laws.
- Lack of Trade Membership, which restrict to tap other Potential market.
- Higher Indirect Taxes, Power and Interest Rates.

Segment-wise or Product-wise Performance

The Company is engaged in the business of manufacturing of Spun Yarn and knitted grey fabrics and accordingly this is the only single reportable segment.

Internal Control System and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use or disposition, and the transactions are authorized, recorded and reported correctly. The internal control systems of the Company comprises of Statutory Audit, Secretarial Audit and Internal Audit. The work of all the audits have been assigned to reputed, external, independent and qualified firms.

The Company appointed M/s. Fadnis & Gupte, Chartered Accountants, as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements.

The Audit Committee periodically reviews the adequacy and effectiveness of the internal controls and suggests improvements so that the internal controls system be strengthened further with commensurate growth and size of the Company and concentrated its efforts to improve the system in such a way that the financial and other data should be reliable while preparing the financial statements in accordance with the applicable laws and that every transactions whether it is a financial nature or any other must describe its true nature

Human Resource Management / Environmental Safety Measures

Employees are the key to achievement of the Company's objective and strategies. The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirement of the business by building trust, instilling loyalty and coaching for results where best employees want to work. In our business context, the employees undergo various training programmes including management development programmes to upgrade their professional, inter-personal and management skills, covering the entire spectrum of employees. Technical and safety training programmes are also conducted periodically. Our relationship with the employees continues to remain cordial and harmonious throughout the year.

Total employees strength of the company as on 31st March, 2018 was 695 (840 as on 31st March, 2017).

Your Company is fully committed to the safety, health and well-being of its employees and to minimizing the environmental impact on its business operations. The Company has a range of policies, including on quality, safety and health aspects to guide the employees for better work practices, actions and decisions. The Company strives to continuously improve the effectiveness of its policies and the employees are encouraged to contribute their mite in this direction. All employees are obliged to ensure that they fully understand and accept all policies and that they do fully comply with the requirements.

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

The Company is known for developing unique and healthy human development and management policies and their implementation in fair and transparent manner. Considering our responsibility towards employees as well as society and in view of the present scenario of the country wherein number of

cases of sexual harassment against women are coming in to light, the Company realizes its social responsibility in ensuring safe environment at the work place free from sexual harassment to its female employees.

Internal Complaints Committee: Your Company has formulated an "Internal Complaints Committee (ICC)" as per the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, that will ensure a work environment free of all forms of sexual harassment – verbal, written, physical, visual or otherwise.

The Committee is formed as per the statute and the majority of members of the Committee are woman employees including Mr. Mukund Kulkarni who is a prominent social worker from leading NGO "Abhyas Mandal". The sole objective of the Committee is to address cases of sexual harassment against women properly and judiciously. The Committee lays down the whole procedure of filing complaints, enquiry, redressal of grievance and taking action against those who are found guilty by the Committee in a fair and transparent manner.

Whistle Blower Policy

The Company has also formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases.

INDEPENDENT AUDITOR'S REPORT

To,

The Members of STI India Limited

Report on the Standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **STI India Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, 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 a summary of the significant accounting policies and other explanatory information **(herein after referred to as "standalone Ind AS financial statements").**

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements, that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone Ind As financial statements comply with the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, read with relevant rule issued thereunder.

e. On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section164(2) of the Act;

f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date and our report dated 08.05.2018 as per Annexure II expressed.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2018, in our opinion and to the best of our information and according to the explanations given to us:

   i. As detailed in Note 22 to the standalone Ind AS financial statements, the Company has disclosed the impact of pending litigations on its standalone Ind AS financial statements;

   ii. The company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

   iv. Attention is also invited to;

   Note No.34 in "Notes to Account, regarding the standalone Ind AS financial statements of the Company having been prepared on going concern basis, notwithstanding the fact that its net worth is completely eroded.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner
M No.: 131054
Firm Registration No.: 101083W

Place: Mumbai
Date: 08th May, 2018

Annexure I to the Auditor's Report even date CARO 2016:

1. In respect of Fixed Assets:
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b. The fixed assets have been physically verified by the management at reasonable intervals during the year. We are informed that no material discrepancies were noticed by the management on such verification.
   c. The title deeds in respect of all immovable properties are held in the name of the company.
2. In respect of Inventories:
   As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification
3. In respect of loans, secured or unsecured granted by the Company to other Companies, firms, LLP or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
   a. The terms and conditions of grant of such loans are not prejudicial to the interest of the Company.
   b. The repayments of the principal are regular. Loan is given Interest free.
   c. The amounts are payable on demand.
4. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of guarantees given and securities provided. However there is no Loans given and Investments made during the year.
5. During the year the company has not accepted any deposits from public or by any means hence the said clause 3(v) of the said order is not applicable to the Company.
6. As per the information and explanations provided to us, we are of the opinion that in pursuant to the prescribed rules by Central Government, the Company had maintained cost records u/s. 148(1) of the Companies Act, 2013, however we have not done a detailed examination of the same.
7. In respect of Statutory Dues:
   (a) According to record of the Company produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees'' state insurance, income tax, sales tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given, no undisputed amounts payable in respect of Income-Tax, sales tax, service tax, customs duty, excise duty/cess were outstanding as at 31.03.2018 for a period of more than six months from the date they became payable except as given below:
   Statement of Arrears of statutory dues outstanding (excluding interest) for more than six months as at 31st March 2018:

Sr. No	Nature of Dues	Amount (₹in Lacs)	Period to which amount relates
1.	Central Sales Tax	3.87	1995-96
2.	Tax Deducted at Source	25.41	2017-18
3.	Tax Collection at Source	1.43	2017-18
4.	Profession Tax	0.88	2017-18
5.	Provident Fund	118.49	2017-18
6.	ESIC	10.82	2017-18
	Total	**160.90**	

   (b) According to the records of the company there are no dues of Income-Tax, sales tax, wealth tax, service tax, customs duty, excise duty/cess which have not been deposited on account of any dispute except as given below.

