



SUDITI INDUSTRIES LTD.

# 26<sup>TH</sup> ANNUAL REPORT

2016-2017

OFFICIAL APPAREL LICENSEE



## 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

Tel No.67368600 / 10 | Fax No. 27683465

E mail: cs@suditi.in | Website: www.suditi.in

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## 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),

Tel No.28515606 / 28515644 / 28528087

E mail:sharexindia@vsnl.com

Website:www.shareindia.com

## TWENTY SIXTH ANNUAL GENERAL MEETING

Friday the 29th September, 2017 at  
11:30 a.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



**MEETING:**

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held on Friday the 29<sup>th</sup> September 2017 at 11.30 a.m. at Walchand Hirachand Hall, 4<sup>th</sup> 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 31<sup>st</sup> March, 2017 and the statement of Profit & Loss Account of the Company for the financial year ended 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017.
- 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 Appointment of 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 the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed there under, as amended from time to time, and pursuant to the recommendations of the Audit Committee and the board of Directors, M/s. Chaturvedi & Partners., Chartered Accountants (ICAI Firm Registration No.307068E) be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Thirty First AGM of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of pocket, travelling and living expenses, etc., to be fixed by the Board of Directors on a mutually agreed terms between the Board of Directors of the Company and the Auditors."

**SPECIAL BUSINESS:**

5. TO INCREASE THE AUTHORISED SHARE CAPITAL OF THE COMPANY:  
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of Section 61(1)(a) of the Companies Act, 2013, and any other applicable provisions and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the Authorized share capital of the Company be and is hereby increased from Rs.18,00,00,000/- (Rupees Eighteen Crores only) divided into 1,80,00,000 (One Crore Eighty Lakhs only) equity shares of Rs.10/- each to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crore Fifty lakhs only) equity shares of Rs.10/- each by creating additional 70,00,000 (Seventy Lakhs only) equity shares of Rs.10/- each.  
"RESOLVED FURTHER THAT the new equity shares shall rank pari passu with the existing equity shares."  
"RESOLVED FURTHER THAT, Shri. Pawan Agarwal, Chairman & Managing Director, and, or, the Company Secretary and compliance officer of the company be and are hereby severally authorized to take all steps for giving effect to the aforesaid resolution."

6. TO AMEND THE MEMORANDUM OF ASSOCIATION:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION

**RESOLVED THAT** the consent of the Company be and is hereby accorded under provisions of section 13 of the Companies Act, 2013, the existing Clause V of Memorandum of Association of the Company be substituted with the following clause:

The Authorised share capital of the company is Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crores Fifty lakhs) equity shares of Rs.10/- (Rupees Ten only) each. The company has power, from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the company and to vary, modify or abrogate any such rights, privilege or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the company or the legislative provisions for the time being in force in that behalf.

**"RESOLVED FURTHER THAT,** Shri. Pawan Agarwal, Chairman & Managing Director, and, or, the Company Secretary and compliance officer of the company be and are hereby severally authorized to take all steps for giving effect to the aforesaid resolution."

7. 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 3.10 of Employee means under clause 3 definitions" 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" 3.10 of the SUDITI ESOP PLAN 2011"

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"Employee" means

- a permanent employee who is on the payroll of the company working in or out of India;
- a director of the company, whether a whole time director or not;

The above Clause 3.10 shall be substituted with the following clause:

"Employee" means

- a permanent employee who is on the payroll of the company or its subsidiary companies working in or out of India;
- a director of the company or its subsidiaries, whether a whole time director or not;

"RESOLVED FURTHER THAT the Board of directors or board constituted committee (Compensation Committee) be and is hereby authorized to amend, alter or modify the terms and conditions while issuing the Equity Shares on exercise of the options by the employees in due compliance with the guidelines prescribed by the provisions of the Companies Act 2013 and the rules framed there under including the applicable modifications and amendments as well as the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as well as Suditi Employees Stock Option Plan 2011 and other relevant regulations and acts in force."

"RESOLVED FURTHER THAT the Board of directors is authorized to take all necessary actions in this respect 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 : 09/08/2017

### NOTES:

- 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 2016-17, the Board has recommended a dividend, exclusively on the portion of the equity capital held by the public as on 31<sup>st</sup> March 2017 at the rate of Rs.0.50 per Equity Share of the company.
- 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.
- 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.
- The Register of members and the Share Transfer Books of the Company will remain closed from Saturday the 23<sup>rd</sup> September, 2017 to Friday the 29<sup>th</sup> September, 2017 (both days inclusive) for the purpose of payment of dividend.
- Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.

- 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.

- 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.

- Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.

- 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.

