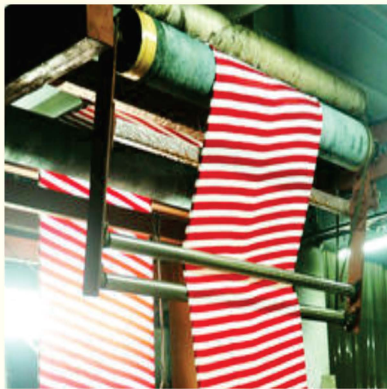
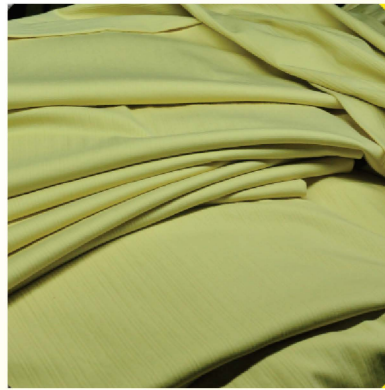
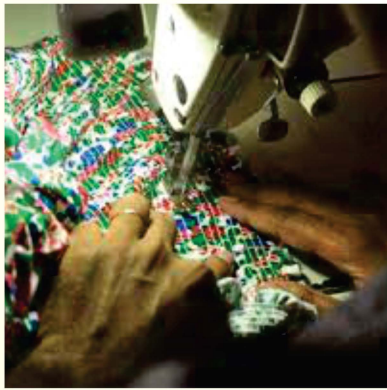




SUDITI INDUSTRIES LTD.



28th
ANNUAL REPORT
2018-2019



OFFICIAL APPAREL PARTNERS





MEETING:

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held on Monday the 30th September 2019, 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, 2019 and the statement of Profit & Loss Account of the Company for the financial year ended 31st March, 2019 both stand alone and consolidated and the Reports of the Directors and Auditors thereon.
- 2 To declare a dividend (of Rs. 0.20 per Equity Share of Rs. 10/- each) exclusively on the portion of the Equity Shares held by the public as on the record date for the financial year ended 31st March, 2019.
- 3 To appoint a director in place of Shri Pawan Agarwal (DIN No: 00808731), who retires by rotation and, being eligible, offers himself 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 reenactment(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 29th. September 2017, the appointment of M/s. Chaturvedi & Partners., Chartered Accountants (ICAI Firm Registration No.307068E) 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 2022 be and is hereby ratified and that the board of directors be and is hereby authorised to fix the remuneration plus GST, out-of pocket travelling and living expenses, etc., payable to them for the financial year ending March 31, 2020 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 pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. Vivek Gangwal (DIN No: 01079807), who was appointed as an Independent Director and who holds office of Independent Director up to March 31, 2019 and being eligible, and in respect of whom the Company has received Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years from April 01, 2019 to March 31, 2024 on the Board of the Company"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and other applicable Rules, Regulations, Guidelines, Notifications, Clarifications and circulars as may be in force from time to time and subject to such approvals, consents, sanctions and permissions as may be necessary, the members of the Company do hereby accord their approval to all contracts/agreements/ arrangements whether existing or to be entered into by the Company in future from time to time with the following parties."

Name of the Related Party	Nature of Relationship	Particulars of Contract	Period	Likely Amount of transaction per annum (in Rs.)
Chendur Dress Manufacturers Pvt. Ltd.	Company in which a Director is Interested	Sale of products & services. Purchase of fabrics grey & services.	2019-20 to 2023-24	6 crores
Chendur Enterprises	Entity in which a Director is Interested	Sale/purchase of Fabrics & Finished Garments including related & other services	2019-20 to 2023-24	30 Lakhs
Chendur Inc.	Entity in which a Director is Interested	Sale/purchase of Fabrics & Finished Garments including related & other services	2019-20 to 2023-24	30 Lakhs
Velaxmi Exim LLP	Limited Liability Firm in which a Director is Interested	Sale/purchase of Fabrics & Finished Garments including related & other services	2019-20 to 2023-24	50 lakhs

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RESOLVED FURTHER THAT following points be noted and approved w.r.t aforesaid contract:

- (i) The contract is competitive, at arm's length price, without conflict of interest and not less advantageous to as compared to similar contracts with other parties.
- (ii) The company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon and has filed its up to date Balance Sheets and Annual Returns with the Registrar of Companies.
- (iii) All factors relevant to the contract have been considered as mentioned above.
- (iv) There are no advance payments made or received in respect of above transactions.