Nature of the Act	Nature of the Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	CST	63.00	1995-96	Writ Petition filed in M.P High Court
Central Sales Tax Act, 1956	Excise Duty	27.03	September 2004	In the High Court of M.P
Central Sales Tax Act, 1944	Excise Duty	65.49	March 2004 to September 2004	In the High Court of M.P
Central Sales Tax Act, 1944	Excise Duty	11.02	2007-08 & 2008-09	Additional Commissioner of Central Excise Indore
Income Tax Act, 1961 Tribunal, Indore	Penalty	7.00	A.Y. 2005-06	Income Tax Appellate Tribunal, Indore
Income Tax Act, 1961	Penalty	0.50	A.Y.2016-17	CIT(A)-Indore
Total		**174.04**		

8. As per the information and explanations given to us the company has not taken loans from bank or financial institutions. The company has not defaulted in repayment of dues to debenture holders.
9. During the year the Company has not raised any fund by way of initial public offer or further public offer (including debt instruments) and term loans, therefore no comments under the clause are called for.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the records of the Company, the Managerial Remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi company. Hence, in our opinion the clause does not apply to the company.
13. The Company has disclosed all the transactions with the related parties in the Financial Statements during the year and the transactions are in compliance with sections 177 and 188 of Companies Act, 2013.
14. During the year under consideration, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, hence comments under this clause are not called for.
15. According to the provisions of section 192 of Companies Act, 2013 the company has not entered into any non-cash transactions with directors or persons connected with him during the year hence no comments under this clause are called for.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, hence this clause is not applicable and no comments under this clause are called for.

For **V.K BESWAL & ASSOCIATES**
Chartered Accountants

CA K.V. Beswal
Partner
Membership Number-131054
Firm Registration No:101083W
Place: Mumbai
Date: 08th May, 2018

Annexure II Independent Auditor's report on the Internal Financial Controls with references to financial statement & it operating effectiveness under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone Ind AS financial statements of **STI India Limited** ("the Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria being specified by management. These responsibilities include the design, implementation and maintenance of adequate internal financial controls with references to financial statement that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles including the Ind AS. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and in accordance with generally accepted accounting principles including Ind AS, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, 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 31 March 2018, based on the criteria being specified by management.

For V.K BESWAL & ASSOCIATES
Chartered Accountants

CA K.V. Beswal
Partner
Membership Number-131054
Firm Registration No:101083W

Place: Mumbai
Date: 08th May, 2018

Balance Sheet as at 31st March, 2018

PARTICULARS	Note No.	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)	31st March, 2016 (Rs. in Lacs)
ASSETS				
Non-current assets				
a) Property, Plant & Equipment	1(b)	**6,375.54**	6,769.89	7,009.09
b) Capital work-in-progress		**35.52**	37.45	192.95
c) Other Intangible Assets	1(b)	**9.55**	8.86	2.25
d) Financial Assets				
Loans	2	**353.02**	416.47	437.68
		6,773.63	7,232.67	7,641.97
Current assets				
a) Inventories	3	**97.15**	125.40	106.08
b) Financial Assets				
(i) Trade receivables	4	**227.72**	390.58	428.44
(ii) Cash and cash equivalents	5	**6.69**	1.93	2.57
(iii) Loans	6	**4,025.00**	4,025.00	4,025.00
c) Other current assets	7	**53.88**	136.12	224.19
		4,410.44	4,679.03	4,786.28
TOTAL		**11,184.07**	**11,911.70**	**12,428.25**
EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	8	**2,900.00**	2,900.00	2,900.00
b) Other Equity	9	**(4,433.67)**	(3,700.18)	(2,902.16)
		(1,533.67)	(800.18)	(2.16)
LIABILITIES				
1) Non-current liabilities				
a) Financial Liablities				
Borrowings	10	**11,272.00**	11,272.00	11,272.00
b) Provisions	11	**288.84**	224.41	149.76
		11,560.84	11,496.41	11,421.76
2) Current liabilities				
a) Financial Liabilities				
(i) Trade payables	12	**211.63**	210.64	231.32
b) Other liabilities	13	**847.82**	885.01	620.37
c) Provisions	14	**97.45**	119.82	156.96
		1,156.90	1,215.47	1,008.65
TOTAL		**11,184.07**	**11,911.70**	**12,428.25**
Notes are integral part of the balance sheet & profit & loss account	1(a)			

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A.K.V.Beswal
Partner
Membership Number- 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 8th May, 2018

For and on behalf of Board of Directors
For **STI India Limited**

Aman Agrawal
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2018

Statement of Profit and Loss for the year ended 31st March, 2018

PARTICULARS	Note No.	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)
INCOME :			
Revenue from Operations	15	**3,732.83**	4,697.19
Other income	16	**269.68**	57.83
Total Revenue		**4,002.51**	**4,755.02**
EXPENDITURE :			
Purchases of traded goods	17	**202.59**	859.10
Changes in inventories of finished goods, work-in-progress and waste	18	**19.26**	(32.22)
Employee benefits expenses	19	**1,853.35**	1,905.76
Finance costs	20	**0.39**	0.30
Depreciation and amortization expenses		**400.84**	397.38
Other expenses	21	**2,259.51**	2,415.48
Total Expenditures		**4,735.94**	**5,545.80**
Profit /(Loss) before extraordinary items and tax		**(733.43)**	(790.78)
Extraordinary Items :			
Prior year adjustments		**0.06**	7.23
Profit /(Loss) before tax		**(733.49)**	**(798.01)**
Tax expenses :			
Current tax		-	-
Deferred tax		-	-
Profit /(Loss) for the year		**(733.49)**	**(798.01)**
Earnings per equity share: Basic & Diluted (in Rs.)		**(2.53)**	**(2.75)**

Notes are integral part of the balance sheet & profit & loss account 1(a)

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A.K.V.Beswal
Partner
Membership Number- 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 8th May, 2018

For and on behalf of Board of Directors
For **STI India Limited**

Aman Agrawal
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2018

Cash Flow for the year ended 31st March, 2018

	PARTICULARS	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit / (Loss) before Tax and after Extraordinary items	**(733.49)**	(798.02)
	Adjustment For :		
	Depreciation	**400.84**	397.38
	Interest & Finance charges	-	0.30
	Interest received	**(37.62)**	(32.56)
	Profit (-) / Loss (+) on sale of Assets	**(183.66)**	0.65
	Operative Profit before Working Capital Changes	**(553.93)**	(432.25)
	Adjustment For :		
	Trade and Other Receivables	**230.13**	144.52
	Inventories	**28.25**	(19.32)
	Trade & Other payable	**5.85**	281.46
	Cash Generation from Operations	**(289.70)**	(25.58)
	Direct Taxes	**78.43**	2.62
	Net Cash Flow from operating activities	**(211.27)**	(22.96)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets		
	Capital Expenditure	**(35.01)**	(9.99)
	Sale of Fixed Assets	**213.43**	0.04
	Interest Received	**37.62**	32.56
	Net Cash used in investing activities	**216.04**	22.61
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest on Debentures & Others	-	(0.30)
	Net Cash used in financing activities	-	(0.30)
D.	**Net Change in Cash And Cash Equilants (a+b+c)**	**4.77**	(0.65)
	Cash and Cash Equivalents (Opening)	**1.92**	2.57
	Cash and Cash Equivalents (Closing)	**6.69**	1.92

Notes : 1. Figures in brackets represent cash outflows.
2. Previous year figures have been regrouped wherever necessary.

