



SUDITI INDUSTRIES LTD.

**25th ANNUAL REPORT
2015-2016**

OFFICIAL APPAREL LICENSEE



FCBARCELONA



25
SILVER JUBILEE 2016

BOARD OF DIRECTORS

Mr. Pawan Agarwal
(Chairman & Managing Director)

Mr. Sushil Kumar Kasliwal

Mr. Vivek Gangwal

Mrs. Sanjula Sanghai

Mr. H. Gopalkrishnan
V.P. Finance & Company Secretary

Mr. Manoj Khemka
V.P. Accounts & Commercial

Registered Office
A-2, Shah & Nahar Estate, Unit No.23/26,
Lower Parel, Mumbai 400 013.

Factory & Admn.Office
C-253/254, MIDC, TTC Industrial Area, Turbhe,
Pawane Village, Navi Mumbai 400 703

CONTENTS	PAGE
Notice.....	1
Shareholder Instructions for E-Voting.....	4
Directors' Report with Annexure I	6
Annexure II to Annexure IV	22
Secretarial Auditors Report.....	30
Statutory Auditors Certificate of Corporate Governance	31
Statutory/Independent Auditors Report (Standalone).....	32
Balance Sheet (Standalone).....	35
Profit and Loss (Standalone)	36
Cash Flow Statement (Standalone).....	37
Significant Accounting Policies and Notes on Accounts (Standalone)	38
Statutory/Independent Auditors Report (Consolidated)	56
Balance Sheet (Consolidated)	58
Profit and Loss (Consolidated)	59
Cash Flow Statement (Consolidated).....	60
Significant Accounting Policies and Notes on Accounts (Consolidated)	61
Route Map	79
Proxy Form / Attendance Slip	80

Works

Unit No.1

C-253/254, M.I.D.C., T.T.C. Indl. Area,
Pawane Village, Navi Mumbai 400 703

Unit No. 2

C-3/B, M.I.D.C., T.T.C. Indl. Area,
Navi Mumbai 400 703

Auditors

Chaturvedi & Co.
81, Mittal Chambers,
228 Nariman Point, Mumbai 400 021

Legal Advisor

Pabari Legal Associates
Building No. 47, Room No. 921
Gulmohar Co.Op. Housing Socieity
Samta Nagar, Near Samta Nagar Post Office
Kandivali (East), Mumbai - 400101

Bankers

Axis Bank Ltd.
Indian Overseas Bank
HDFC Bank Ltd.

Registrar & Share Transfer Agents

Sharex Dynamic (India) Pvt.Ltd.
Unit-1 , Luthra Indl.premises, Safed Pool,
Andheri kurla Rd., Andheri (E),

TWENTY FIFTH ANNUAL GENERAL MEETING

Friday the 30th September, 2016 at
3.30 p.m. at Walchand Hirachand Hall,
4th Floor, Lalji Naranji Memorial Indian Merchants'
Chamber Building Trust (**IMC Bldg.**),
Churchgate, Mumbai - 400020

As a measure of economy, copies of the
Annual Report will not be distributed at the
Annual General Meeting. Shareholders are
requested to kindly bring their copies to
to meeting

SUDITI INDUSTRIES LTD



NOTICE FOR THE TWENTY FIFTH ANNUAL GENERAL MEETING:

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held on Friday the 30th September, 2016 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 to transact the following business:-

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Financial Statements including the Balance Sheet as at 31st March, 2016 and the statement of Profit & Loss Account of the Company for the financial year ended 31st March, 2016 both stand alone and consolidated and the Reports of the Directors and Auditors thereon:
- 2 To declare a dividend exclusively on the portion of the Equity Shares held by the public as on the balance sheet date for the financial year ended 31st March, 2016.
- 3 To appoint a director in place of Smt. Sanjula Sanghai (DIN No:00049344), who retires by rotation and, being eligible, offers herself for re-appointment.
- 4 Re-Appointment of Statutory Auditors:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT, pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 ("Act"), read with the Companies (Audit & Auditors) Rules, 2014 framed there under, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), pursuant to the recommendations of the audit committee of the board of directors and pursuant to the resolution passed by the members at the Annual General Meeting (AGM) held on 12th September 2014, the appointment of M/s. Chaturvedi & Co., (ICAI Firm Registration No.302137E) Chartered Accountants as the Statutory Auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2017 be and is hereby ratified and that the board of directors be and is hereby authorised to fix the remuneration plus service tax, out-of pocket travelling and living expenses, etc., payable to them for the financial year ending March 31, 2017 as may be determined by the audit committee in consultation with the auditors and such remuneration as may be agreed between the auditors and Board of Directors."