"RESOLVED FURTHER that the transactions with all the related parties including those already approved by the shareholders in the earlier general meetings shall include sale or purchase of all types goods and materials as well as services whether directly related with the products sold or purchased by the company or not and the Board of Directors be and is hereby authorised to undertake all such acts, deeds, matters and things to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, to enable this resolution, and to settle any question, difficulty or doubt that may arise in this regard."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any Director of the Company 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

Place: Mumbai
Dated: 08/08/2019

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 2018-19, the Board has recommended a dividend, exclusively on the portion of the equity capital held by the public as on the record date at the rate of Rs.0.20 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 & 5 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 Tuesday the 24th September, 2019 to Monday the 30th September, 2019 (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.

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	Shri. Vivek Gangwal
DIN	01079807
Date of Birth	17.12.1970
Age	About 49 years
Date of Appointment	16.03.2003
Expertise in specific Functional areas	Shri Vivek Gangwal has vast experience and knowledge in the various aspects of primary and secondary market operations, port folio management, and equity research. His experience span over a period of more than 25 years and also traveled for enhancing and sharing his wide business experience.
Qualifications	Qualified Chartered Accountant
Directorships held in other companies (Excluding Foreign Companies)	Soba Infosec Pvt. Ltd. Shree Swami Leela Developers Pvt. Ltd.
Committee position held in other companies	NIL
No. of Shares held in the company	NIL
Relationship between director inter-se	Shri Vivek Gangwal 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.



Name of Director	Shri. Pawan Agarwal
DIN	00808731
Date of Birth	19.02.1965
Age	About 54 years
Date of Appointment	12.09.1991
Expertise in specific Functional areas	Shri Pawan Agarwal has more than three decades of experience in the finance, marketing & other related matters particularly with reference to manufacture and export of garments.
Qualifications	A graduate in Commerce
Directorships held in other companies (Excluding Foreign Companies)	R. Piyairell Pvt. Ltd. Lehar Investrade Pvt. Ltd. Intime Knits Pvt. Ltd. Black Gold Leasing Pvt. Ltd. Suditi Sports Apparel Limited Suditi Design Studio Limited SAA & Suditi Retail Pvt. Ltd.
No. of Shares held in the company	11279991
Relationship between director inter-se	Shri Pawan Agarwal is not related to any director of the company.
Other Details	Shri Pawan Agarwal has widely travelled and attended various forums, exhibitions etc. in respect of promotion of export of garments from his group companies.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act"), and also the revised Listing regulations sets out all material facts relating to the business mentioned at Item Nos.4 to 6 of the accompanying Notice dated August 8, 2019:

Item No. 4:

The Auditors were appointed for a term of 5 years beginning from the financial year 2017-18 to hold office up to thirty first AGM to be held in the year 2022. The Auditors firm is a reputed professional organization with experienced partners having wide special areas of work like Assurance & Audit services, Taxation, Due diligence, Valuation, Corporate Advisory services including amalgamations & mergers, restructuring of businesses. The Firm is incorporated in 1977, and having an experience of more than 10 years with branches located at important cities like Delhi, Chennai, and Mumbai etc. with Head Office located at Kolkata. The Firm is empanelled with RBI, SEBI, IRDAI and NHB. The board found their credentials appropriate for the company considering the requirement, size and structure of the company. The Audit committee after review had recommended which was accepted by the board duly approved by the shareholders in their meeting held in the year 2017.

The remuneration of the Auditors was already approved by the Board for the year 2019-20 which consists of the following:-

Audit Fees	: 4.00 Lakhs
Tax Audit and tax related matters	: 1.25 Lakhs
Certification and quarterly reviews	: 2.00 Lakhs

(The above remuneration/fees do not include GST and other applicable Taxes).