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A.K.V.Beswal
Partner
Membership Number- 131054
Firm Reg No.:101083W

Place : Mumbai
Date : 8th May, 2018

Deepesh Kumar Nayak
Company Secretary

For and on behalf of Board of Directors
For **STI India Limited**

Aman Agrawal
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2018

Statement of Changes in Equity -

A. Equity share capital

	Number in thousands	Rs.in Lacs
Balance as at 1 April 2016	29,000	2,900.00
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	**29,000**	**2,900.00**
Balance as at 1 April 2017	29,000	2,900.00
Changes in equity share capital during 2017-18	-	-
Balance as at 31 March 2018	**29,000**	**2,900.00**

B. Other equity

	Reserves and surplus			Total other
	Securities premium	Retained earnings	Capital Reserves	Equity
Balance as at 1 April 2016	3,773.00	(6,715.17)	40.01	(2,902.16)
Dividends	-	-	-	-
Issue of share capital on exercise of employee share option	-	-	-	-
Profit for the year	-	(798.01)	-	(798.01)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(798.01)	-	(798.01)
Balance as at 31 March 2017	**3,773.00**	**(7,513.18)**	**40.01**	**(3,700.17)**
Balance as at 1 April 2017	**3,773.00**	**(7,513.18)**	**40.01**	**(3,700.17)**
Dividends	-	-	-	-
Issue of share capital on exercise of employee share option	-	-	-	-
Profit for the year	-	(733.49)	-	(733.49)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(733.49)	-	(733.49)
Balance as at 31 March 2018	**3,773.00**	**(8,246.67)**	**40.01**	**(4,433.66)**

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A.K.V.Beswal
Partner
Membership Number- 131054
Firm Reg No.:101083W

Deepesh Kumar Nayak
Company Secretary

Place : Mumbai
Date : 8th May, 2018

For and on behalf of Board of Directors
For **STI India Limited**

Aman Agrawal
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2018

NOTE NO.- 1 (a) for the year ended 31.03.2018

SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The standalone Ind AS financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provision of the Companies Act, 2013 (to the extent notified) and guideline issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 first time adoption of Indian Accounting Standards generally accepted in India as prescribed under section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2016 which was the previous GAAP.

The accounting policies adopted in the preparation of standalone Ind AS financial statement are consistent with those of previous year.

b. USE OF ESTIMATES

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions effect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Critical accounting estimates

a. Revenue Recognition

a. Domestic sales of finished goods and scraps are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns.

b. Export sales are accounted for on the basis of dates of Bill of Lading Gross Sales are inclusive of incentives / benefits and net of sales returns.

c. Revenue from Job work is recognized when services are rendered.

b. Property, plant and equipment:

Fixed assets are stated at cost of acquisition less accumulated depreciation if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready to use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Lease hold Land	99 years
Site Development	99 years
Factory Building	30 years
Plant & machinery	25 years
Vehicles	10 years
Computer	03 years
Furniture	10 years
Office Equipment	05 years

Depreciation methods, useful lives and residual value are reviewed periodically, including at each financial year end.

"Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use the assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013".

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work – in - progress' .Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably .Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred .The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

c. Intangible assets:

Intangible assets are stated at cost less accumulated amortization and impairment .Intangible assets are amortized over the irrespective individual estimated useful lives on a straight – line basis ,from the date that they are available for use .The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry ,and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

d. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e. Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

f. Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value.
Stores and Spare	At Cost.
Cotton Waste	At estimated net realisable value.

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

g. Foreign Currency:

Transactions in foreign currencies are recorded at the exchange rates notified by CBEC or at the exchange rate under related forward exchange contracts. The realized exchange gains / losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

h. Employee Benefits

(i) Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by LIC Group Gratuity Scheme.

(iii) Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

i. Taxation

(i) Provision for current tax is made with reference to taxable income computed for the accounting period, for which the standalone Ind AS financial statements are prepared by applying the tax rates as applicable.

(ii) Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

j. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the standalone Ind AS financial statements.

l. Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalized.

Notes to financial statements for the year ended 31st March, 2018

Note - 1 (b) : Property, plant and equipment

Details of the property, plant and equipment & Ingantiable Assets their carrying amounts are as follows:

(Rs. in Lacs)

	Free Hold Land	Lease Hold Land	Site Development	Factory Building	Non Factory Building	Plant & Equipment	Vehicles	Computer	Furniture & Fixtures	Office Equipment	TOTAL	Software
Gross carrying amount												
Balance as at 1 April 2017	67.93	862.36	298.47	2,770.29	780.67	20,745.10	115.61	38.64	176.63	9.93	**25,865.63**	13.88
Additions	-	-	-	-	-	20.47	12.79	0.55	-	1.12	**34.93**	2.01
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	39.29	-	17.94	-	-	0.63	**57.86**	-
Revaluation increase	-	-	-	-	-	-	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	**67.93**	**862.36**	**298.47**	**2,770.29**	**741.38**	**20,765.57**	**110.46**	**39.19**	**176.63**	**10.42**	**25,842.70**	**15.89**
Depreciation and impairment												
Balance as at 1 April 2017	-	71.15	29.88	1,699.31	236.59	16,801.32	53.07	33.44	163.85	7.14	19,095.75	5.01
Disposal	-	-	-	-	11.98	-	15.52	-	-	0.60	28.10	-
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	10.08	3.44	79.62	11.88	275.30	14.20	2.35	1.31	1.33	399.51	1.33
Balance as at 31 March 2018	**-**	**81.23**	**33.32**	**1,778.93**	**236.49**	**17,076.62**	**51.75**	**35.79**	**165.16**	**7.87**	**19,467.16**	**6.34**
Carrying amount as at 31 Mar 2018	**67.93**	**781.13**	**265.15**	**991.36**	**504.89**	**3,688.95**	**58.71**	**3.40**	**11.47**	**2.55**	**6,375.54**	**9.55**