SPECIAL BUSINESS:

- 5 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of the section 62(1)(b) and other applicable provisions of the companies Act 2013 read with rules framed there under, the Securities exchange Board of India (Share based employee benefits) Regulations 2014 as amended from time to time ("the guidelines"), the Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations 2015, the provisions of any regulations/guidelines prescribed by the Securities and Exchange board of India (SEBI) and or the Reserve bank of India (RBI), the provisions of any other applicable laws and regulations (Including any amendment thereto or modification(s) or re-enactment(s) thereof from

time to time, the Memorandum and Articles of association of the company and subject to any applicable approval(s), permission(s) and sanction(s) if any required as may be, of the Bombay Stock Exchange limited or any such or other authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the board or board constituted committees which term shall include Compensation Committee already constituted by the board, consent of the members be and are hereby accorded to the following modifications in the Suditi Employees Stock Option Plan 2011 in respect of "clause 7.3 of Grant of options" and "clause 9.1 of vesting of options" as given below and such modifications shall be effective from the date of approval of the Resolution by the members in the General meeting."

The present clause" 7.3 of the SUDITI ESOP PLAN 2011"

"Subject to Clause 16 below, the maximum number of Options Granted to any Participant of the Plan shall not exceed 85,200 (Eighty Five Thousand Two hundred) at the time of the Grant."

The above Clause 7.3 shall be substituted with the following clause:

"Subject to clause 16 below, the maximum number of options granted to any participant of the plan shall not exceed 166743 (One Lakh Sixty Six Thousand Seven Hundred Forty Three) at the time of grant."

The present clause" 9.1 of the SUDITI ESOP PLAN 2011"

"Subject to Clause 11.9 below and Clause 12 below and continued employment of the Participant with the Company, the Unvested Options shall vest with the Participant, unless Committee decides otherwise and in compliance of the Committee's decisions as per Clause 9.2 below, in accordance with the following schedule:

- (a) Upto 10% (ten per cent.) of the total Options Granted shall Vest on the first anniversary of the Grant Date.
- (b) Upto 15% (fifteen per cent.) of the total Options Granted shall Vest on the second anniversary of the Grant Date;
- (c) Upto 20% (twenty per cent.) of the total Options Granted shall Vest on the third anniversary of the Grant Date;
- (d) Upto 25% (twenty five per cent.) of the total Options Granted shall Vest on the fourth anniversary of the Grant Date;
- (e) Upto 30% (thirty per cent.) of the total Options Granted shall Vest on the fifth anniversary of the Grant Date.

The above Clause 9.1 shall be substituted with the following clause

"Subject to clause 11.9 below and clause 12 below and continued employment of the participant with the company, the unvested options shall vest with the participant, unless committee decided otherwise and in compliance of the committee's decision as per clause 9.2 below, in accordance with the following schedule:

"The total number of the options granted shall vest in full on the first anniversary of the grant date."

CERTIFIED TRUE COPY
For SUDITI INDUSTRIES LTD.

CHAIRMAN & MANAGING DIRECTOR

Twenty-Fifth Annual Report 2015 - 2016

- 6 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of section 94 and all other applicable provisions of the Companies Act, 2013 (as amended) ('the Act') read with the rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the relevant provisions of the Articles of Association of the company and subject to other applicable provisions and regulations as may be applicable, or such other approvals as be necessary, approval of the members be and is hereby granted for keeping any one or more of the Index of Members, debenture holders and other security holders if any, the Register of members and other related transfer registers or memorandum of transfers/ transmissions together with the copies of the certificates, share certificates and other documents required to be annexed thereto, of the company at the office of the Registrar and Share Transfer Agent of the company (presently Sharex Dynamic (India) Pvt.Ltd, located at Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed pool. Andheri East Mumbai – 400 072) as may be appointed from time to time by the board on the recommendation of the board committees as may be authorized by the board from time to time, instead of keeping the same at the Registered office of the company."