Since the company's volume of the work is increasing and it is possible to estimate the same only by the year end the board needs some additional authority to revise the fees payable to the Auditors as per the requirement of the volume and nature of services that will be rendered from time to time. Hence as per the revised listing regulations, the details of the remuneration are stated with specific authority to revise the same at the appropriate time as per the recommendation of the Audit Committee.

The Auditors and his relatives as well as his group partners and his associate entities are interested in the said resolution.

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.4 of the Notice.

The Board recommends the resolution as ordinary resolution as set out at Item No.4 of the Notice for approval by the shareholders.

The members may please note that as per the listing regulations, the Auditors and his relatives as well as his group partners and his associate entities holds any equity shares in the company as defined there under will need to abstain from voting on the resolution under Item No.4.

Item No.5:

Shri Vivek Gangwal (DIN 01079807) was appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as Independent Directors of the Company up to March 31, 2019 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

Further, the Secretarial Standards-2 on General Meetings also prescribes that in case of re-appointment of Independent Director, a performance evaluation report or a summary thereof shall be included in the Explanatory Statement.

Pursuant to the provisions of the Board Evaluation Policy, a structured performance evaluation exercise was carried out for the Independent Directors including Shri Vivek Gangwal. The said evaluation was based on various parameters such as such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. Post evaluation of performance of Shri Vivek Gangwal by every other Director, numeric value ("score") assigned to each objective answer on the scale of 1 to 5, for all the statements in the respective questionnaire were summed and averaged respectively, wherein scale/average of '1' indicates 'Critical'; '2' - 'Weak'; '3' - 'Fair'; '4' - 'Satisfactory' and '5' - 'Strong'. The said average score of Shri Vivek Gangwal for all the parameters was remarkable '4.50' and above. The Board appreciated his valuable contribution to the Company during his first term as an Independent Director of the Company.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended the re-appointment of Shri Vivek Gangwal as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company subject to approval of shareholder by passing Special Resolution at the ensuing AGM.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, proposed to re-appoint Shri Vivek Gangwal as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years from April 01, 2019 upto March 31, 2024 on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

The Company has received declarations from Shri Vivek Gangwal that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Shri Vivek Gangwal is not disqualified from being appointed as

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Directors in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has received notices in writing from member under Section 160 of the Act proposing re-appointment of Shri Vivek Gangwal as an Independent Directors of the Company.

Copy of draft letter for appointment of Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (11:00 am to 5:00 pm) on all working days except Saturday, up to and including the date of the Annual General Meeting of the Company.

Details of Director whose re-appointment as Independent Director is proposed at Item No. 5 is provided in the "notes" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Vivek Gangwal is interested in the resolutions set out respectively at Item No. 5 of the Notice with regard to his re-appointment.

The relatives of Shri Vivek Gangwal may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No.6.

The company has undertaken transaction with related parties as stated in the details provided below on "Arms Length" basis not detrimental to the interest of the company. In view of appointment of Shri. Rajagopal Raja Chinraj as an Executive (Wholetime) Director of the company, the company which is now undertaking Purchase/supply of Grey/fabrics and finished garments and related services at market rates or on "Arms Length" basis to the these companies needs to be approved as a matter of abundant precaution. Under section 188 of the Companies Act, 2013 (the Act), and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 sanction of the shareholders is required for enabling the Board of Directors to undertake related party transactions beyond a particular limit. Even though the transactions entered by the company are within the threshold limit of 10% of Annual gross turnover and the terms are at "Arms Length" basis, the company as a matter of abundant precaution seeks the approval of the members by way of special resolution granting permission to the Board to carry out the transactions which includes sale or purchase of goods and all types of materials including the services whether the same is directly related to the products purchased or sold by the company or not and beyond the threshold limit of 10% including those undertaken by the company so far. Further the resolution also empowers the company to undertake the transactions as specified above in respect of those related parties for which the approval of Audit Committee and the board are already obtained in the respective Meetings. The company now proposes to obtain the approval of the members for ratifying as also for giving approval to the Board of Directors or its duly constituted committee.

