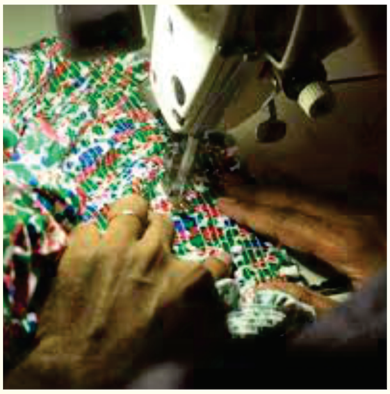
# SUDITI INDUSTRIES LTD.

# 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 |

**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.<br>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. Piyarellal Pvt. Ltd.<br>Lehar Investrade Pvt. Ltd.<br>Intime Knits Pvt. Ltd.<br>Black Gold Leasing Pvt. Ltd.<br>Suditi Sports Apparel Limited<br>Suditi Design Studio Limited<br>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

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)<br>● 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.<br>● 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.

(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 factors, 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.) | Up to the Fifth part of Grant | | | 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.

**Details of Subsidiary/Joint Ventures/Associate Companies:**

The two subsidiaries M/s. Suditi Design Studio Limited and M/s. Suditi Sports Apparel Limited were incorporated in the month of March 2015. While M/s. Suditi Design Studio Limited had commenced sales business activities from the year 2015 itself, the other subsidiary M/s. Suditi Sports Apparel Limited has not commenced their sales business operations. Apart from this the company has entered into a joint venture arrangement with PAS Lifestyles Pvt. Ltd a company promoted by celebrity actor Ms. Anushka Sharma and her family. The joint venture company M/s. SAA & Suditi Retail Pvt Ltd. Incorporated in the year 2017 has commenced its commercial business activities in the same year. 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. 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 also taking into account of the profit performance of the joint venture company. 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) | SAA & Suditi Retail Pvt. Ltd. | Consolidated |
|---|---|---|---|---|---|
| Sales | 11143.62 | 291.87 | - | 705.13 | 11186.12* |
| Profit/(loss) | 383.23 | (59.74) | (0.32) | 9.15 | 327.74* |

* Consolidated sales figures are arrived net of Inter Company & Joint Venture 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 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:**

The Chairman, Shri. Pawan Agarwal In accordance with the provisions of section 152 of The Companies Act, 2013 retires by rotation in the forthcoming Annual General Meeting and being eligible offer himself for reappointment. Further the independent Director Shri. Vivek Gangwal has been reappointed with effect from 1st April 2019 and the special resolution for seeking shareholders approval for the same is also placed before the shareholders in the notice calling the 28th Annual General Meeting. Apart from this, the company has appointed Mr. Manoj Khemka as the Chief Financial Officer (CFO) of the company with effect from 18/04/2019 in the current year. Mr. Manoj Khemka by profession is a chartered accountant and already a serving employee of the company since 22/11/2010. He has been elevated to the position of CFO as per the plan formulated by the company. Chairman Shri. Pawan Agarwal was holding both positions as Chairman & Managing Director and after the induction of Shri. Rajagopal Raja Chinraj as Wholetime Director (Executive Director & CEO) he relinquished the position of Managing director with effect from 1st December 2018. Further during the year Independent director Shri. Sushilkumar Kasliwal being disqualified u/s 164 of the act resigned from the board with effect from 12/09/2018 in order to comply with the regulatory requirements.

**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 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;

**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.

**Auditors:**

Pursuant to the provisions of section 139 of the Act and the rules framed thereafter, M/s. Chaturvedi & partners, Chartered Accountants, were appointed as statutory auditors of the Company for a period of 5 years from the conclusion of the Twenty Sixth Annual general Meeting to till the conclusion of the thirty first Annual general Meeting, subject to ratification of their appointment at every Annual general Meeting. Accordingly necessary resolution to this effect is proposed in the notice calling 28th Annual General Meeting for the approval of the members which otherwise is not mandatory in view of the amendments to the Companies Act 2017.

**Secretarial Audit Report:**

In terms of Section 204 of the Companies Act 2013 and the rules made there under, Shri. Shivhari Jalan Practicing 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 additional comments since the comments are addressed separately in the report.

**Internal Audit & Controls:**

The Company has appointed M/s. Shambu Gupta & Co., Chartered Accountants 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. The term of the present Internal Auditors is renewed for the year 2019-20.

**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 a senior official as Vigilance Officers to support the Vigilance Mechanism functions.

**Risk management policy:**

A statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, that in the opinion of the Board may threaten the existence of the company as given separately in the Corporate Governance Report.

**Extract of Annual Return:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT 9** forms part of this Annual Report as **ANNEXURE III.**

**Material changes and commitments, if any, to report affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:**

There are no such material changes and commitments to report under this head, other than the issue of 9600 equity shares by the Board on exercise of options by the Employees under SUDITI ESOP 2011.

**Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There are no such significant and material orders passed by any regulators to report under this head.

**Details in respect of adequacy of internal financial controls with reference to the Financial Statements:**

The company applies the internal control mechanism to ensure that the financial statements prepared are true, fair and transparent. The company has an internal audit mechanism apart from Management committee to ensure that all the financial transactions executed are in compliance with applicable laws and regulations and in line with the budget plans. Any variations or deviations are appropriately dealt with by the internal Audit department as well as by the Audit committee. The Company has appointed an independent Chartered Accountant Firm to improve and strengthen the standard operating procedures and same is followed. According to the management the present mechanism followed in the company is adequate and effective. The details are also stated in the Management discussion and analysis report annexed herewith and form part of this report.

**Particulars of loans, guarantees or investments under section 186 of the companies Act:**

There are no loans/guarantee or security provided during the year under review. The details of investments made till date are as follows: - Details of Investments:-

| Sl No | Date of investment | Details of Investee | Amount | Purpose for which the proceeds from investment is proposed to be utilized by the recipient | Date of BR | Date of SR (if reqd) | Expected rate of return |
|---|---|---|---|---|---|---|---|
| 1 | 01/04/15 | Suditi Sports Apparel Ltd. | 4 lakhs | Business activities | 16/01/2015 | NA | 10 % |
| 2 | 01/04/15 | Suditi Design Studio Ltd. | 4 lakhs | Business activity | 16/01/2015 | NA | 10 % |
| | 14/03/16 | ----- do ------ | 82 Lakhs | Development of Business activity | 11/02/2016 | NA | |
| 3 | 05/10/17 | SAA & SUDITI Retail Pvt. Ltd. | 5 lakhs | Business activities | 05/10/2017 | NA | 10 % |

**Particulars of contracts or arrangements with related parties:**

During the year under review, all transactions with related parties were placed before the Audit Committee for its approval. An omnibus approval from the Audit Committee was obtained for the related party transactions which are repetitive in nature. All the transactions with related parties, entered into during the year under review were in the Ordinary Course of Business and on Arms' Length Basis in accordance with the provisions of the Act, Rules made thereunder and SEBI Listing Regulations.

The Audit Committee and the Board, review all the transactions entered into pursuant to the omnibus approvals, on a quarterly basis. Approval of the Members of the Company is also obtained in case any related party transaction exceeds the prescribed limits and as good corporate governance practice as there may be few transactions that may be carried out in the long-term interest of the Company.

The Policy on Related Party Transactions is available on the Company's website and can be accessed at https://suditi.in/wp-content/uploads/2019/04/Related-Party-Transaction-Policy.pdf.