"RESOLVED FURTHER THAT the such Indices, Registers, Memorandum, certificates, and other relevant documents shall be kept open for inspection, at the office of the Registrars and Share transfer Agent of the company by persons entitled thereto between 11.00 A.M. to 3.00 P.M. on all working days other than Saturdays and holidays, except when such Registers are closed under the provisions of the Act or any regulations as may be applicable from time to time.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty or doubt that may arise in this regard or to delegate all or any of the powers conferred on it by or under this Resolution to any committee of Directors of the company or to any Director of the company or the Company Secretary or any other officer(s) or employee(s) of the company as it may consider appropriate in order to give effect to this Resolution."

By Order of the Board of Directors
For **SUDITI INDUSTRIES LIMITED**

H.Gopalkrishnan
Company Secretary & V.P. Finance

Place : Mumbai
Dated : 08/08/2016

NOTES:

- 1 Since the promoters and promoter group/PAC have expressed their desire in writing to waive their entitlement on the profit distribution in the form of dividend if any declared by the

company for the year 2015-16, the Board has recommended a dividend, exclusively on the portion of the equity capital held by the public as on 31st March 2016 at the rate of Rs.0.70 per Equity Share of the company.

- 2 A member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy form to be valid shall be deposited with the company not later than forty eight hours before the time for holding the meeting. E voting procedures and instructions circular are sent along with the Notice.
- 3 The relevant details in respect of Item No.3 pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are annexed hereto.
- 4 The Register of members and the Share Transfer Books of the Company will remain closed from Friday the 23rd September, 2016 to Friday the 30th September, 2016 (both days inclusive) for the purpose of payment of dividend.
- 5 Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
- 6 To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company/ Registrar and Transfer Agents M/s. Sharex Dynamic (India) Pvt. Ltd. under the signature of the sole/first joint holder, the following information, so that the Bank Account No., Name and Address of the Bank can be printed on the dividend warrants:
 - 1) Name of Sole / First Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of Bank
 - ii) Name of Branch
 - iii) Complete address of Bank with Pin Code
 - iv) Account type, whether Saving Account (SB) or Current Account (CA)
 - v) Account No. allotted by the Bank.
- 7 Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- 8 Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- 9 All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

SUDITI INDUSTRIES LTD



Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable Secretarial Standards) is given below:

Name of Director	Smt Sanjula Sanghai
DIN	00049344
Date of Birth	17.06.1967
Age	About 49 years
Date of Appointment	29.09.2015
Expertise in specific Functional areas	Smt. Sanjula Sanghai has wide experience in administration of business & marketing of textile & other articles
Qualifications	Graduate
Directorships held in other companies (Excluding Foreign Companies)	Lifeline Micro Processors Pvt. Ltd. Citer Holdings Pvt. Ltd. White Rose Finvest Pvt. Ltd. Provincial Housing & Property Ltd. Balaji Prints Limited Bow Balaleshwar Minings Pvt. Ltd. Cipolin Investments Private Ltd.
Committee position held in other companies	NIL
No. of Shares held in the company	NIL
Relationship between director inter-se	Smt. Sanjula Sanghai is not related to any director of the company.
Other Details	Details of number of meetings attended, remuneration drawn, etc, committees represented in the Company are given separately in Corporate Governance Report.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act"), sets out all material facts relating to the business mentioned at Item Nos.5 to 6 of the accompanying Notice dated August 8, 2016:

Item No.5:

The shareholders had approved the Suditi Employees Stock Option Plan 2011 (SUDITI ESOP PLAN 2011) recommended by the Board in the Twentieth Annual General Meeting held on 2nd September 2011. In the plan as per Clause 7.3 the maximum number of options granted to any participant of the plan shall not exceed 85,200 (Eighty Five Thousand Two hundred) being 1% of the capital as the share capital at the time of formation of the plan was Rs.852 lakhs consists of 8520000 shares. Subsequently the number of shares has increased from 8520000 shares to 16763233 on account of issue of shares on Rights basis and exercise of option by the employees. Accordingly the Clause 7.3 the maximum number of options granted to any participant of the plan is now revised to 166743 shares (One Lakh Sixty Six Thousand Seven Hundred Forty Three) from 85200 shares as stated earlier in the plan. Further some of the beneficiary employees have appealed to the Compensation Committee set up by the board for overseeing and managing the SUDITI ESOP PLAN 2011, to modify the present schedule of vesting the options in a phased manner as stated in the clause 9.1 of the Suditi Employees Stock Option Plan 2011.