Sr. No	Name of the Related Party	Nature of Relationship	Nature of transaction	Value of transaction executed from 01/06/2018 to 31/03/2019	Applicability Period sought in the Resolution
1)	Chendur Dress Manufacturers Pvt. Ltd.	Company in which a Director is Interested	Sale of products & services. Purchase of fabrics grey & services.	Sale of Goods = Rs.49.79 Lakhs Purchase of Goods = Rs.11.61 Lakhs Payment for Services Received = Rs.37.96 Lakhs	2019-20 to 2023-24
2)	Chendur Enterprises	Entity in which a Director is Interested	Sale/ purchase of Fabrics & Finished Garments including related & other services	Payment for Services Received = Rs.5.53 Lakhs	2019-20 to 2023-24
3)	Chendur Inc.	Entity in which a Director is Interested	Sale/ purchase of Fabrics & Finished Garments including related & other services	Payment for Services Received = Rs.5.47 Lakhs	2019-20 to 2023-24
4)	Velaxmi Exim LLP	Limited Liability Firm in which a Director is Interested	Sale/ purchase of Fabrics & Finished Garments including related & other services	Payment for Services Received = Rs.7.13 Lakhs	2019-20 to 2023-24

Shri. Rajagopal Raja Chinraj and his relatives as well as his group of entities are interested in the said resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives, other than Shri. Rajagopal Raja Chinraj and his group of entities, is in any way, concerned or interested, in the resolution set out at Item No.6 of the Notice.

The Board recommends the resolution as special resolution as set out at Item No.6 of the Notice for approval by the shareholders.

The members may please note that as per the listing agreement, the related parties as defined thereunder will need to abstain from voting on the resolution under Item no. 6.

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

Place: Mumbai
Dated: 08/08/2019

H.Gopalkrishnan
Company Secretary

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 Eighth Annual General Meeting to be held on Monday, the 30th September, 2019 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, 2019.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Friday, the 27th September, 2019 (9.00 a.m. Indian Standard Time) and ends on Sunday, the 29th September, 2019 (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, 2019 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 sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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- (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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of

the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

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, 2019.
- (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.



DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2019 and the Profit and Loss Account for the year ended on that date.

Financial Results: (Standalone)

(Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2019	Previous Year Ended 31.03.2018
Revenue from operations	11143.62	9781.06
Other Income	19.37	17.01
Gross income	11162.99	9798.07
Profit before Interest and Depreciation	1075.81	927.90
Finance Cost	322.02	291.23
Profit after Finance Cost	753.79	636.67
Depreciation	182.10	150.57
Profit / (Loss) before Tax	571.69	486.10
Provision for Tax	175.16	157.59
Profit / (Loss) after Tax before extra ordinary items	396.53	328.51
Deferred Tax provision	5.51	(9.96)
Comprehensive income/ Net of expenses	(7.80)	(2.50)
Net Profit	383.22	335.97
Add: Brought forward from the previous year	1628.93	1264.14
Adjustment on account of Ind AS requirements	-	(3.37)
Amount available for appropriation	2012.15	1596.74
Transfer to Securities Premium / ESOP	62.22	60.59
Less Dividend Paid	10.69	23.60
Less Tax Paid on Dividend	2.17	4.80
Balance carried to Balance Sheet	2061.51	1628.93

Dividend:

The promoters group in order to support the growth and developmental activities of the company as well as to fulfill the aspirations of the public stakeholders waived their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2018-19. Accordingly the Board after considering all these aspects has recommended, subject to the approval of Shareholders, a dividend for the year under review at the rate of Rs.0.20 per Equity Share only on the portion of the paid up equity capital held by the public as on the record date as may be announced by the board in this regard. However no amount has been transferred to General reserve from the profits for the year 2018-19.