The particulars of contract or arrangements entered into by the Company with related parties at arm's length basis referred to in sub-section (1) of section 188 of the Companies Act, 2013 is disclosed in Form No. AOC-2 as **Annexure IV**

**Obligation of company under the "Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act 2013:**

The company has set up a separate internal compliance committee under the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." The Internal Complaints Committee is empowered to look into complaints relating to sexual harassment at work place of any women employee. Accordingly the Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and the Committee ensures that the said policy is properly implemented all over the company. During the year Company has not received any complaint of harassment.

**Corporate Social Responsibility (CSR):**

The provisions of Section 135 of the Companies Act, 2013 are not applicable to your Company for the financial year ended 31.03.2019.

**Transfer of amounts to Investor Education and Protection Fund:**

There is an amount of Rs.371857/- lying unpaid and unclaimed in the unpaid dividend account due to be transferred to Investor Education and Protection Fund (IEPF) by October 2019 and the details are already filed with Ministry of Corporate Affairs in Form_IEPF-6. Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM, with the Ministry of Corporate Affairs.

**Listing with Stock Exchange:**

The Company confirms that it has paid the Annual Listing Fees for the year 2019-2020 to the BSE Ltd (Bombay Stock Exchange Limited) where the Company's Shares are listed.

**Statement on compliances of secretarial standards:**

The Board of Directors have complied with applicable Secretarial Standards as specified u/s. 118 of Companies Act, 2013.

**Appreciation:**

Your Company and its Directors wish to place on record their sincere appreciation for the support and assistance extended by different Central and State Government Departments and Agencies, Banks and Financial Institutions, Insurance companies, Customers and Vendors. Your Directors are thankful to the esteemed shareholders for their continued support and confidence reposed in the company and its management. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding and dedicated contribution made towards the growth of the Company.

For and on behalf of the Board of Directors

Place: Mumbai **PAWAN AGARWAL**
Date: 08.08.2019 CHAIRMAN

## Annexure I

Information under Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules and forming Part of the Directors Report for the year ended 31st March 2017.

**Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**a) Conservation of Energy:**

Energy conservation is very important and plays a crucial role in the development of any country. The company closely observes and follows all the energy conservation measures practiced in the industry and takes all possible measures to implement them in the manufacturing units of the company to the maximum possible extent. Further the company also participates in the environmental improvement plan and with this objective the company has installed bag filters and other monitoring equipments which will help to improve the quality of the air in the factory.

| | | |
|---|---|---|
| (i) | the steps taken or impact on conservation of energy | The company continues to maintain the measures taken in the earlier years like installation of Auto Dosing controllers in stages, replacement of old machines with energy saving machines, and continuous monitoring with effective preventive maintenance programme which helps the company to maintain conservation of the energy resources and to reduce the wastage of energy thereby saving in cost. |
| (ii) | the steps taken by the company for utilizing alternate sources of energy | The company is reviewing the users of Solar power systems, in the industry to properly assess the prospects of the usage of solar energy to support heating and daytime usage of lights in the plant. |
| (iii) | the capital investment on energy conservation equipment's | The capital investments on the items installed till date are not very significant. |

**(b) Technology absorption:**

| | | |
|---|---|---|
| (i) | the efforts made towards technology absorption | No significant efforts are made during the year in regard to technology absorption as the technology followed is satisfactory. However the company continues to monitor the various developments that unfold from time to time in this industry in order to modernize the unit further at the appropriate time. |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution | Up gradation of technology is mainly aimed towards quality improvement with cost benefits. |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | NIL |
| | (a) the details of technology imported | NIL |
| | (b) the year of import; | NIL |
| | (c) whether the technology been fully absorbed | NIL |
| | (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | NIL |
| (iv) | the expenditure incurred on Research and Development | Insignificant |

**(c) Foreign exchange earnings and Outgo:**

(Rs. in Lakhs)

| Particulars | Current Year (2018-19) | Previous Year (2017-18) |
|---|---|---|
| Total Foreign Exchange used | 19.69 | 9.57 |
| Total Foreign Exchange earned (FOB Value) | 17.28 | - |

For and on behalf of the Board of Directors

Place: Mumbai **PAWAN AGARWAL**
Date: 08.08.2019 CHAIRMAN

## Corporate Governance:

**Report of the Directors on Corporate Governance:**

**Company Philosophy:**

Corporate governance is the system of rules, practices and processes by which an entity is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. The company follows the corporate governance system with a view to achieve these long term strategic goals by duly complying with the legal and regulatory requirements. It is the guiding principles by which companies are directed and controlled by the management in the best interests of the shareholders and other stakeholders by ensuring greater transparency and better timely financial reporting. The company follows and practices the corporate governance policies and procedures based on the norms laid down by the Board within the overall framework of Acts, Rules and Regulations including SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**Board of Directors:**

The Board is constituted in accordance with the various provisions of the Companies Act including amendments from time to time and also in compliance with the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including the applicable amendments enacted from time to time. The details are furnished in the table given below. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he is a Director.

| Category | No. of directors |
|---|---|
| Non-Executive & Independent Directors including the Chairman (Chairman is not included as he is non independent) | 2 |
| Other Non-Executive Directors | 1 |
| Executive Director (CEO & Whole-Time Director ) | 1 |
| Total | 4 |

**Composition of Board of Directors:**

The Board is a mix of Executive and Non-Executive Directors as well as Independent Directors with necessary expertise from different fields. During the year the company has appointed Shri. Rajagopal Raja Chinraj as Wholetime Director who was earlier inducted to the board as additional Director. Further he is also appointed as Chief Executive Officer by the Board with effect from 1st.December 2018. Further in the previous 27th. Annual General Meeting the members appointed the Woman Director Smt. Sanjula Sanghai as an Independent Director. Chairman Shri. Pawan Agarwal also relinquished his position as Managing director with effect from 1st.Decmber 2018 as he was holding both Chairman & Managing Director position till that date. The Directors are all persons of integrity with adequate qualifications and experience in different fields like management, marketing, finance & technical and administration who upholds ethical standards and assists the company in implementing best corporate governance practices.

| Name of the Director | Date of Appointment | Executive or Non-Executive | Independent | Total No. of Directorships (including SIL) | No. of other outside Committee | | Name of the listed entities where the person is a director (Category of Directorship) |
|---|---|---|---|---|---|---|---|
| | | | | | Membership | Chairperson | |
| Shri Pawan Agarwal | 01/02/2015* | Non-Executive | No | 8 | -- | -- | -- |
| Shri Vivek Gangwal | 01/04/2019** | Non-Executive | Yes | 3 | -- | -- | -- |
| Smt Sanjula Sanghai (Women Director) | 31/03/2015 | Non-Executive | Yes | 8 | -- | – | – |
| Shri. Rajagopal Raja Chinraj | 01/06/2018 | Executive | No | 2 | – | – | – |

* (Director on the Board since 12/09/1991)

** (Director on the Board since 16/06/2003)

Note: Number of Directorship/Memberships held in other companies excludes Directorships/Memberships in Foreign Companies, companies under section 8 of the Companies Act, 2013, membership of managing committees of various chambers/bodies and alternate Directorships. Director Shri. Sushilkumar Kasliwal has resigned from the board with effect from 12/09/2018.

**Brief profile of Directors:-**

**Shri Pawan Agarwal**

Shri Pawan Agarwal holds bachelor's degree in commerce and has more than three decades of experience in the finance, marketing & other related matters particularly with reference to expertise in the manufacture and export of garments.