The present schedule of vesting followed over a period of 5 years in different proportions (10% in the first year, 15%, 20%, 25% & 30% respectively in 2nd, 3rd, 4th and 5th year), shall be revised and accordingly hereafter any number of options granted to the eligible employees shall be vested in total and complete after one year from the date of grant instead of vesting the same in various stages. The committee after considering various factors recommended to the Board to revise the basis of vesting from five stages into one stage of the entire options granted. Accordingly the Board after considering the recommendation of the committee as well as other various applicable rules and regulations accepted the proposal in their meeting held on 8th August 2016. Since the proposal requires some modification in the Plan though not a major one, needs the approval of the members by way of special resolution to give effect to the proposal before incorporating the same in the plan.

None of the Directors or Key Managerial Personnel of the Company or their relatives, other than the Company Secretary (to the extent of his outstanding employee stock options in the company) are in any way, concerned or interested, in the resolution set out at Item No.5 of the Notice.

The Board recommends the Special resolution set out at item no 5 of the Notice for approval by the members.

Item No.6:

The company has close to 11000 members and presently the Register of members are kept at the Registered office of the as per the requirements of the Companies Act 2013. However this poses logistical problems to the company as the entire share transfer and other share related activities are carried out at the Registrars & Transfer Agents office and the same needs to be transferred to the registered office regularly to update. As this was creating a duplication of work and wastage of expenses involved in maintaining the same, it is now proposed to transfer and maintain the Register of members and other share related transfer documents at the office of the Registrars & Transfer Agents M/S. Sharex Dynamic (India) Pvt. Ltd., located at Unit-1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri East, Mumbai - 400072. The proposed resolution also enables the Board of Directors of the company (which term shall be deemed to include any committee thereof), to keep and maintain the Register of members and share transfer registers and books at the R&T Agents office whomsoever may be assigned this job from time to time at whichever place they operate.

None of the Directors or Key Managerial Personnel of the Company or their relatives, is in any way, concerned or interested, in the resolution set out at Item No.6 of the Notice.

The Board recommends the Special resolution set out at item no. 6 of the Notice for approval by the members.

By Order of the Board of Directors
For **SUDITI INDUSTRIES LIMITED**

H.Gopalkrishnan
Company Secretary & V.P. Finance

Place : Mumbai
Dated : 08/08/2016

Registered Office:

A-2, Shah Nahar Estate,
Unit No.23/26, Lower Parel,
Mumbai – 400 013.

Twenty-Fifth Annual Report 2015 - 2016

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

VOTING THROUGH ELECTRONIC MEANS - INSTRUCTIONS

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to offer e-voting facility to members to exercise their votes electronically on all resolutions set forth in the notice convening the Twenty Fifth Annual General Meeting to be held on Friday the 30th September, 2016 at 3.30 p.m. The company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.

The company has appointed Shri. Shiv Hari Jalan, Company Secretary as the scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 23rd September, 2016.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Tuesday the 27th September, 2016 (9.00 a.m. Indian Standard Time) and ends on Thursday the 29th September, 2016 (5.00 p.m. Indian Standard Time)**. 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) of 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (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) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If 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) Click on the EVSN for the relevant Suditi Industries Limited on which you choose to vote.
- (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 Demat account holder has forgotten the same 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. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note 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 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.
- Other Information:-**
- (i) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of 23rd September, 2016.
- (ii) Since the company is required to provide members the facility to cast their vote by electronic means, shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date and not casting their vote electronically, may cast their vote at the AGM venue. Facility will be available at the venue.
- (iii) The scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, first count the votes at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the chairman.
- (iv) The chairman shall declare the result of the voting forthwith. The results declared along with the scrutinizer's report shall be placed on the company's website www.suditi.in and on the website of CDSL and shall simultaneously forward the results to BSE Limited.
- (v) Voting will be provided to the members through e-voting and/or at the AGM venue. A member can opt for only one mode of voting i.e. either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.