Operations:

The company has maintained its growth rates even though the economic conditions were not very supportive to the industry. There is substantial improvement in the overall performance during the year under review in comparison to previous year. The

company has achieved an increase of around 14% in the sales figures and a substantial increase of around 18% in the net profits before tax in comparison to previous year. During the year the Retail division has maintained their performance in terms of sales and also brought down the operational losses in comparison to the previous year. However the Retail sales sector has not made any major gains in the year under review, as the sector was under stress due to various external factors. However the overall outlook of the Retail business is promising as the economic and market conditions is poised to stage significant growth in the current year. Similar trend is expected in the overall business sentiment of the country which was partially affected due to various factors particularly the implementation of GST and reforms in the sector. Global economic conditions are also remaining subdued due to the factors like protectionist measures followed in different part of the world. The company has taken all the necessary steps in advance to maintain the competitive position in the market. In spite of that the company had to absorb some amount of the losses generated by the Retail business activities. Further since the company is mainly catering to the domestic market and it has a strong presence in the domestic market, there is no negative slide in the sales growth. Based on the broader outlook for the retail sector in country the company is taking all possible measures particularly giving major thrust in the development of product ranges in the licentiate segments like YouWeCan and FC Barcelona as well as in the development of the marketing network in other formats.

The company is now also focusing on Tier II and III cities to strengthen the sales activities of the Retail division to make it a more competitive business in the sector. The company is focusing more on the Large Format Stores (LFS) and on line sales network. Further the efforts are underway to add more licentiate brand under the licentiate product segment. Towards this objective the company has executed new Licentiate agreement with sports clubs/association like NBA Properties-USA and PSG-Paris. This will eventually help the Retail Division to improve their margins substantially. Other than sales tax assessments there are no pending disputes in the respective tribunals/assessing authorities.

Issue of Fully Convertible Debentures:

The company in order to promote the brand of the company and its subsidiaries through advertisement in print and non-print media in a major way, had executed an agreement with M/s. H.T. Media Ltd. a big media group known as Hindustan Times group. Accordingly the company had issued three numbers of Fully Convertible Debentures of Rs.1.50 crores each aggregating to Rs.4.50 crores to the M/s. H.T. Media Limited and the same is due for conversion in the current year. All necessary approvals were obtained from the shareholders as well as the stock exchange (BSE Ltd). The funds raised are already deposited with M/s. H.T Media Ltd. as per the terms of the media and subscription agreement which will be utilized toward advertisement in print and non-print media for brand building exercise over a period of 4 annual terms. The details of amount of expenditure are reflected in the financial statements accordingly.

Export Sales:

During the year under review there was no significant exports sales reported by the company as the textile export market remained sluggish and the realizations were not attractive because of continued economic slowdown in almost all parts of the world. Apart from this, the unhealthy competition among the leading textile goods manufacturing countries continued to haunt the prospects for a healthy textile market and created a negative impact on the price segment of the textile items. Because of these fac-

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tors, the company continued to remain focused maximum in the domestic market. However the company continued its efforts to draw the attention of fabric buyers from Bangladesh and other neighboring countries. The company keeps its hopes alive 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 is making best efforts to establish its identity with various reputed buyers to align with their brands in the overseas market to promote the exports in large volume.

In spite of the unfavorable trend in the global textile market, the company continues to take active participation in various international Fairs/exhibitions. Once the stability is brought in the global market, India can look forward to have a better market share than its competitors. Hence the company always looks forward to have better exports sales in terms of better unit value realization and volume. Besides this, the company has the capacity to make wide and better range of products particularly in printed and embroidery varieties and this will certainly help the company in the long run to increase the exports business both in volume and value.

Licentiate Rights:

The company has at present licentiate rights with FC Barcelona, Manchester City, PSG Paris and NBA properties USA. The company has developed and produced wide range of garments under licentiate rights and the market has already responded favorably for these products. These brand LOGOS are embossed on the garments under licentiate rights acquired for India. The company is now a recognized name in India for this particular segment of garments. Based on the past experience and also taking into account the strengths and weakness of these business models, the company is always on the move to add more such licentiate arrangements. This will ensure that there are always some effective brands under its umbrella throughout the period to ensure growth in the Retail business. Further the association with "YouWeCan" backed by celebrity cricketer Mr. Yuvraj Singh is also growing very well and various products developed during the last few months will certainly give a big boost to the company in the sales. The company is anticipating a good outcome from this venture in the next few years. The company is also developing other models on similar lines to promote the sales with better value addition.