**Shri Vivek Gangwal**

Shri Vivek Gangwal is qualified chartered accountant with vast experience and knowledge in the various aspects of primary and secondary market operations. He has expertise in port folio management, and equity research. His experience span over a period of more than 20 years and also traveled for enhancing and sharing his wide business experience.

**Smt Sanjula Sanghai**

Smt Sanjula Sanghai is a graduate with wide experience in administration and policy management of business & marketing with industry expertise in the Textile & other articles.

**Shri. Rajagopal Raja Chinraj**

Shri. Rajagopal Raja Chinraj holds B.Tech (Textiles) and Post Graduate Diploma in Wet Processing From Mumbai, has wide experience in the textile industry spanning over a period of approx 45 years. He has expertise in the technical and commercial aspect of product development and Research.

**Matrix**

| Name | Date of Birth | Date of Appointment | Independent | Non-Executive Director / Executive Director | Committees | | | | | Top 4 areas of Expertise | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Audit Committee | Nomination and remuneration committee | Stakeholders Relationship Committee | Risk Management Committee | Compensation Committee | Strategy | Policy | Finance | Risk | Information Technology | Executive Management/ Administration | Commercial | International |
| Shri Pawan Agarwal | 19/02/1965 | 01/02/2015 | Non-Independent | Non-Executive Director | | ✓ | ✓ | ✓ | ✓ | ● | | ● | | | | ● | ● |
| Shri Vivek Gangwal | 17/12/1970 | 01/04/2019 | Independent | Non-Executive Director | ✓ | ✓ | ✓ | ✓ | ✓ | ● | ● | ● | ● | | | | |
| Mrs. Sanjula Sanghai | 17/06/1967 | 26/09/2018 | Independent | Non-Executive Director | ✓ | ✓ | ✓ | | ✓ | | ● | | | | ● | ● | ● |
| Shri Rajagopal Raja Chinraj | 25/03/1950 | 01/06/2018 | Non-Independent | Executive Director | ✓ | | | ✓ | | | ● | | ● | ● | | ● | |

**Responsibilities and role of Independent Directors:**

The Independent directors play a very important role in ensuring the implementation of Corporate Governance policies and practices as per the requirements of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 and other applicable laws. They continue to enrich the Board with their vast experience and knowledge and take active part in the deliberations during the meetings of the Board and committees.

**Board Meetings:**

The regular Board Meetings are held once in every quarter to review the quarterly results and apart from this additional meetings are also held to consider any specific agenda of items wherever necessary. The Board Meetings are conducted in accordance with the provision of Companies Act, 2013 and also in accordance with the regulations of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 particularly with respect to those items listed in the Schedule II Part-A of Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Senior Management Personnel & Auditors are also intimated to attend the Board meeting, to provide additional inputs to the items being discussed by the Board. Notice and Agenda for the meeting along with relevant notes/explanations are circulated in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. The company also complies with the requirements of the Secretarial standards on the meeting of the Board of Directors.

Seven Board Meetings were held during the year from 1st April 2018 to 31st March 2019. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

| Dates on which the Board Meetings were held | Total Strength of the Board | No. of Directors Present |
|---|---|---|
| 16/04/2018 | 4 | 3 |
| 30/05/2018 | 4 | 4 |
| 08/08/2018 | 5 | 4 |
| 09/10/2018 | 4 | 4 |
| 13/11/2018 | 4 | 4 |
| 19/12/2018 | 4 | 4 |
| 13/02/2019 | 4 | 4 |

| Name of Director | Attendance at the Board Meetings held on | | | | | | | Attendance at the AGM held on 26th September 2018 |
|---|---|---|---|---|---|---|---|---|
| | 16/04/2018 | 30/05/2018 | 08/08/2018 | 09/10/2018 | 13/11/2018 | 19/12/2018 | 13/02/2019 | |
| Shri Pawan Agarwal | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Shri Sushilkumar Kasliwal | No | Yes | No | Resigned w.e.f. 12/09/2018 | | | | No |
| Shri Vivek Gangwal | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Smt. Sanjula Sanghai | Yes | Yes | Yes | Yes | Yes | Yes | Yes | No |
| Shri. Rajagopal Raja Chinraj | Inducted w.e.f. 01/06/2018 in the Board Meeting held on 30/05/2018 | | Yes | Yes | Yes | Yes | Yes | Yes |

**Details of Directors being appointed/re-appointed:**

Further during the year the company in the last Annual General Meeting has appointed Shri. Rajagopal Raja Chinraj as Wholetime Director and subsequently appointed him Chief Executive Officer with effect from 01/12/2018. Further, the Chairman & Managing Director, Shri. Pawan Agarwal has relinquished the position of Managing Director with effect from 01/12/2018 and accordingly he is now Non- Executive Chairman of the Board. Further the independent Director Shri. Vivek Gangwal has been reappointed with effect from 1st April 2019 and the special resolution for seeking shareholders approval for the same is also placed before the shareholders in the notice calling the 28th. Annual General Meeting. The Chairman, Shri. Pawan Agarwal retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. In order to comply with the requirements in respect of the composition of the Board, The shareholders in the last Annual general meeting appointed Smt. Sanjula Sanghai as an independent director as Shri. Sushilkumar Kasliwal resigned from the Board with effect from 12/09/2018.

**Board Committee:**

In compliance with the requirements under various Acts & Regulations as well as to provide specialized and focused attention relating to all the activities falling within the terms of reference as decided by the Board including the assignments of its Members thereof, the Board has constituted the following committees Viz., Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management committee and Compensation committee.

**Audit Committee:**

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri Rajagopal Raja Chinraj and Smt. Sanjula Sanghai.

- Shri. Vivek Gangwal is a Chartered Accountant and an expert in Investment and Securities market operations.
- Shri. Rajagopal Raja Chinraj is a Textile engineer with Production and Product development expertise in Garment & Fabric manufacturing.
- Smt. Sanjula Sanghai is a graduate and experienced business administrator & marketing expert in Textile & other articles.

All the committee members are professionals and also financially literate. The terms of reference of the Audit Committee cover the matters specified in respect of such committee under Regulation 18 (1) (c) of the Listing Regulations, as amended from time to time and Section 177 of the Companies Act, 2013.

The role of the Audit Committee and the information to be reviewed includes the matters specified under part C of Schedule II to Regulation 18 (3) of the Listing Regulations as well as section 177 of the Companies Act 2013.

Audit Committee meetings are regularly attended by Statutory Auditor and Internal Auditor, apart from Senior Executives from Finance, Operational functions of the Company. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee has met 4 times during the year under review. The attendance of the each member of the committee at the Audit Committee meeting held is as under. Apart from this, the Audit Committee also met once before the presentation of Audited Accounts to the Board.

| Name of Director | Category | Attendance at the Committee Meetings held on | | | |
|---|---|---|---|---|---|
| | | 30/05/2018 | 08/08/2018 | 13/11/2018 | 13/02/2019 |
| Shri. Vivek Gangwal | Non-Executive | Yes | Yes | Yes | Yes |
| Shri Sushilkumar Kasliwal | Non-Executive | Yes | Yes | Resigned w.e.f. 12/09/2018 | |
| Shri Pawan Agarwal | Non-Executive | Yes | Yes | Yes | Moved out of the Committee |
| Shri. Rajagopal Raja Chinraj | Executive | Inducted in place of Shri. Pawan Agarwal | | Yes | Yes |
| Smt.Sanjula Sanghai | Non-Executive | Inducted in place of Shri. Sushikumar Kasliwal | | Yes | Yes |

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present in the last Annual General Meeting held on 26th September 2018. Further during the year under review Shri. Sushilkumar Kasliwal resigned from the board and also from the committee with effect from 12th. September 2018. During this period he has attended two meetings duly held on 30/05/2018 and 08/08/2018. Similarly Shri Pawan Agarwal upon relinquishing his position as Managing Director of the company has also resigned from the committee with effect from 1st December 2018. During this period he has attended three board meetings which were held on 30/05/2018, 08/08/2018 and 13/11/2018. The board has accepted the recommendations of the committees which are mandatorily required to be accepted.