Twenty-Fifth Annual Report 2015 - 2016

DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Fifth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2016 and the Profit and Loss Account for the year ended on that date.

Financial Results: (Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2016	Previous Year Ended 31.03.2015
Export Sales	10.15	29.99
Local Sales	8044.09	6960.00
Other Income	56.71	57.18
Gross income	8110.95	7047.17
Profit before Interest and Depreciation	736.05	565.24
Finance Cost	298.55	250.24
Profit after Finance Cost	437.50	315.00
Depreciation	173.90	194.27
Profit / (Loss) before Tax	263.60	120.73
Provision for Tax	222.43	23.05
Profit / (Loss) after Tax before extra ordinary items	41.17	97.68
Extra Ordinary Items (Net)	105.50	(3.56)
Net Profit	146.67	97.68
Add: Brought forward from the previous year	901.23	832.27
Transfer to General Reserve	-	-
Amount available for appropriation	1047.90	926.39
Proposed Dividend	29.35	20.97
Tax on Proposed Dividend	6.06	4.19
Balance carried to Balance Sheet	1012.49	901.23

Dividend:

In order to balance the growth and developmental activities of the company as well as to fulfill the aspirations of the public stakeholders, the promoters have in writing waived their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2015-16. Accordingly the Board after considering all these aspects has recommended a dividend for the year under review at the rate of Rs.0.70 per Equity Share only on the portion of the paid up equity capital held by the public as on 31st March 2016. No amount has been transferred to General reserve from the profits for the year 2015-16.

Operations:

The company has registered substantial improvement in the overall performance during the year under review in comparison to previous year. The company has achieved an increase of over 15% in the sales figures and a substantial increase of around 118% in the net profits before tax in comparison to previous year. During the year the Retail division has given a significant contribution towards the growth in the sales and overall profit of the company in comparison to the previous year. However the performance of the Retail division separately as a division needs to be improved further to bring the same on anticipated levels. Consequently the company had to absorb some amount of the losses generated by the Retail business activities. Because of this the overall profit recorded by the company is lower than the projections for the year under review. The improved economic conditions in the country augur well for the textile sector and in general there is optimism prevailing

all over the country, even though the situations continued to remain grim in the other part of the world. Hence the export of textile goods still needs to gain momentum which again depends largely on global factors. Since the company has a strong presence in the domestic market there is no negative slide in the sales growth. However for the retail division the company needs to give further thrust in the development of product ranges in the licentiate items as well as the marketing network.

The company continued to take necessary measures to strengthen the operations of the Retail division to make it a profitable business. Many unviable outlets selectively chosen in various formats were either discontinued or converted into own stores to bring better management in the operation. The company is now giving major thrust to expand the business through on line sales network like Flip kart, Jabong, Myntra etc. Further the company is also using other social network to expand the reach of the products to the actual users as well as to increase the sales network through other media like Television channels and other social media. Finally regarding the pending EPCG License issue, the company is actively pursuing the case with DGFT office to resolve the matter at the earliest.

Export Sales:

The textile export market remained sluggish throughout the year because of economic slowdown in almost all parts of the world. Apart from this, the preferential trade regime followed by some leading importers of textile goods, has a negative impact on the growth of export trade in the world. Hence the export performance for the year is not as per the estimates made by the company. Because of these factors, the company continued to remain focused maximum in the local market. The negligible exports were mainly sent in the form of finished fabrics to neighboring countries like Bangladesh. The company is now making all-round efforts to increase the volume of fabric shipments to Bangladesh which again depends upon the global economic conditions as Bangladesh mainly caters to the export market. The company still pursue with some export promotion agencies to explore the possibility of developing new markets in African and Far East countries. However much depends upon the positive changes in the global economic conditions particularly in the US and European economies. The company still pursues its objective to achieve the target of exporting 50% of its capacity to the overseas customers with better value addition. Similarly efforts are made with various reputed buyers to align with their brands in the overseas market to promote the exports in large volume.