Joint Venture:

The joint venture arrangement with M/s. Project Anushka Sharma Lifestyles Pvt. Ltd. (PAS Lifestyles Pvt. Ltd.) a company promoted by celebrity actor Mrs. Anushka Sharma and her family is now growing under the brand name "NUSH". The object of the joint venture is to design, develop and manufacture of various ladies fashion and western type outfits which will be sold through various large retail format stores and on line stores. The company has achieved net sales of around Rs.705 Lakhs with net profit from the business of Rs.9.15 Lakhs. The financial results are consolidated with SIL results. The company is focusing in aggressive

manner to develop the brand name throughout the country and is optimistic about the future prospects.

Expansion:

The company has not made any special capital expenditure plan for immediate implementation as indicated in the earlier years. Further, there is no major expansion plan in the current year also except some addition of balancing equipments and replacement of old machineries and equipments. Similarly for the Retail division also, the company plans for some expansion and the same will be managed without any additional investment of capital nature.

Human Resources & Industrial Relations:

The company emphasizes human resources development as a crucial factor in the development of any organization. It consists of attraction, retention and development of talent in a systematic manner to fulfill the requirements of the organization. The company follows various programs to 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 company has completed the compliance process and the authorised capital of the company stands today at Rs. 25 crores. Further during the year, the company has issued 218790 shares to employees under SUDITI ESOP PLAN 2011 in the month of April 2018. Accordingly the subscribed, issued and paid-up capital has increased from Rs.16.67 Crores to Rs.16.98 Crores. Apart from this, during the previous year (2016-17), the company had also issued Fully Convertible Debentures which will be converted into equity shares during the current year.

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 no. of 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. Each option is equal to one share at par (Rs.10/- each) being the price fixed for exercising the right. The company had given special facility while granting the first option to the employees to exercise their right to buy the options granted to them on certain prescribed basis over a period of 5 years. 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 25th. Annual General Meeting. The share arising on exercise of the options shall be subject to a lock for a period as may be decided by the board/committee at the time of allotment. There are no options pending for vesting and entire grant has been vested till the date of 31st March 2019. Further there are no grants outstanding as on date of the report as the last portion remaining has also been exercised. The revised details are as follows:

Grant no.	Granted		Accepted		Rejected		Vested	Exercised	Lapsed	Balance	
	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)				vested	unvested
First	83	350800	20	253200	63	97600	214040	204440	39160	9600	0
Second	20	13000	20	13000	0	0	13000	6500	6500	0	0
Silver Jubilee	38	111605	38	111605	0	0	111605	96780	14825	0	0



The disclosure of the details is as follows:-

- (a) Options granted & accepted; 377805
- (b) The pricing formula: At par
- (c) Options vested: 338645
- (d) Options exercised: During the year under review, 24 employees have exercised their options under the SUDITI ESOP PLAN 2011.
- (e) As there are 218790 options exercised during the year under review 218790 shares were allotted.
- (f) Options rejected and lapsed: 158085 (consists of 97600 options rejected and 60485 options lapsed)
- (g) Variation of terms of options: NA
- (h) Money realized by exercise of options: Nil
- (i) Total number of options in force: 9600
- (j) Employee wise details of options granted to:
 - (i) Senior managerial personnel: 251000 (includes total 152000 options granted to Executive Director (55000), Company Secretary (50000) & Chief Financial officer (47000) and no other Director is granted any options under Suditi ESOP Plan 2011).
 - (ii) 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
 - (iii) 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.2.26.
- (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 not reduce the profits as the Company has already provided the compensation cost higher by Rs.4,84,608/- and accordingly on proforma basis the company's basic and diluted earnings would be higher than what have been computed in the Financial Statements:
- (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: 7.42%
 - (ii) Expected life: 3 years
 - (iii) Expected volatility: 3.15%
 - (iv) Expected dividend: Rs.0.50 per share
 - (v) The price of the underlying share in market at the time of option granted: 1st grand 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 seven 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 including the amendments and the rules.

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 every year in the first Board Meeting and for the year 2019-20 has already been submitted. 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. Shri. Vivek Gangwal is re-appointed subject to the approval of the shareholders in the Annual General Meeting. In the opinion of the Board the independent directors fulfill the conditions specified in the Regulations and are independent of the management.

Remuneration Policy:

The Board based 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/whole time 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.