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 7 of the accompanying Notice dated August 9, 2017:

**Item No.5 & 6:**

The Company proposes to raise funds in the future by issuing further equity shares on Rights/preferential basis/private placement/ Qualified Institutional Placement (QIP)/ Convertible Debentures and any such other method including offer for sale in the market or in one or more combination thereof. The existing Authorized Capital of the Company is Rs.18,00,00,000/- (Rupees Eighteen Crores only) which consists of 1.80 crores equity shares of Rs.10/- each only. Since the present limit of Authorized Capital would not be adequate to cover any such amount of issue in the future as referred above. In view of this, the Company proposes to increase the existing Authorized Equity Share Capital from Rs.18,00,00,000/- (Rupees Eighteen Crores only) to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) by creating additional 70,00,000 (Seventy Lakhs only) equity shares of Rs.10/- each thereby increasing the existing Authorized Capital from Rs.18,00,00,000/- (Rupees Eighteen Crores only) to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crore fifty lakhs only) equity shares of Rs.10/- each. The proposed increase in Authorized Capital will consequently require alteration in Capital clause V of Memorandum of Association of the Company. The Ordinary resolution is therefore proposed at item no. 5 of the notice to increase the Authorized Share Capital of the Company and Special resolution is proposed at item no 6 of the notice for making necessary alterations in Capital clause V of Memorandum of Association of the Company. The Directors recommend these Resolutions at Item No.5 & 6 of the accompanying notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution.

**Item No 7.**

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 2<sup>nd</sup> September 2011 and subsequently modified by the members vide special resolution passed in their Twenty Fifth Annual General Meeting. Originally when the plan was approved, the company has considered only the employees working with the company and entered their name on the payroll of the company. Subsequently the company has incorporated two subsidiary companies namely Suditi Design Studio Limited and Suditi Sports Apparel Ltd in order to provide more focused attention on certain particular product segment of the apparel business. The contribution made by those employees is also of paramount importance to the company as the growth of the subsidiaries also helps in the growth of the parent company. Therefore contribution made by the employees of those subsidiary companies need to be recognized and rewarded. Since the proposal requires some modification in the Plan though not very 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 employees of the Subsidiary companies to the extent of their entitlements in the plan is in any way, concerned or interested, in the resolution set out at Item No.7 of the Notice.

The Board recommends the Special resolution set out at item no.7 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 : 09/08/2017

Registered Office:

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

**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 Six Annual General Meeting to be held on Friday the 29<sup>th</sup> September, 2017 at 11.30 a.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 22<sup>nd</sup> September, 2017.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on **Tuesday the 26<sup>th</sup> September, 2017 (9.00 a.m. Indian Standard Time) and ends on Thursday the 28<sup>th</sup> September, 2017 (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 22<sup>nd</sup> September, 2017, 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](http://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](http://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:

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For Members holding shares in Demat Form and Physical Form	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>DOB</b>	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.
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>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)</li> </ul>

(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. 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](http://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](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 22<sup>nd</sup> September, 2017.

(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](http://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.

## SUDITI INDUSTRIES LTD



### DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2017 and the Profit and Loss Account for the year ended on that date.

### Financial Results: (Standalone)

(Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2017	Previous Year Ended 31.03.2016
Export Sales	3.61	10.15
Local Sales	10474.21	8044.09
Other Income	39.37	56.71
Gross income	10517.19	8110.95
Profit before Interest and Depreciation	834.42	736.05
Finance Cost	290.79	298.55
Profit after Finance Cost	543.63	437.50
Depreciation	178.91	173.90
Profit / (Loss) before Tax	364.72	263.60
Provision for Tax	146.27	222.43
Profit / (Loss) after Tax before extra ordinary items	218.45	41.17
Extra Ordinary Items (Net)	-	105.50
Net Profit	218.45	146.67
Add: Brought forward from the previous year	1012.49	901.23
Transfer to Securities Premium / ESOP	30.68	-
Amount available for appropriation	1261.62	1047.90
Proposed Dividend	-	29.35
Tax on Proposed Dividend	-	6.06
Balance carried to Balance Sheet	1261.62	1012.49

### 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 2016-17. Accordingly the Board after considering all these aspects has recommended a dividend for the year under review at the rate of Rs.0.50 per Equity Share only on the portion of the paid up equity capital held by the public as on 31<sup>st</sup> March 2017. No amount has been transferred to General reserve from the profits for the year 2016-17.

### 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 around 30% in the sales figures and a substantial increase of around 38% in the net profits before tax in comparison to previous year. During the year the Retail division continues to make substantial contribution towards the growth in the sales and also brought down the operational losses in comparison to the previous year. However the outlook of the Retail business separately as an independent business unit needs to be examined based on the prevailing economic and market conditions. Overall the business sentiment slightly became pessimistic due to various factors particularly from November

2016. Global economic conditions are still remaining weak due to the factors like protectionist measures followed in different part of the world. The company had anticipated a much better margin levels from retails business but had to offer very high level discounts to remain competitive in the market. Hence 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. In spite of all these developments, the country is in anticipation of improved economic conditions which can augur well for the textile sector and in general there is still great amount of optimism prevailing all over the country. The government is likely to come with new textile policy in view of lower absorption of the work force than anticipated. Further since the company is catering to the domestic market and it has a strong presence in the domestic market, there is no negative slide in the sales growth. However for the improvement of retail division the company is taking all possible measures particularly giving major thrust in the development of product ranges in the licentiate segments as well as in the development of the marketing network in other formats.