**Nomination & Remuneration Committee:**

The Nomination & Remuneration committee (Referred also as Remuneration Committee) is constituted with three non executive members. Shri Vivek Gangwal is the Chairman of the committee and other two members are Smt. Sanjula Sanghai and Shri. Pawan Agarwal. In view of resignation of the committee members Shri Sushilkumar Kasliwal on 12/09/2018, the board nominated Shri. Pawan Agarwal as the non executive member in his place. Accordingly the Board nominated Shri. Vivek Gangwal as the Chairman of the committee with due consent of all the members of the committee. The Nomination & Remuneration Committee reviews and recommends the compensation payable to the Executive/ Managing Director. Further the Committee is also entrusted with the task of periodical review of the compensation structure and policies of the Company. The terms of reference includes the matters specified under Part D of Schedule II to Regulation 19(4) of Listing Regulations as well as under section 178 of the Companies Act 2013. Based on the Recommendation of the Nomination & Remuneration Committee, the Board have formulated and adopted Nomination and Remuneration Policy.

During the year under review the committee met once in the year on 30th May 2018. The board has accepted the recommendations of the committees which are mandatorily required to be accepted. The Committee had reviewed the terms of the appointment and the elements of remuneration payable to the Wholetime Director (Executive Director) and accordingly recommended to the Board to appoint Shri Rajagopal Raja Chinraj along with the terms of appointment including the remuneration, perquisites and other allowances.

| Name | Attended the Meeting | Status |
|---|---|---|
| Shri Vivek Gangwal | Yes | Chairman |
| Smt. Sanjula Sanghai | Yes | Member |
| Shri Pawan Agarwal | NA* | Member |

- Since the meeting was held on 30/05/2018, the same was attended by the earlier Chairman Shri. Sushilkumar Kasliwal who subsequently resigned from the board and board committees with effect from 12/09/2018

**Remuneration Policy:**

The compensation policy followed in the company is reviewed periodically in order to ensure that the compensation levels of the Company are in line with industry standards followed in the area. The policy on appointment and remuneration including criteria for determining qualifications, positive attributes as well as independence of director and all other related matters including various other policies adopted by the Board are also available on the web site of the company.

The Committee reviews the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. The compensation policy of the company also includes performance-oriented incentives for various staff and executives in the organization. Whole-time Directors compensations are recommended by the Committee in accordance with the various provisions of the Companies Act and Rules & regulations. Non Executive Directors have not drawn any remuneration from the Company except sitting fees for the Board Meetings attended by them. Details of remuneration paid to the Directors during the financial year ended 31st March 2019 is given below:

There were no pecuniary relationships or transactions between the Non-Executive Directors (including Independent Directors) and the Company except sitting fees drawn by Independent Directors for attending the meeting of the Board, Committee(s) thereof and Independent Directors' Meeting

| Name of the Director | Salary | Perquisites & Other benefits | Sitting Fees | Reimbursement of expenses | Total |
|---|---|---|---|---|---|
| 1. Shri Pawan Agarwal | 1400000 | 14400 | 1500 | 500 | 1416400 |
| 2. Shri. Rajagopal Raja Chinraj* | 1663187 | - | - | - | 1663187 |
| 3. Shri Sushilkumar Kasliwal | - | - | 1500 | 1000 | 2500 |
| 4. Shri Vivek Gangwal | - | - | 10500 | 6000 | 16500 |
| 5. Smt. Sanjula Sanghai | - | - | 9000 | 5000 | 14000 |

Note: Above amount of Salary paid to Shri. Rajagopal Raja Chinraj does not include salary amount to Rs.310000/- & perquisites amount to Rs.2146000/- as these amounts are paid during the period from April 2018 to May 2018 when he was not a Director of the Company.

**Criteria for making payment to Non-Executive Directors:**

Non-Executive Directors are paid only Sitting Fees & Travelling and other conveyance expenses for attending the Board & Committee Meetings. Apart from this they are not entitled for any remuneration. However, Directors are entitled for commission on the profits as and when decided by the Board, subject to the provisions of Companies Act, 2013 and its amendments and other applicable rules & regulations. The policy related to managerial remuneration approved by the Board is placed on the website of the Company.

**Compensation committee:**

The board has constituted a Compensation Committee to administer the SUDITI Employees Stock Option Plan 2011 (SUDITI ESOP PLAN 2011). The same three members of the Nomination and Remuneration Committee members are inducted as its members and Shri. Vivek Gangwal is the Chairman of the committee. The committee had met once during the year under review on 13th April 2018 to review the plan. All the directors recorded their presence and the committee considered the allotment of 218790 shares against the exercise of options by 24 employees covered under SUDITI ESOP PLAN 2011. The committee manages the entire aspects of the SUDITI ESOP PLAN 2011 and advises the Board from time to time on the various issues related to the SUDITI ESOP PLAN 2011. During the year under review, vacancy caused on account of the resignation of the member Shri. Sushilkumar Kasliwal from the Board with effect from 12/09/2018, the board in his place nominated Chairman Shri. Pawan Agarwal. The board has accepted the recommendations of the committees which are mandatorily required to be accepted.

**Stakeholders Relationship Committee:**

The Board has constituted the Stakeholders relationship Committee with 3 Directors chaired by Shri Sushilkumar Kasliwal. After the resignation of Shri Sushilkumar Kasliwal with effect from 12/09/2018, the committee elected Shri. Vivek Gangwal, as the Chairman of the Committee. The other members are Shri Pawan Agarwal and Smt. Sanjula Sanghai who has been nominated in place of Shri.Sushilkumar kasliwal. The terms of reference covers the matters specified under Part D of Schedule II to Regulation 20(4) of Listing Regulations as well as under section 178 of the Companies Act 2013. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also closely monitors the redress of Shareholders grievances relating to transfer of shares, non-receipt of Annual Report, dividend including initiatives to reduce the quantum of unclaimed dividend etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services including the measures taken for effective exercise of voting rights by shareholders. The committee ensures that all transfer/transmission/split/ consolidation etc are promptly attended and completed within the stipulated time period. The committee also reviewed all the amendments brought under Listing Regulations as well as under Companies Act in respect of investor's related matters and procedures. The board has accepted the recommendations of the committees which are mandatorily required to be accepted.

During the year under review, there were 32 meetings recorded by the committee and the details are given below.