	Free Hold Land	Lease Hold Land	Site Development	Factory Building	Non Factory Building	Plant & Equipment	Vehicles	Computer	Furniture & Fixtures	Office Equipment	TOTAL	Software
Gross carrying amount												
Balance as at 1 April 2016	67.93	862.36	298.47	2,614.79	780.67	20,743.71	115.61	38.43	189.56	10.16	**25,721.70**	6.26
Additions	-	-	-	155.50	-	1.39	-	0.21	0.77	-	**157.87**	7.62
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	13.70	0.23	**13.94**	-
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	**67.93**	**862.36**	**298.47**	**2,770.29**	**780.67**	**20,745.10**	**115.61**	**38.64**	**176.63**	**9.93**	**25,865.63**	**13.88**
Depreciation and impairment												
Balance as at 1 April 2016	-	61.07	26.44	1,623.39	224.44	16,526.87	38.32	30.29	175.48	6.30	**18,712.61**	4.01
Disposal	-	-	-	-	-	-	-	-	13.01	0.23	**13.24**	-
Net exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	10.08	3.44	75.92	12.15	274.45	14.75	3.15	1.38	1.07	396.39	1.00
Balance as at 31 March 2017	**-**	**71.15**	**29.88**	**1,699.31**	**236.59**	**16,801.32**	**53.07**	**33.44**	**163.85**	**7.14**	**19,095.76**	**5.01**
Carrying amount as at 31 March 2017	**67.93**	**791.21**	**268.59**	**1,070.98**	**544.08**	**3,943.78**	**62.54**	**5.20**	**12.78**	**2.79**	**6,769.87**	**8.87**
Carrying amount as at 1 April 2016	***67.93***	***801.29***	***272.04***	***991.39***	***556.23***	***4,216.83***	***77.28***	***8.15***	***14.08***	***3.86***	***7,009.08***	***2.25***

Notes to financial statements for the year ended 31st March, 2018

PARTICULARS	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)	31st March, 2016 (Rs. in Lacs)
Note - 2 : Loans			
Capital Advances			
Unsecured, considered good	4.56	4.56	4.56
Security Deposits			
Unsecured, considered good	348.46	411.91	433.12
Other loans and advances (Refer Note No.: 27)			
Doubtful	-	2,450.75	2,450.75
Less: Provision for doubtful advances	-	2,450.75	2,450.75
	-	-	-
Total	**353.02**	**416.47**	**437.68**
Note - 3 : Inventories			
Waste (Valued at net realisable value)	25.82	45.08	12.86
Stores and spares (Valued at cost)	55.86	60.06	67.91
Goods-in transit	-	2.00	3.23
Packing material (Valued at cost)	13.36	15.69	19.24
Oil & lubricant (Valued at cost)	2.11	2.57	2.84
(As certified by Management)			
Total	**97.15**	**125.40**	**106.08**
Note - 4 : Trade Receivables			
Unsecured, Considered Good(1)	227.72	390.58	428.44
Total	**227.72**	**390.58**	**428.44**
(1) Includes dues from Holding Co.	193.85	357.59	411.76
Note - 5 : Cash and cash equivalents			
Balance with Banks	5.91	1.54	2.12
Cash on hand	0.78	0.39	0.45
Total	**6.69**	**1.93**	**2.57**
Note - 6 : Loans & Advances			
Advances to Holding Co.	4,025.00	4,025.00	4,025.00
Total	**4,025.00**	**4,025.00**	**4,025.00**
Note - 7 : Other current assets			
Insurance claim receivable	-	-	84.51
Balance with Government authorities	31.13	109.56	114.50
Others	22.75	26.56	25.18
Total	**53.88**	**136.12**	**224.19**

Notes to financial statements for the year ended 31st March, 2018

Note : 8 Share Capital

A	Authorised Share Capital	Equity Share Number	Equity Share Rs.in Lacs	Preference Shares Number	Preference Shares Rs.in Lacs
	Beginning of the year at 1 April 2016	40,000,000	4,000.00	500,000	500.00
	Increase/(decrease) during the year	-	-	-	-
	Total shares authorised as at 31 March 2017	**40,000,000**	**4,000.00**	**500,000**	**500.00**
	Total shares authorised as at 1 April 2017	**40,000,000**	**4,000.00**	**500,000**	**500.00**
	Increase/(decrease) during the year	-	-	-	-
	Total authorised share capital as at 31 March 2018	**40,000,000**	**4,000.00**	**500,000**	**500.00**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of INR 10 per share.

B	Issued, Subscribed & fully Paid Up	Equity Share Number	Equity Share Rs.in Lacs	Preference Shares Number	Preference Shares Rs.in Lacs
	Balance as at 1 April 2016	29000000	2,900.00	-	-
	Changes during the period	-	-	-	-
	Balance as at 31 March 2017	29000000	2,900.00	-	-
	Balance as at 1 April 2017	29000000	2,900.00	-	-
	Changes during the period	-	-	-	-
	Shares issued and fully paid as at 31 March 2018	**29,000,000**	**2,900.00**	-	-

C Shares held by holding/ultimate holding company including shares held by subsidiaries or associates of the holding company/ultimate holding company

	31st March, 2018	31st March, 2017	31st March, 2016
Bombay Rayon Fashions Ltd.	21,750,000	21,750,000	21,750,000

D Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31st March, 2018		31st March, 2017		31st March, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Bombay Rayon Fashions Ltd.	21750000	75.00%	21750000	75.00%	21750000	75.00%
India Max Investment Fund Limited	2714068	9.36%	1714068	5.91%	1714068	5.91%
Prime India Investment Fund Limited	-	-	2420984	8.35%	2420984	8.35%
Grovsnor Investment Fund Limited	2567570	8.85%	-	-	-	-

Note 9 - Other Equity:

	31st March, 2018	31st March, 2017
Securities Premium Account		
Opening Balance	3,773.00	3,773.00
(+)/(-) Transfer	-	-
Closing Balance	3,773.00	3,773.00
Statement of Profit and Loss for the year ende		
Opening balance	(7,513.19)	(6,715.17)
(+) Net Profit / (Net Loss) for the current year	(733.49)	(798.02)
Closing Balance	(8,246.68)	(7,513.19)
Capital Reserves		
Opening Balance	40.01	40.01
(+)/(-) Transfer	-	-
Closing Balance	40.01	40.01
Total	**(4,433.67)**	**(3,700.18)**

Notes to financial statements for the year ended 31st March, 2018

PARTICULARS	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)	31st March, 2016 (Rs. in Lacs)
Note - 10 : Borrowings			
Debentures (Secured)			
45,80,000 Debentures (Series 1) of Rs. 40/- each	1,832.00	1,832.00	1,832.00
50,00,000 Debentures (Series 3) of Rs. 8/- each	400.00	400.00	400.00
26,00,000 Debentures (Series 2) of Rs. 40/- each	1,040.00	1,040.00	1,040.00
2,00,00,000 Debentures (Series 4) of Rs. 40/- each	8,000.00	8,000.00	8,000.00
(Debenture series 1,3 and 4 are secured by residual charge equitable mortgage of Land & Building located on Plot No. 1 at Rau Pithampur Link Road, Sonvay Village admeasuring 285290 Sq. Mtr. Standing in the name of the Company and all plants and machinery to be attached / installed. Debenture series 2 are secured by way of residual charge on all non-fixed assets of the Company.)			
Terms for Debentures (Refer Note No.: 28)			
Total	**11,272.00**	**11,272.00**	**11,272.00**
Note - 11 : Provisions			
Provision for employee benefits :			
Gratuity	209.07	140.96	80.78
Leave Encashment	79.77	83.45	68.98
Total	**288.84**	**224.41**	**149.76**
Note - 12 : Trade payables			
Unsecured :			
Trade payables	211.63	210.64	231.32
Total	**211.63**	**210.64**	**231.32**
Note - 13 : Other Liabilities			
Customer deposits & Advances	4.13	3.89	10.23
Accrued salaries and benefits	190.57	238.78	145.66
Statutory dues	445.86	346.17	143.38
Outstanding expenses	207.26	296.17	321.10
Total	**847.82**	**885.01**	**620.37**
Note - 14 : Provisions			
Provision for employee benefits :			
Gratuity	18.84	47.08	41.14
Bonus	49.87	58.58	74.12
Leave Encashment	28.74	14.16	41.70
Total	**97.45**	**119.82**	**156.96**

Notes to financial statements for the year ended 31st March, 2018

PARTICULARS	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)
Note - 15 : Revenue from operations		
Revenue from operations		
Sale of product :		
Traded goods	205.21	886.96
Other goods	374.43	463.28
Sale of service :		
Jobwork receipt	3,153.19	3,346.95
Total	**3,732.83**	**4,697.19**
Detail of Sales		
Domestic		
Waste Fiber	286.94	377.74
Yarn Sale	18.62	70.41
Fabric Sale	126.90	902.09
Fiber Sale	147.19	-
Total	**579.65**	**1,350.24**
Note - 16 : Other income		
Interest Income (TDS of Rs.2.24 lacs (Rs.3.01 lacs))	37.62	32.56
Profit on sale of assets	184.73	-
Sundry balances written back	30.44	-
Insurance claim received	1.22	0.48
Miscellanous income	15.67	24.79
Total	**269.68**	**57.83**
Note - 17 : Detail of purchase of traded goods		
Finished Goods	56.41	859.10
Cotton	146.18	-
	202.59	**859.10**
Note - 18 : Increase (-) / decrease (+) in inventories		
Inventory at the end of the year		
Wastage	25.82	45.08
Inventory at the beginning of the year		
Wastage	45.08	12.86
Increase (-) / decrease (+) in inventories	**19.26**	**(32.22)**
Note - 19 : Employee benefit expenses		
Salaries & wages	1,394.01	1,431.77
Contributions to provident and other fund	168.84	164.03
Gratuity & Bonus	91.47	127.30
Staff welfare expenses	199.03	182.66
Total	**1,853.35**	**1,905.76**
Note - 20 : Finance costs		
Bank Charges	0.39	0.30
Total	**0.39**	**0.30**

Notes to financial statements for the year ended 31st March, 2018

PARTICULARS	31st March, 2018 (Rs. in Lacs)	31st March, 2017 (Rs. in Lacs)
Note - 21 : Other expenses		
Stores & spares consumption	92.13	103.06
Packing material and expenses	89.22	104.58
Power and fuel	1,658.57	1,791.74
Fiber Processing & Handling Expenses	47.43	60.43
Water charges	15.54	17.85
Rent	3.35	3.33
Rates and taxes	6.14	6.36
Insurance	20.21	21.45
Repair and maintenance		
Plant and machinery	29.57	28.00
Building	3.25	7.18
Others	2.18	3.07
Advertising and business promotion	2.51	3.33
Traveling and conveyance	45.20	54.81
Communication Expenses	4.58	8.98
Printing and stationary	4.93	5.31
Legal and professional fees	68.94	30.00
Directors' sitting fees	1.20	1.46
Auditor's remuneration	10.87	17.64
Frieght & Forwarding	0.22	0.84
Commission on sale	0.67	10.35
Contract Labour	37.56	44.55
Loss on sale of fixed assets	1.06	0.65
Sundry balances written off	-	33.19
Miscellaneous expenses	114.18	57.32
Total	**2,259.51**	**2,415.48**
Payments to auditor		
For Audit Fee	7.10	11.50
For Tax Audit Fee	2.84	4.60
For Certification & Others	0.93	1.54
Total	**10.87**	**17.64**
Depreciation & Amortization Expenses		
Depreciation on Tangible Assets	399.51	396.38
Depreciation on Intangible Assets	1.33	1.00
Total	**400.84**	**397.38**

22. CONTINGENT LIABILITIES NOT PROVIDED FOR :

(₹in Lacs)