The company has taken various measures to strengthen the operations of the Retail division to make it a profitable business. The company has discontinued the Exclusive Business Outlets (EBO) and the focus is now more on the Large Format Stores (LFS), Multi Brand Outlets (MBO) and on line platform. Further the company is also plan to add more licentiate brand under the licentiate product segment. This will eventually help the Retail Division to improve their margins substantially. Finally regarding the pending EPCG License issue, the company has successfully redeemed one license where the liability of the company was substantial on account of the usage of the license amount and is now actively pursuing the case with DGFT office to resolve the other license at the earliest where the usage of the amount is very small in comparison to the redeemed one.

### Export Sales:

The textile export market remained sluggish throughout the year because of continued economic slowdown in almost all parts of the world. Apart from this, the unhealthy competition followed by some leading textile goods manufacturing countries, has created a negative impact on the price segment of the textile items. 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 domestic market. Overall the exports sales are not significant and these were mainly sent in the form of finished fabrics to neighboring country Bangladesh. The company continues its efforts to increase the volume of fabric shipments to Bangladesh and other neighboring countries and this largely depends on the global economic conditions as these countries in turn converts the fabric into garments for the export market. The company hopes for a breakthrough in its efforts to explore the possibility of developing new markets in African and Far East countries. However ultimately the positive changes in the global economic conditions particularly in the US and European economies can only pave the way for the growth of the global textile market. The company has now scale down the target of export from 50% to one-fourth of its capacity to the overseas customers with better value addition as the domestic market is becoming more attractive than export market for certain varieties of textile materials. Simultaneously the efforts are made to establish links with various reputed buyers to align with their brands in the overseas market to promote the exports in large volume.

In spite of the downward trend in the global textile market, the company continues to take active participation in various international Fairs/exhibitions. Once the stability in the global market is established, India can look forward to have a better market share than other competitors in the global markets. Hence the

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prospects for the company in respect of exports sales are still looking good in terms of better unit value realization and volume. Besides this, the company has the capability to make wide and better range of products particularly in printed and embroidery varieties. In view of these, company continues to follow its plans to increase the exports business both in volume and value.

### 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 media leaders like MTV. These brand LOGOS are embossed on the garments under licentiate rights acquired for India. The company is now a recognized name in this particular segment of garments. The company is fully aware of the strengths and weakness of this brands and accordingly a well thought out plan is there to add more such licentiate arrangements to ensure that there are always some effective brands under its umbrella throughout the period to ensure that even if some brands crosses its shell life, there are other brands to take the sales business forward without effecting the growth momentum of the company. Further the association with "YouWeCan" backed by celebrity cricketer Mr. Yuvraj Singh is also giving a big boost to the company in the sales as we have created a totally different clothing line under YWC label. Even though for the company this is the first such venture, the company has experienced encouraging response from the market and accordingly anticipates a good outcome from this venture in the next few years. The company is now also exploring other avenues on similar lines to promote the sales with better value addition.

### Expansion:

As decided by the management the company has not undertaken any new capital projects during the year under review. Further in the prevailing circumstances, there is no major expansion plan in the current year except some addition of balancing equipments and replacement of old machineries and equipments. Similarly for the Retail division even though the company plans for some expansion, the same will be managed without any additional investment of capital nature.

### Human Resources & Industrial Relations:

Human resources development is considered as one of the most important management function in the company. It consists of attraction, retention and development of talent in a systematic

manner as an ongoing process. Various programs are made that provide focused people attention. The emphasis is mainly 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:

The Board has approved the proposal to raise the Authorised capital from Rs.18 crores to Rs.25 crores. Since the company intend to raise funds in future through the issue of equity shares on preferential basis to investors/promoters/existing shareholders as well Qualified institutional placements, it has been decided to raise the Authorised capital to facilitate the same. Further during the year under review, the company has issued 88930 shares to employees under SUDITI ESOP PLAN 2011 in the month of May 2016 and accordingly the subscribed, issued and paid-up capital has increased from Rs.16.67 Crores to Rs.16.76 Crores. Apart from this, during the year under review, the company has not issued any class of shares like shares with preferential rights or sweat equity shares.