Meetings were held on 06/04/2018, 23/04/2018, 07/05/2018, 21/05/2018, 28/05/2018, 02/07/2018, 23/07/2018, 06/08/2018, 24/08/2018, 04/09/2018, 17/09/2018, 28/09/2018, 08/10/2018, 15/10/2018, 26/10/2018, 02/11/2018, 13/11/2018, 20/11/2018, 30/11/2018, 03/12/2018, 05/12/2018, 24/12/2018, 31/12/2018, 07/01/2019, 14/01/2019, 29/01/2019, 05/02/2019, 11/02/2019, 18/02/2019, 26/02/2019, 05/03/2019 & 12/03/2019.

| Name | No. of Meetings attended During the year | Attended all the Meeting |
|---|---|---|
| Shri Vivek Gangwal | 32 | Yes |
| Shri Pawan Agarwal | 32 | Yes |
| Smt. Sanjula Sanghai** | 20 | No |
| Shri Sushilkumar Kasliwal* | 9 | No |

* Resigned with effect from 12/09/2018 hence attended meetings held upto 12/09/2018.

** Similarly Smt Sanjula Sanghai started attending the meeting after her induction.

The Committee also reviews the performance of R&T Agents periodically, which include the adherence of service standards adopted by the company in respect of services extended by them, their monthly charges, fees for undertaking the services as per the contracts and review of the contract in line with the volume of work and responsibility. The Committee also reviews the grievances report submitted by the Company's Registrar / Transfer Agents, and based on the report, there are no complaints pending against the Company.

| | | |
|---|---|---|
| Number of Investor complaints pending at the beginning of the year | : | 1 |
| Received during the year | : | 8 |
| Disposed during the year | : | 9 |
| Remaining unresolved at the end of the year | : | Nil |
| Number not solved to the satisfaction of shareholders | : | Nil |

**Corporate Social Responsibility Committee:**

The provisions of Section 135 of the Companies Act, 2013 are not applicable to your Company for the financial year ended 31.03.2019

**Independent Directors' Meeting:**

During the year under review, the Independent Directors met on February 12, 2019, inter alia, to discuss:

- Evaluation of the performance system for Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairman of the Company, taking into account the views of the Executive and Non-executive directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- All the Independent Directors were present at the Meeting.

**Performance Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors including the Chairman individually as well as the evaluation of the working of the Audit, Nomination and Remuneration and other Compliance Committees. The evaluation is based broadly on some parameters like level of engagement and contribution, independence of judgement safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**Terms of appointment & remuneration - CEO & Wholetime Director (ED)**

There is change of director in this position as Mr. Pawan Agarwal relinquished the position of Managing Director and CEO position with effect from 01/12/2018 and Shri Rajagopal Raja Chinraj, who was appointed as Wholetime director with effect from 01/06/2018, subsequently became CEO also with effect from 01/12/2018. The remuneration payable to Mr Rajagopal Raja Chinraj is furnished below.

**Shri. Rajagopal Raja Chinraj**

| | |
|---|---|
| Period of Appointment | 5 years |
| Salary Grade | Rs.155000/- P.M |
| Allowances | Reimbursement of conveyance expenses |
| Perquisites | Nil |
| Retrial Benefits | As per company Rules |
| Performance Bonus | Only Annual Bonus |
| Sign-on Amount | Nil |
| Deferred Bonus | Nil |
| Minimum Remuneration | Same as above |
| Notice Period & Severance Fees | Nil |
| Other | Nil |

**Shri. Pawan Agarwal (up to 01/12/2018)**

| | |
|---|---|
| Period of Appointment | 5 years |
| Salary Grade | Rs.175000/- P.M |
| Allowances | Reimbursement of conveyance expenses |
| Perquisites | Nil |
| Retrial Benefits | As per company Rules |
| Performance Bonus | Only Annual Bonus |
| Sign-on Amount | Nil |
| Deferred Bonus | Nil |
| Minimum Remuneration | Same as above |
| Notice Period & Severance Fees | Nil |
| Other | Nil |

**Vigil mechanism/ Whistle blower policy:**

The company has a robust policy in place approved by the board. The Company complies with the requirements and no personnel have been denied access to the Audit Committee. The management ensures that good standards of Corporate Governance and responsibility towards stakeholders are maintained in the company to avoid fraud and unethical business practices. The Fraud Risk Management principles ensure that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

**Prevention of insider trading:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond a specified limit and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary & Head Compliance is responsible for implementation of the Code. All Board Directors and the designated employees during the year under review have confirmed compliance with the Code.

**Annual General Meeting:**

a) The details of the Annual General Meeting (AGM) held during the last 3 years are as under:

| AGM | Financial Year | Date and Time | Venue of AGM |
|---|---|---|---|
| 27th | 2017-18 | September 26, 2018 at 3.30 p.m. | Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12, K. Dubhash Marg, Fort, Mumbai - 400 001. |
| 26th | 2016-17 | September 29, 2017 at 11.30 a.m. | Walchand Hirachand Hall, 4th floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020. |
| 25th | 2015-16 | September 30, 2016 at 3.30 p.m. | |

b) Special Resolutions passed at the last three Annual General Meetings:

There were seven special Resolutions passed in the 27th. Annual General Meeting, apart from other Ordinary Resolutions. There were two special Resolutions passed in the 26th. Annual General Meeting apart from another Ordinary Resolution passed under special business. Further there were two special resolutions passed in the 25th. Annual General Meeting. Except these resolutions, no other Special Resolutions were passed in the last three Annual General Meetings. In addition to this the company held an Extra Ordinary General Meeting on 6th.March 2018 in order to enable the company to issue Fully Convertible debentures. In the Extra Ordinary General Meeting apart from the issue of Fully Convertible Debentures, the company had also proposed and passed the Amendment to the Articles of Association and modification to the earlier special resolution passed by the shareholders in respect of Related Party Transaction.

Details of Special Resolution passed in the previous three Annual General Meetings:

2017-18:

1) Appointment of Shri. Rajagopal Raja Chinraj (DIN No: 00158832) as a Director & Whole-time Director.

2) Appointment of Smt. Sanjula Sanghai (DIN No: 00049344) as an Independent Director.

3) Approval for keeping any one or more of the index of members, debenture holders and other security holders if any, the Register of members and other related transfer registers of the Company at the office of the Registrar and Share transfer Agent of the company and to allow inspection of the same as required under the Act.

4) Consent to the Board of Directors or Board constituted committees to amend, alter, defer, cancel, modify or terminate all the clauses of the Suditi Employees Stock Option Plan 2011 (SUDITI ESOP 2011) or in Part.

5) Authorization to the Board to undertake certain Related Party Transactions.

6) Authorization to the Board to finalize the terms and conditions in respect of the Borrowings.

7) Authorization to the Board to finalize and execute debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and all such deeds, documents, instruments or writings.

2016-17:

8) Approval of the Shareholders, vide special resolution for amendment to the clause V of Memorandum of Association.

9) Approval of the Shareholders, vide special resolution for modification in the Suditi ESOP Plan 2011.

2015-16:

10) Approval of the Shareholders vide special resolution for modification in the Suditi ESOP Plan 2011.

11) Approval of the Shareholders enabling the Board to keep and maintain the Register of members and share transfer registers and books at the R&T Agents Office.

c) Passing of Special Resolutions by Postal Ballot:

The company held an Extra Ordinary General Meetings on 6th.March 2018. Other than this there are no Extra Ordinary General meeting held during the last three years. There were no Special Resolutions required to be passed through Postal Ballot in the last three Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

**Code of Conduct:**

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and all employees. All the Directors and Senior Management Personnel have affirmed compliance with the code of conduct/ethics as approved by the Board of Directors.