S. N.	Particulars	As at 31.03.18	As at 31.03.17
(I)	Claims against the company towards energy charges on Captive Generation. Case is pending before High Court, M.P.	490.32	490.32
(ii)	Liability towards M/s Maharashtra State Cotton Grower Mktg. Federation on account of pending dispute under court of law.	73.82	73.82
(iii)	Disputed Sales Tax/ Entry Tax Demands for which writ petition is pending before High Court M.P.	63.00	63.00
(iv)	Demand towards Show Cause Notice Issued by Additional commissioner of Central excise in the matter of wrong availment of cenvat on packing material used in packing of cotton waste, amount inclusive of penalty.	11.02	11.02
(v)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Customs Duty, including penalty, on the import of HSD on account of which dispute is pending in High Court, M.P	65.49	65.49
(vi)	Demand towards Show Cause Notice Issued by Excise Department for charging Additional Custom Duty, including penalty, on the import of HSD on account of which dispute is pending under High Court, M.P	27.03	27.03
(vii)	Claim of Gujarat State Co-operative Cotton Federation Limited (GUJCOT) for cotton supplies, interest, carrying charges etc. disputed and not acknowledged by the Company. The case is pending before The Court of Board of Nominees, Nominees of Registrar, Ahmedabad. [excluding interest]	4225.00	4225.00

In view of the management, the matters are pending for adjudication before the respective courts/authorities and the management are hopeful of getting the matters in their favour. In view of the representations made by the management these contingent liabilities would not affect the going concern of the company.

Capital Commitments:

Estimated amount of Capital Contracts remaining to be executed (net of advances) is Nil. (P.Y. NIL)

23. In absence of any probable operating profits in the near future, the management is of view the provision for deferred tax assets are not required to be made during the year.

24. Based on the information available with the Company, there are no suppliers who are registered as micro or small enterprises under The Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March 2018.

25. In view of the management there were certain outstanding liabilities from the financial year 1997-98 with respect of Sales Tax & Entry Tax demand amounting Rs.36.48 lacs, these statutory liabilities are in respect of Biplus division (Demerged Unit w.e.f 01.04.1997). Accordingly the company has transferred the said statutory liabilities to the respective division.

26. The remuneration paid to non-executive chairman is subject to approval of Central Government for which application has been filed on 04.10.2011 followed by the further applications on 30th October, 2012 & 22nd July, 2013 respectively. However, the approval of govt. is yet to be received. The same is pending before the Central Government till date.

27. The Board of Directors at its meeting dated 25th November, 2010 have taken note of the Report of Independent Chartered Accountant firm elaborating the details of certain financial transactions of the Company. As directed by the board, the efforts were made for recovery of dues and issued legal notices to respective parties. During the year company the board is of the considered view that advances for which provisions have already been made in the books & charged to Profit & Loss Account in no longer receivable and therefore the company has written off the such advances in the current year.

28. The terms of Debentures (series 1 to 4) outstanding are

Rate of Interest : waived off by holders company

Repayment : yet to be finalised

29. Pursuant to section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 including further amendments thereto, a company has to spend, in every year, at least 2% of the average net profit of the company made during the last three years immediately preceding financial year, as per the objects mentioned in the Rules since there is no average net profit made by the Company during the last three years, excluding the abnormal non- recurring profit on sale of joint venture shares, the provisions of section 135 of the companies act, 2013 related to CSR are not applicable.

30. Segmental Reporting:

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn and fabrics. Considering the nature of business and financial reporting of the Company, the Company has only one segment viz. textile segment. The company operates in one geographical segment.

31. As per Accounting Standard 15 "Employee Benefits", the disclosure of Employee benefits as defined in the Accounting Standard are given below:

Defined Benefit Plan:

A. Leave Encashment:

The present value of obligation under Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Changes in present value of obligation

(₹in Lacs)

S. N.	Particulars	Leave Encashment 2017-18	Leave Encashment 2016-17
a)	Present value of obligation as at the beginning of the year	97.62	82.05
b)	Acquisition adjustment	—	—
c)	Interest cost	7.22	6.56
d)	Past service cost	—	—
e)	Current service cost	32.89	43.91
f)	Curtailment cost/(Credit)	—	—
g)	Settlement cost/(Credit)	—	—
h)	Benefits paid	(46.07)	(40.34)
i)	Actuarial (gain)/loss on obligation	0.78	5.44
j)	Present value of obligation as at the end of the year	92.44	97.62

The amounts to be recognized in balance sheet :

S. N.	Particulars	31/03/2018	31/03/2017
a)	Present value of funded obligation as at the end of the period	—	—
b)	Fair value of plan assets as at the end of the period	—	—
c)	Present value of unfunded obligation as at the end of the period	92.44	97.62
d)	Unrecognized Past Service Cost	—	—
e)	Net Liability	92.44	97.62
	Amount in the balance sheet		
	Liabilities	92.44	97.62
	Asset	—	—
	Net Liability	92.44	92.44

Expense recognized in the statement of profit and loss :

S. N.	Particulars	2017-18	2016-17
a)	Current service cost	32.89	43.91
b)	Past service cost	—	—
c)	Interest cost	7.22	6.56
d)	Expected return on plan assets	—	—
e)	Curtailment or Settlement cost / (Credit)	—	—
f)	Net actuarial (gain)/ loss recognized in the period	0.78	5.44
g)	Expenses recognized in the statement of profit & losses	40.89	55.91

Actuarial Assumptions:

S. N.	Particulars	2017-18	2016-17
a)	Mortality Table	100%	100%
b)	Discount Rate (P.A.)	7.80%	7.40%
c)	Expected Rate of Return on plan assets (P.A.)	0%	0%
d)	Salary Growth Rate (P.A.)	7.00%	7.00%
e)	Withdrawal rate, based on age : (per annum)		
	Up to 30 Years	5%	5%
	31 – 44 Years	2%	2%
	Above 44 Years	1%	1%

B. Gratuity

The employees' Gratuity Fund Scheme, which is a defined plan, is managed by the Trust maintained with Life Insurance Corporation of India (LIC). The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method, which is recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