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

The company had made the first grant of options to the employees in the year 2013 under the Suditi Employee Stock Option Plan 2011. Apart from this, the company has further granted additional 13000 options in the year February 2017. In addition to this the company has also made another special grant of 111605 options in the month of February 2017 on the eve of Silver Jubilee year celebrations to some selected employees with long tenure as well as good record of service and contributed significantly towards the growth of the organization. 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 had earlier divided the total options granted on certain prescribed basis over a period of 5 years. However the same system is now discontinued in view of modification approved by the members in the Suditi Employee Stock Option Plan 2011 vide special resolution in the 25<sup>th</sup> Annual General Meeting. The share arising on exercise of the options shall be subject to a lock in period of 1 year from allotment. The four parts of the earlier grant has been vested till the date of 31<sup>st</sup> March 2017. The revised details are as follows:

Grant no.	Granted		Accepted		Rejected		Vested	Exercised	Lapsed	Balance vested
	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	Up to the Fourth part of Grant			
First	83	350800	20	253200	63	97600	154115	88930	21000	65185
Second	20	13000	20	13000	0	0	0	0	0	0
Silver Jubilee	38	111605	38	111605	0	0	0	0	0	0

The disclosure of the details is as follows:-

- Options granted & accepted; 377805
- The pricing formula: At par
- Options vested: 154115
- Options exercised: During the year under review, 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, 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 rejected and lapsed: 118600 (consists of 97600 options rejected and 21000 options lapsed)

- Variation of terms of options: NA
- Money realized by exercise of options: 889300
- Total number of options in force: 267875
- Employee wise details of options granted to:
  - Senior managerial personnel: 220950 (includes 34250 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





- (k) 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'.  
Rs.1.30.
- (l) 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.38,01,589/- and accordingly on proforma basis the company's basic and diluted earnings would have been Rs.1.08 and Rs.1.07 respectively:
- (m) 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
- (n) 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:
- (i) Risk-free interest rate: 6.69%
  - (ii) Expected life: 3 years
  - (iii) Expected volatility: 4.84%
  - (iv) Expected dividend: Rs.0.50 per share
  - (v) The price of the underlying share in market at the time of option granted: 1<sup>st</sup> grand Rs.7.68 and the second grand Rs.68.40.

**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.

**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 2017-18. 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 making 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 in terms 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. 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 (AOC-1), 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 in the Notes of the Accounts – Point 47. The Company has also presented the Consolidated Financial Results along with the Standalone Financial Results of the Company. 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	10517.19	2070.84	-	12464.38*
Profit	218.45	(6.21)	(3.18)	209.06**

\* Consolidated figures are arrived net of Inter Company Sales.

\*\* The Consolidated profit figures do not include minority interest.

The growth in the sales business activities of the subsidiaries has a direct impact on the performance of the holding company as they 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 increases the overall profitability of the

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holding company besides providing value addition and brand value to the Company in the Market. It enables the Company to ensure focused attention to the certain market segment which otherwise not catered or explored by the Company in the regular course of business.

### **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 developing and inducting a Chief Financial Officer (CFO) internally from the existing available resources to take over the function of CFO which is now held by the 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;

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2016-17.

### **Corporate Governance:**

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Regulation 34 & other applicable Regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (Listing Regulations), form part of the Annual Report.

### **Cost Audit:**

In view of the new Companies (Cost Records & Audit) Rules 2014 and amendment thereof, the company is now out of the purview of the Cost Audit Report Rules. Hence the company has not appointed any Cost Auditor for the year 2017-18.

### **Auditors:**

Pursuant to the provisions of section 139 of the Act and the rules framed thereafter, M/s. Chaturvedi & Co, Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the twenty third annual general meeting (AGM) of the Company held on September 12, 2014 till the conclusion of the Twenty Sixth AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. In view of the expiry of their term, the company has proposed to appoint another audit firm in the place of the existing auditor. The board after careful review and based on the recommendation of the Audit committee has selected and proposed M/s Chaturvedi and partners, Chartered Accountants as the auditors for a period of 5 years from the conclusion of this Annual general meeting till the conclusion of the thirty first Annual general Meeting. Accordingly necessary resolution to this effect is proposed in the notice calling 26<sup>th</sup> Annual General Meeting for the approval of the members.

### **Secretarial Audit Report:**

In terms of Section 204 of the Companies Act 2013 and the rules made there under, Shri. Shivhari Jalan Practising Company Secretary had been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure separately to this report. The report is self-explanatory and does not call for any further comment other than the explanation given on the appointment of Chief Financial Officer.

### **Internal Audit & Controls:**

The Company has appointed M/s. Ram Agarwal & Associates as the internal Auditor to carry out the internal audit functions including the task of suggesting and implementing the recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

### **Vigil Mechanism:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been made available to each and every stakeholder and the Company has designated two senior officials as Vigilance Officers to support the Vigilance Mechanism functions.

### **Risk management policy:**

A statement indicating development and implementation of a risk