The company also takes initiatives to develop export potential by taking active participation in various international Fairs/exhibitions as well as selling garments by using the brand and logos of some important sports clubs/events. The company has started selling garments in the local market under licentiate arrangements by executing agreements with some reputed football clubs in Europe. In the future the company may be able to enhance the scope of the sales through these arrangements in the other part of the world. Once the present turmoil in the global market is settled, India can look forward to have a better market share than other competitors in the global markets. Hence the prospects for the company are good in terms of better unit value realization and volume. Besides this, the company has developed capability to make better product range particularly in printed and embroidery varieties. In view of these, company continues to follow its plans to increase the exports business in sizable volume in the future.

New Licentiate Rights:

The company has developed and produced wide range of garments under licentiate rights executed with globally well known football clubs like FC Barcelona, Manchester City, and Real Madrid. These brand LOGOS are embossed on the garments under licentiate



rights acquired for India. The overall response is very good and encouraging. The company has now acquired adequate experience and expertise in this particular style of production. Hence the company has now associated with "YouWeCan" backed by celebrity cricketer Mr. Yuvraj Singh to create a clothing line under YWC label. For the company this is the first such venture and anticipates a good outcome from this venture. The company is now also exploring other avenues in the similar lines to promote the sales with better value addition.

Expansion:

The management continues to maintain the plan adopted earlier in respect of expansion plan and accordingly the company has not undertaken any new projects during the year under review. Further in the prevailing economic conditions, there will not be any major expansion plan in the current year some except addition of balancing equipments and replacement of old machineries and equipments. The remaining portion of the funds available for retail expansion plan as proposed in the Rights issue offer documents is utilized completely and hereafter any utilization of the funds for the Retail expansion will have to be financed by the company from its own sources.

Human Resources & Industrial Relations:

Human resources are one of the most important assets for the company. Efforts are made systematically in attraction, retention and development of talent as an ongoing process. A number of programs are made that provide focused people attention. The thrust is on the promotion of talent internally through job rotation and job enlargement. The Industrial relations with the employees at the Company's plant at MIDC, TTC Industrial Area, Pawne Village; Navi Mumbai and in the other locations continue to remain healthy and cordial.

Share capital:

During the year under review, the company has not issued any class of shares like shares with preferential rights or sweat equity shares and accordingly there is no change in the Subscribed and Issued capital. However after the closing of the financial year 2015-16, the company in the month of May 2016, has issued 88930 shares to employees under SUDITI ESOP PLAN 2011.

Suditi Employee Stock option Plan 2011 (Suditi ESOP 2011):

The company had granted options to the employees in the year 2013 under the Suditi Employee Stock Option Plan 2011. Each option is equal to one share at par (Rs.10/- each) being the price fixed for exercising the right. To facilitate the employees to exercise their right to buy the options granted to them, the Company has divided the total options granted on certain prescribed basis over a period of 5 years. The share arising on exercise of the options shall be subject to a lock in period of 1 year from allotment. The three parts of the grant has been vested till the date of 31st March 2016. The revised details are as follows:

Granted		Accepted		Rejected		Vested
No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	No of Employees	Total options	Upto third part of Grant
83	350800	20	253200	63	97600	103000

The disclosure of the details is as follows:-

- Options granted & accepted; 253200
- The pricing formula: At par
- Options vested: 103000
- Options exercised: During the year under review, no employee has exercised their options under the Scheme. However during the current year in the month of May 2016, 12 employees have exercised their options under the SUDITI ESOP PLAN 2011.