S. N.	Particulars	As on 31.03.18	As on 31.03.17
1.	**Assumption**		
	Discount Rate	7.80%	7.40%
	Salary Escalation	7.00%	7.00%
2.	**Present value of Obligation**		
	Present value of obligations as at beginning of year	348.07	285.44
	Interest cost	25.74	22.82
	Current Service Cost	41.91	45.91
	Past Service Cost	-	-
	Benefits Paid	(125.56)	(18.90)
	Actuarial (gain)/ loss on obligations	(16.59)	12.80
	Present value of obligations as at end of year	273.56	348.07
3.	**Fair value of plan assets**		
	Fair value of plan assets at beginning of year	160.03	163.52
	Expected return on plan assets	11.99	13.64
	Contributions	1.74	2.60
	Benefits Paid	(125.56)	(18.90)
	Actuarial (gain)/ loss on obligations	(2.54)	(0.83)
	Fair value of plan assets at the end of year	45.65	160.03
	Funded status	227.91	188.04
4.	**Actuarial Gain/Loss recognized**		
	Actuarial (gain)/ loss on obligations	(16.59)	12.80
	Actuarial (gain)/ loss for the year - plan assets	-	-
	Actuarial (gain)/ loss on obligations	(16.59)	12.80
	Actuarial (gain)/ loss recognized in the year	(16.59)	12.80
5.	**The amounts to be recognized in the balance sheet**		
	Present value of obligations as at the end of year	273.56	348.07
	Fair value of plan assets as at the end of the year	45.65	160.03
	Funded status	227.91	188.04
6.	**Expenses Recognized in statement of Profit and loss**		
	Current Service cost	41.91	45.91
	Past Service Cost	-	-
	Interest Cost	25.74	22.82
	Expected return on plan assets	(11.99)	(13.64)
	Net Actuarial (gain)/ loss recognized in the year	14.06	13.63
	Expenses to be recognized in statement of Profit and loss	41.60	68.72

The Company has recognized Rs. 41.60 lacs (68.72 lacs) in the Profit & Loss account for the year ending 31st March 2018 under Defined Contribution Plan

32. Related Party Disclosures (As certified by Management)

a) List of Related Parties and Relationships.

S. No.	Name of Related Party	Relationship
1.	Bombay Rayon Fashions Limited	Holding Company
2.	Reynold Shirting Limited	Enterprise having significant influence of KMP
3.	**Key Managerial Person:**	
A	Dr. R.B .Baheti	Non Executive Chairman (upto 19.02.2018)
B	Mr. Prashant Agrawal	Managing Director
C	Mr. Aman Agrawal	Vice – Chairman
D	Mrs. Pushpa Garg	President (Up to 31.03.2018)
E	Mr. Mukesh Maheshwari	Chief Financial Officer
F	Mr. Deepesh Nayak	Company Secretary

b) Related Party transaction(s) during the year 2017-18:

(₹in Lacs)

Transaction	Associates, Enterprise & JVs	Holdings Company	Key Management Personnel / Relatives
Sales of Goods	- (-)	197.80 (17.49)	- (-)
Job work receipts	32.11 (-)	3070.34 (3151.00)	- (-)
Purchases of Goods	- (-)	10.22 (290.98)	- (-)
Rent received	- (-)	1.20 (1.20)	- (-)
Salary of Key Managerial Persons	- (-)	- (-)	159.62 (154.19)

Note : The figures in the brackets are for Previous Year.

33. Earnings Per share (EPS)

(Equity Shares of ₹10 each)

Particulars	Current year	Previous year
((i). Number of shares at the beginning of the year	**29000000**	**29000000**
(ii). Number of shares at the end of the year	**29000000**	**29000000**
(iii). Weighted average number of Equity Shares outstanding during the year.	**29000000**	**29000000**
EPS :		
(I) Net profit/(loss) available for Equity Share holders (Rs.)	(733.49)	(798.02)
(ii). Basic and diluted earnings per share(Rs.)	(2.53)	(2.75)

34. The net worth of the company is eroded, the accounts have been prepared on the principle of going concern with a view to revive the operation of the Company in the future notwithstanding the fact that its net worth is completely eroded. (₹in Lacs)

		Current year 31.03.2018		Prev. Year 31.03.2017
35. C.I.F. Value of Imports:				
(a) Stores, Spares & HSD		7.17		-
(b) Capital Goods		-		-
36. Expenditure in Foreign Currency:				
(a) Foreign Traveling		-		1.37
37. Earning in Foreign Exchange				
FOB value of Exports	-	-		
38. Stores and Spares Consumed:				
(a) Indigenous	82.52	89.57%	98.83	95.90%
(b) Imported	9.61	10.43%	4.23	4.10%
Total	**92.13**	**100.00%**	**103.06**	**100.00%**

39. Previous year figures have been re-grouped / reclassified wherever necessary to make them comparable in accordance with

As per our report of even date
For **V.K.Beswal & Associates**
Chartered Accountants

C.A.K.V.Beswal
Partner
Membership Number- 131054
Firm Reg No.:101083W

Place : Mumbai
Date : 8th May, 2018

Deepesh Kumar Nayak
Company Secretary

For and on behalf of Board of Directors
For **STI India Limited**

Aman Agrawal
Chairman

Prashant Agrawal
Managing Director

Mukesh Maheshwari
Chief Financial Officer

Place : Mumbai
Date : 8th May, 2018

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STI India Limited

Regd. Office. : Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400,
Fax No.: (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

ATTENDANCE SLIP

DP Id* ……..... **Folio No.** ……..……

Client Id* ……..... **No. of Equity Share(s) held**.....…..……

Name & Address of the attending Member(s) / Proxy (ies) / Representative(s): ……..……..……..……

……..……..……..…..

I / We hereby record my / our presence at the 33rd Annual General Meeting of the Company being held on **Tuesday, the 25th Septmeber, 2018 at 11:00 am the Registered Office of the Company situated at Rau-pithampur Link Road, Teh-Mhow, Dist. Indore – 453 332 (M.P) India**.

Signature of the Member/ Proxy/Representative**

*Applicable for investors holding shares in electronic form.

** Strike out whichever is not applicable.

Note:

01. Member(s) / Proxy (ies) / Representative(s) are requested to produce this attendance slip, duly filled and signed in accordance with their specimen signature registered with the Company / Registrar and Share Transfer Agent, for admission to the meeting.

02. Members are requested to bring their copy of Annual Report to the meeting.

03. Please read the voting instructions printed in the Notice of the Annual General Meeting. The e-voting will commence on 9.00 a.m. on Saturday, the 22nd September, 2018 and end at 5.00 p.m. on Monday, the 24th September, 2018. Thereafter, the voting module shall be disabled by CDSL.