**Communication and relationship with Shareholders:**

The company follows a proper and modest system of communication with the Shareholders. The Chairman's Statement and Annual Report which inter-alia includes the Directors Report, the Report of the Board of Directors on Corporate Governance, Management Discussion, and Analysis Report, and the Audited financial results are the link and used as the most important means of communications with the Shareholders. Further, adequate efforts are made to respond promptly to the shareholder's request for any information or enquiry from company and its R&T Agents. Annual General Meeting is used as the principal forum for direct interaction with the Shareholders. The Company always lays great emphasis on the role played by Shareholders and therefore always encourages for open and active dialogue with all its Shareholders.

The company also informs the shareholders about the important and significant developments on a quarterly basis while publishing the quarterly financial results in the Free Press Journal in English and Navshakti daily in Marathi. Apart from this, announcement of Board meeting, E-voting and book closures are also published in the newspapers as per the listing requirement. The Annual report containing relevant details as required under Listing regulations as well as Companies Act 2013 including its amendments is sent well in advance to each and every shareholder, stock exchanges and to the respective financial institutions. The company has also prepared Investor/Earnings Presentation and the transcript of the same is available on the web site of the company as well as on the Stock Exchange (BSE Limited). The Company has also undertaken campaign as directed by BSE Limited to the Shareholders who have not dematerialized their physical holdings. Further the Company has also undertaken campaign to inform the Shareholders about transfer of shares into IEPF A/c on account of Dividend not claimed by them as per the Companies Act, Rules & Regulations. The company maintains a website for the benefit of all the stakeholders where the company displays all the major notices and other relevant corporate information like management policies, code of conduct as well as unpaid dividend details.

The Management discussion and analysis report is provided as part of the Directors Report on Corporate Governance.

Details of Directors proposed to be re-appointed at the 28th AGM are provided as an annexure to the notice convening the said AGM.

**Disclosures:**

1) Related Party Transaction:

During the year under review, there are no materially significant transactions entered by the company, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or their relatives etc. except the transactions entered in the normal course of business on "arm's length basis". The necessary disclosures are provided by the Key Managerial Personnel relating to material, financial, and commercial transactions where they and/or their relatives have personal interest. Further, the Company ensures that the terms and conditions in respect of related party transaction are not prejudicial to the interest of the Company. During the year under review sales/purchase transactions between associate companies severally did not exceed in value in the aggregate of 10% of the total sales/purchase of the Company. The Audit Committee has reviewed the related party transactions as mandatorily required under Regulation 23 of the Listing regulations and found them materially not significant. The detail report of the same is provided as annexure to this report as well as separately in the Notes to Accounts of the Audited Financial Results 2018-19.

2) During the year the company has prepared all the financial statements as per the requirement of Ind AS. Further the Company has not observed any significant variation in the accounting treatment from that prescribed to be followed generally in the preparation of the financial statements and complied with the accounting standards as specified under section 133 of the Companies Act 2013 read with Rule 7 of the Companies Account Rules 2014 to the extend applicable. The significant accounting policies which are consistently applied as per Ind As requirements have been set out in the "Notes to the Financial Statements".

3) The familiarization program followed for independent Directors are generally an informal one. The Independent Directors are given familiarization program individually by the Chairman and this includes apprising about the status as well as the prospects of the company vis a vis industry to enable them to understand and contribute significantly towards the growth of the organization and the presentations are also given to them to update about the functioning of the units.

4) The company recognizes the concept of Board Diversity and adopted the policy to recognize the benefits of diverse board. Sincere efforts are still continued to strengthen and widen the base of the Board to enhance quality and professionalism in the discharge of its duties. Accordingly, the company has promoted the Executive Director Shri. Rajagopal Raja Chinraj as Chief Executive officer of the company

5) 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 (Rs.26,02,800/-) during 2018-19 are reflected in the financial statements accordingly.

6) It is hereby confirmed that, in the opinion of the Board the independent directors fulfill the conditions specified in the Regulations and are independent of the management.

7) During the year Independent Director Shri. Sushilkumar Kasliwal submitted his resignation w.e.f. 12/09/2018 stating that on account of being disqualified u/s 164 of the act. Accordingly the Board accepted his resignation in order to comply with the regulatory requirements.

8) None of the Directors are debarred or disqualified from appointment as Director and Certificate from Practicing Company Secretary - Shri Shivhari Jalan is attached herewith.

9) The board has accepted the recommendations of all the committees which are mandatorily required to be accepted.

10) The total fees paid to the Statutory Auditors for all services rendered by them to the company and its subsidiaries on a consolidated basis amounts to Rs.6.90 Lakhs.

11) Details of non-compliance, penalties, strictures by SEBI / Statutory Authorities /Stock Exchanges on matters relating to capital markets during the last 3 years.

The Company has also complied with the requirements of regulatory authorities on capital markets and also in respect of whistle blower policy regarding access to Audit Committee. No penalties or structures were imposed on the Company by any Stock Exchanges, SEBI or any statutory authority on any matters relating to capital markets during the last 3 years. The company has complied with all mandatory requirements stipulated under the provisions of the Listing regulations as amended from time to time.

**General Shareholder Information:**

The required information has been furnished separately under the head "Shareholder's Information."

**Auditors Certificate on Corporate Governance:**

Certificate from Statutory Auditors in respect of the compliance with the conditions of corporate governance as stipulated under Regulation 34 (3) of the Listing Regulations is annexed herewith as per the requirement.

**Risk Management Committee:**

Every organisation deploys the Business Risk Evaluation and Management systems as a continuous process. The Company has a modest risk management policy with a framework to identify, monitor and minimize risks as also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the BRM policy and framework in line with the legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, and mitigation as well as reporting of risks.

The Management does not envisage any risk associated with commodity price or foreign exchange and there are no hedging activities undertaken by the Company. The board has accepted the recommendations of the committees which are mandatorily wherever applicable and required to be accepted. The composition of the Risk management Committee as at March 31, 2019 and details of the Members participation at the Committee Meeting are as under:

| Name of the Member | Category | Attendance at the Risk Management Committee meeting held on 19/12/2018 |
|---|---|---|
| Shri. Pawan Agarwal | Chairman | Present |
| Shri. Vivek Gangwal | Director | Present |
| Shri.R. Chinraj | Executive Director | Present |
| Shri. Manoj Khemka | Chief Financial officer | Present |
| Shri Animesh Maheshwari | V.P. (Marketing-Retail) | Present |

**CEO/CFO Certification:**

Shri. RAJAGOPAL RAJA CHINRAJ Executive Director & Chief Executive Officer (ED&CEO) & Shri MANOJ KHEMKA Chief Financial Officer (CFO) have submitted necessary certificate to the Board stating the particulars specified under the listing regulations 17(8) of the SEBI (LODR) Regulations 2015 and reviewed by the Audit Committee. The said certificate is annexed and forms part of the Annual Report.

**DECLARATION & CERTIFICATION BY THE EXECUTIVE DIRECTOR AND CEO/ CFO.**

We, Shri. RAJAGOPAL RAJA CHINRAJ Executive Director & Chief Executive Officer (ED&CEO) & Shri MANOJ KHEMKA Chief Financial Officer (CFO) of Suditi Industries Ltd., to the best of our knowledge and belief certify that:

a. We have reviewed the financial statement and cash flow statement for the year ended 31st March, 2019 and to the best of my knowledge and belief:

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

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

b. We also certify that to the best of our knowledge and belief, there are no transactions entered into by Suditi Industries Ltd., during the year; which are fraudulent, illegal, or in violation of the Company's Code of Conduct.

c. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

   i) Significant changes, if any, in internal controls during the year.

   ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statement and

   iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

e. We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).

f. All the Directors and Senior Management Personnel have confirmed compliance with the code of conduct/ethics for the year ended 31st.March 2019.

g. We further confirm that all Board members and designated senior management personal have affirmed compliance with their respective Code of Conduct for the Directors and senior management for the financial year ended 31st March 2019, as approved by the Board.

**SUDITI INDUSTRIES LIMITED**

**RAJAGOPAL RAJA CHINRAJ** — ED & CEO
**MANOJ KHEMKA** — CFO

Place: Mumbai
Date: 08.08.2019

**OTHER REQUIREMENTS**

1. In respect of the Discretionary requirements as specified in Part E of Schedule 2 (Regulation 27(1) of SEBI (LODR) requirements 2015), the Company has complied only with respect to unmodified audit opinion and reporting of Internal Auditor to the Audit Committee.

2. The Company has constituted a Compensation Committee as required under the applicable rules and regulations for SUDITI ESOP PLAN 2011 and the details are already provided in the Corporate Governance Report. Further the company subsequent to the approval of the Financial Results has also constituted a Corporate Social Responsibility Committee.

3. As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields and no separate formal training program is given.

4. The quarterly/half yearly and Annual Financial Results, Code of Conduct etc., are also displayed in the website of the Company for the information of Shareholders/members and general public. The quarterly/half yearly results are also reported to Stock Exchange and published in National newspapers in English and in Marathi newspapers having wide circulation. The same are not sent separately to Shareholders of the Company.

5. Maintenance of Non-Executive Chairman's Office.

   (a) Company is not maintaining Non-Executive Chairman's office.

   (b) As on date no Independent Directors have a continuous tenure exceeding nine year as they are elected as Independent Director in the 23rd Annual General Meeting and in the 27th.Annual General Meeting respectively for a term of 5 Years. The Independent director Shri. Vivek Gangwal has been reelected to the second term subject to the approval of the shareholders in the Annual general Meeting.

6. Audit Qualifications - Nil.

7. The Company has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and the details are stated separately including various management policies and full Annual Report which are all available on the website of the Company www.suditi.in.

**Management Discussion and Analysis Report:**

Management discussion and analysis report containing the performance and outlook including the future prospects for the Company is presented herewith.

**Overview:**

The company maintained the performance levels in terms of growth in the sales business and profit levels in comparison with the previous year in spite of slower growth in the demand and sluggish market conditions. The retail business could not achieve the projected level of sales business because of unfair competitive discount structures offered by the market players. Added to this the global market situation was also not very attractive for the company. Hence there were no significant export businesses during the year under review. The company had focused mainly on the domestic business and managed its operational cycle to a large extend without making any major adverse impact on the overall performance.

Even the country's GDP has also not increased significantly because of all these adverse economic factors. However comparing to other countries in the world India still remains a major growing economy and the growth levels vary in the range of 6.5-7.5%. The major reason for this growth rate is due to the strength in the domestic demand conditions and it still continues to remain bullish. Because of these factors the company laid major emphasis on the domestic market. Added to this the global trade wars between powerful economies of the world and the consequent turbulence in the oil and commodity markets, there is no immediate respite for the textile sector in the global market.

**Significant Financial Events of the Year:**

During the year under review, the Company has recorded profit of Rs.571.69 Lakhs before tax in comparison to Rs. 486.10 Lakhs pertaining to corresponding previous year. There is satisfactory improvement by around 18% in the profit levels due to increase in the sales turnover by around 14 % in comparison to previous year. However the retail business is again not on anticipated line and the company's Retail operations are yet to achieve break even as the retail business all over the country had a tough time in the year 2018-19. The after effect of GST, slow down in the domestic demand, unfair competition among the retailers by way of offering huge discounts etc, had a severe impact on the overall profitability of the Retail business. Since this trend is projected to be purely a short term nature as the Retail sector is expected to grow at the rate of around 15% in the country in the years to come, the company is optimistic to make a significant progress in the future. Considering all these factors the company has entered into new licentiate arrangement with NBA Properties-USA and PSG-Paris. These are in addition to the existing arrangement the company has with FC-Barcelona, Manchester City and YouWeCan. The company is hopeful of achieving significant growth in the sales business under this label in the current year. There are no credit ratings taken except the credit rating taken for bank credit facilities which remain as CARE BBB- (Triple B minus: Outlook-stable) for long term bank facilities and CARE A3 (A three) for short term bank facilities issued by CARE Ratings Ltd.

Overall the performance of the subsidiaries is also not very encouraging due to prevailing uncertain market conditions. While one of the subsidiaries M/S. Suditi Design Studio Limited has not been able to show any significant performance in terms of the sales both in value and volume, the other subsidiary M/S. Suditi Sports Apparel Limited has not yet commenced any sales business activities. However the efforts are now in final stage for the subsidiary to start the business operations as the company has identified and carved out separate segment in the sports related apparel business. Further the performance of the process house, printing unit and the garment unit continue to remain stable and satisfactory. After considering all these factors, and also taking into account the future requirements, the board has decided to recommend the dividend @ Rs.0.20 per equity share of Rs.10 each to be paid only to the shareholders (under public category) other than promoters and the persons acting in concert with them.

**Retail Product License agreement with NBA Properties, Inc. (NBAP) USA;**

The Company has executed the Retail Product License agreement with NBA Properties, Inc. USA for commercial use of the logos, symbols, designations, emblems, color, combinations, design and all such identifications, labels, insignia, indicia, or trade dress thereof, collectively called NBA marks of the National Basket Ball Association (NBA) USA and its member teams and the contract is valid up to 31/12/2023. The company can manufacture the apparels/garments by using the logos/emblems/symbols of the NBA and sell them in the domestic market (Indian Market).

**Execution of license contract with PSG Merchandising, France.**

The company has executed the License Contract with PSG Merchandising, France. PSG Merchandising a French simplified limited liability company is a subsidiary of Paris Saint-Germain Football Professional Sports Company (Paris Saint-Germain). Accordingly PSG Merchandising has granted the company the right to use Paris Saint-Germain's intellectual property rights for commercial purposes. The company is entitled to use the Trademarks, Logos, Copyright Material, patents, copyright, knowledge, and drawings on the apparels/ garments manufactured by the company. The contract is restricted to the domestic market (Indian Market) and valid up to 30/06/2020.

**Medium term and long term strategy:**

The company in view of its limited financial strength and size, as a part of medium strategy plans to develop the retail business without making any significant investment in terms of expenditure on setting up own retail chains or brand building through utilizing the available funds for advertisement or other mode of sales promotions. It is in this context company has started making and selling garments and apparels under Licentiate arrangement. Similarly the company has also entered into co ownership arrangement for "YouWeCan" brand owned by celebrity cricketer Mr. Yuvraj Singh. In the long term the company proposes to add more such licenses as well as arrangement with other celebrities without making any significant investment from the available. The long term strategy of the company is to become a prominent retail seller of garments and apparels related with sports or games under licentiate or related type of arrangement. This will be supplemented by making the company a reputed and reliable player in the market for design and development of garments and other dress materials by using the logos or emblems or patents etc. availed through licentiate arrangement.