- The total number of shares arising as a result of exercise of option: During the year under review, there were no shares allotted as there were no exercise of options. During the current year in the month of May 2016, the board allotted 88930 shares on the recommendation of the Compensation Committee for 12 employees on exercise their options under SUDITI ESOP PLAN 2011.
- Options lapsed: 97600
- Variation of terms of options: NA
- Money realised by exercise of options: Nil
 - Total number of options in force: 253200
 - Employee wise details of options granted to:
 - Senior managerial personnel: 243500 (includes 35000 options granted to Company Secretary & V.P. (F) and no Director is granted any options under Suditi ESOP Plan 2011).
 - Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year: Nil
 - identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: Nil
- Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share': No options are exercised till date.
- Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed: The impact on account of this will reduce the profits by Rs.1574753/- and accordingly on proforma basis the company's basic and diluted earnings would have been Rs.0.79 and Rs.0.78 respectively:
- Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock: NA
- A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:
 - Risk-free interest rate: 6.31%
 - Expected life: 5 years
 - Expected volatility: 5.59%
 - Expected dividend: Rs.0.70 per share
 - The price of the underlying share in market at the time of option granted: Rs.7.68

Particulars of Employees

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details are stated separately in the Managerial Remuneration.

Meetings:

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year four Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Twenty-Fifth Annual Report 2015 - 2016

Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Independent Directors have reviewed the performance of all the Directors including their own performance, as well as the evaluation of the working of its Audit committee, Nomination & Remuneration committee and other Compliance Committees. The details are provided in the Corporate Governance Report.

Declaration by an Independent Director(s) and re-appointment, if any:

A declaration by an Independent Director(s) that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been submitted to the Board in the first Board Meeting for the year 2016-17. An independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee follows a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Managerial Remuneration:

- A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. (Enclosed as Annexure II).
- B) Details of the every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The statement of the name of the top ten employees of remuneration drawn is given in Annexure II). Further the statement showing the requisite information pursuant to the Companies (Appointment of Managerial Personnel) Rules 2014 is not annexed herewith as there are no employees covered by the rule (2) (i)(ii) & (iii).
- C) Any director who is in receipt of any commission from the company and who is a Managing Director or Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report. Nil
- D) There are no disclosures to be made as the directors except the Chairman & Managing Director, are not in receipt of any remuneration or stock options other than sitting fees and reimbursement of expenses incurred for attending the meeting. The details are furnished separately in the corporate governance report.

Details of Subsidiary/Joint Ventures/Associate Companies:

The company has incorporated two subsidiaries in the month of March 2015 and the subsidiaries have commenced their business from April 2015. One of the subsidiaries M/s. Suditi Design Studio Limited has commenced sales business activities while the other subsidiary M/s. Suditi Sports Apparel Limited is yet to commence their sales business operations. The details pursuant to sub-section (3) of section 129 of the Act, containing the salient feature of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures etc are annexed herewith. The Company has also presented the

Consolidated Financial Results along with the Standalone Financial Results of the Company for the first time. The Consolidated Financial Results are the combined performance of the Company along with its Subsidiaries and the details of the same are provided along with Notes to Accounts.

Summary of Sales: (Rs. in Lakhs)

Particulars	Suditi Industries Limited	Suditi Design Studio Limited (Subsidiary)	Suditi Sports Apparel Limited (Subsidiary)	Consolidated
Sales	8110.95	524.70	-	8565.89
Profit	146.67	(16.88)	-	129.99

The growth in the Business activities of the Subsidiaries will help the Company to increase the sales volume of the Company as the Subsidiary also sources their part of the material requirement from the Company at the best prevailing market rate on arms length basis. In addition to this it also provides value addition to the Company in the Market apart from building brand value. It enables the Company to ensure focused attention to the certain market segment which otherwise not catered or explored by the Company.

Deposits:

The Company has not accepted any deposits within the meaning of Section 73 & 76 of Companies Act, 2013 and the rules made there under.

Energy, Technology and Foreign Exchange:

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 134 (3) (m) of the Companies Act, 2013 is given in the **Annexure I** forming part of this report.

Directors & the Key Managerial Personnel:

In accordance with the provisions of section 152 of The Companies Act, 2013, Smt. Sanjula Sanghai retire by rotation at the forthcoming Annual general meeting and being eligible offer herself for reappointment. Further the company is in the process of appointing a Chief Financial Officer (CFO) internally to take over the functions of CFO which hitherto was held by Chairman & Managing Director.

Directors' Responsibility Statement:

The Directors hereby confirm: -

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a 'going concern' basis;
- v) That the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and;
- vi) That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and were operating effectively;