04. A member whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories, as on the cut-off date i.e. Tuesday, the 18th September, 2018 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

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STI India Limited

Regd. Office. : Rau-Pithampur Link Road, Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India, Ph. No. (0731) 4014400,
Fax No.: (0731) 4020011, Email: share3@stitextile.net, Website: www.stitextile.net, CIN: L27105MP1984PLC002521

PROXY FORM
(FORM MGT – 11)

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

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

I/We, being the member(s) of …….. , shares of the STI India Limited, hereby appoint:

(1) Name ……. E-mail ID……..
Address ……..……
……

Signature……., or failing him;

(2) Name ……. E-mail ID……..
Address ……..……
……

Signature……., or failing him;

(3) Name ……. E-mail ID……..
Address ……..……
……

Signature……., or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **33rd Annual General Meeting** of the Company, to be held on **Tuesday, the 25th September, 2018 at 11:00 am at the Registered Office of the Company situated at Rau-pithampur Link Road, Teh-Mhow, Dist. Indore – 453 332 (M.P) India** and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Subject of the Resolutions	Optional (see note no. 5)		
		For	Against	Abstain
	Ordinary Business			
01.	To consider and adopt the audited financial statements of the Company for the financial year ended on 31st March, 2018 and the reports of the Board of Directors and Independent Auditors thereon.			
02.	To appoint a director in place of Mr. Aman Agrawal (DIN: 00019534), who retires by rotation and being eligible, offers himself for re-appointment.			

* Applicable for investors holding shares in electronic form.

Signed this ……..day of ……2018.

Affix ₹ 1/- Revenue stamp

Signature of Member……

Signature of Proxy Holder(s) 1)……...……02)……...…….03)……...…….....

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

(2) A proxy need not be a member of the Company.

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

(4) For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 33rd Annual General Meeting.

(5) It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" or "Abstain" column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

(6) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(7) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

(8) Please complete all details including details of member(s) in above box before submission.

STI India Limited

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Shareholders Information Form

I / We _____ registered Shareholder(s) of STI India Limited and hereby give my/our details as under for updating my / our information in the record of the Company and Registrar and Share Transfer Agent:

Name of the Shareholder(s) (In case of Joint Holders, please give Name of all holders	:	
Ledger Folio / Client Id / DP Id	:	
Number of Shares held	:	
Present Residential Address	:	
Permanent Residential Address	:	
Phone No. / Mobile No. (With extn.)	:	
Email address	:	
Permanent Account Number (PAN)	:	
Specimen Signature	:	
Enclosures (Please enclose self attested ID & Address Proof)	:	1) ID Proof (PAN Card): 2) Address Proof:

I/We further undertake to intimate immediately upon changes, if any, to the Company / Registrar and Share Transfer Agent for updating of the same.

Date :

Place : Signature of the Shareholder(s)

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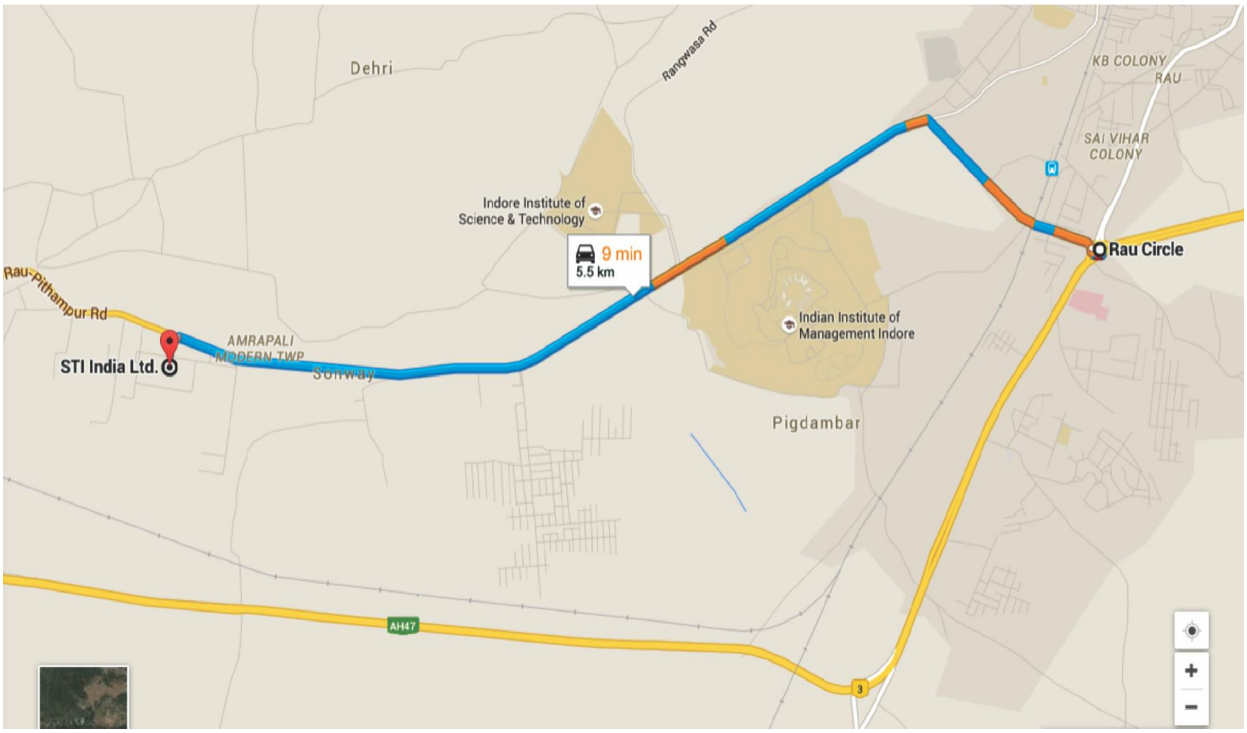
Route Map showing location of the venue of the 33rd Annual General Meeting of the Company

Landmark: Next to Indian Institute of Management (IIM), Indore



Venue of Meeting:

STI India Limited
Rau-pithampur Link Road,
Tehsil – Mhow, Distt. Indore
453 332 (M.P.)

If undelivered, please return to:

STI India Limited
Regd. Office. : Rau-Pithampur Link Road,
Tehsil - Mhow, Dist. Indore - 453 332 (M.P.) India,
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