**Opportunities & Threats:**

India is the world's second largest producer of textiles and garments after China. It is the world's third largest producer of cotton after China and the USA and the second largest cotton consumer after China. Indian textile industry currently estimated to be US $108 billion and expected to reach US $209 billion in the year 2021. Among the nations, China is the largest supplier of textile and apparel in the world with a major share of 40%. It is distantly followed by countries such as India, Italy, and Germany etc. each with an approximate share of 5% in the global textile and apparel exports. In this one of the commendable development is the steady growth of the global luxury industry over the past 16 years and it is commonly believed to be one of the most appealing and profitable industries in the world. In addition to its economic value, luxury fashions brands help develop the best fashion products for the market. They are leaders in the fashion world and drive a lot of mass-market imitators. The growth of Indian E-Commerce companies provides opportunities for the Indian textile industry in the domestic as well as international market. Amazon, Flipkart, Jabong and Myntra are the major players in the Indian E-Commerce Industry.

Even today a T-shirt manufacturing factory proved to be the torchbearer for digital printing technology and DTG (direct to garment) printing that facilitated customized manufacturing. Today, multiple textile technologies offer a sustainable option to conventional production. They rationalize workflow besides offering the client "just in time" manufacturing. Micro-textile model promises a new dawn for the industry exposed during all cycles of this model, be it speed to market, value of stock, or consumer relevance. The Digital Textile Revolution including developments in CAD/CAM, augmented reality software, online workflow, laser cutting, and digital textile printing are providing a way forward that is not only risk free but also consumes fewer resources. The micro-factory model of "Sell, Produce, Deliver," and not "Produce, Sell, Deliver" is driven by an online sales presence, alongside AR and AI software. The client selects buys and pays for their product before the item is produced. The model is capable of producing and delivering in 24 hours through n the speed of image processing, computerised workflow, digital printing and cutting and with computerised sewing (as an option) then dispatch, This business model was first used by direct to garment (DTG) printers, who would deliver a sale within 24 hours of receiving the payment. The producer was able to cater to its consumers demands by creating and approving artwork, sending it to print, then packing and dispatching the blank t-shirts within the timeframe expected by the customer. The model has grown to encompass and attract many other sectors, with athleisure, swimwear and fashion taking up the opportunity to rationalise their production systems. The online e-commerce tool in this model uses all the visual space of the selling website to make an extended offer in terms of product, color, size and design. When online orders are received, they immediately go into a computerised workflow, where the artwork is completed, the customer contacted and, upon approval, the production is initiated, all within a matter of minutes. The micro-factory produces textiles by using digital textile printing. The machinery is a fraction of the size of traditional machinery and also smaller in dimension. It consumes lesser heat, light, water and power than the traditional textile manufacturing model. The micro-factory model is infinitely adaptive. A huge online range can be serviced efficiently and profitably, without enormous warehouses, without the risk of clearances, and without the uneconomic use of scarce cash reserves. It's no wonder then, that the model is hailed as a new dawn for textiles, with its efficiency and profitability bringing manufacturing back to a more local base and offering jobs for workers in the country of origin.

The company has a core design and development team engaged constantly on the development work for various brands and customers. There is big scope for the development of product under licentiate rights of big brands, reputed globally known sports clubs, sports events and festivals. Added to this now a days there are many celebrities who are very eager to endorse their choice of brands and this will be major source of promotion in the future for apparels industry. This needs adequate facility to develop good products with a number of creative designs to offer large number of options to the customers. In this area the company has created a niche in the market for manufacturing and selling apparels with wide designs apart from manufacturing under licentiate arrangements with various sports clubs or institutions related with the sports events.

The changing government policies at the state and central government levels are posing major challenges to the textile industry. The tax structure GST (Goods and Service Tax) make the garments expensive. Another important thereat is raising interest rates and labor wages and workers' salaries. There is higher level of attrition in the garment industry. Although central government is wooing the foreign investors the investment is not coming in the textile industry. In India places such as Bangalore, Mumbai, New Delhi and Tirupur are the hubs of textile garment industries. These manufacturers have ability to produce the entire range of woven wear and knitwear at low cost with reasonably good quality within the short notices. The Indian textile industry has its own limitations such as accesses to latest technology and failures to meet global standards in the highly competitive export market. There is fierce competition from China, Bangladesh and Sri Lanka in the low price garment market. In the global market tariff and non-tariff barriers coupled with quota is posing major challenge to the Indian textile Industry. The environmental and social issues like child labor and personal safety norms are also some of the challenges for the textile industry in India.

It is clear that the transition the textiles and apparel industry is in, is really creating tremendous strain on the traditional supply chains. All across the world, people in the industry are working very hard, but profits do not necessarily match the efforts. Improvements are made only when the business is made smarter. This means that the industry has to innovate and find ways to implement all the new (digital) technology available to help raise productivity and profitability. Working smarter means using smarter technology, educating ourselves and our people and sometimes changing the way we are organized. At the same time we have the challenge, if not the duty, to make our industry more sustainable in terms of social labor conditions and environmental impact. Everywhere we look in the supply chain, we feel under how much pressure the textiles and apparel industry is working. Smart means a way to break free from the constraints of traditional processes. Smart means speeding up processes in the supply chain by using technology, not working faster. Smart means systemic changes to really enable reuse of materials and less waste. And smart means reaching out to new consumers and creating value by using new sales platforms across the globe. This can only be done by stronger partnerships and collaboration in our supply chain. If we succeed in managing this, sustaining growth can be forseen, even in a less predictable economic landscape. Also, the market uses extended financial credit lines which leads to reduced yields and offers a meager return on investment. As a result, profits grow slightly; stock grows in line with profits, until the time is reached when all of the profit is in the stock.

The company closely monitors all these factors and assesses all these emerging developments while keeping a close look on all the unfavorable factors to ensure that the company is able to utilize the opportunities to the best advantage. The synergy between the product range, the cost of production and the selling price is maintained at all times. The company continues to develop new range of products from season to season for the Retail business to expand the scope of existing business levels. The subsidiary and joint venture companies are also encouraged to develop the ambitious business plans like selling apparels linked with some special events, as well as with ethnic designs and patterns. In view of inherent strength build up over the last more than two decades, it is now well placed to take substantial advantage of this opportunity in the global textile market as well as in the local market.

**Industry Structure & Development:**

The industry is the second largest employment generator after agriculture by employing 45 million people directly and 60 million people indirectly.The Indian textile industry presently contributes around 14 percent to industrial production, and 4 percent to GDP, 17 percent to the country's exports, and 21 percent employment. India has abundance of natural resources like cotton, jute and silk. Indian products are preferred for their fine designing, embellishment and craft. From the ages the Indian fabric designers and weavers are recognized as one of the best in the world. At present industry is growing at 9-10 percent with Indian economy. Indian textile industry currently possesses a share of 4.7% in world market of textiles and clothing. Export of clothing from India is increasing world over due to the versatility of different products.

Cotton being the most abundant raw material in India is indispensable and accounts for around 73% of the total fibre consumption in India. Man-made Fibres (MMF) account for just 25% share of consumption in India as compared to their share of over 70% globally. The consumption trend of MMF in India has gradually decreased over the last 5 years, while cotton has maintained its position over 70%. Though the consumption of MMF has declined but going forward, due to supply side pressures and price volatility, cotton may struggle to satisfy growing demands, which in turn will increase the consumption of MMF fibres in India. India has a significant share in the Global yarn spinning and is second only to China in production. It is considered the most modern and globally competitive segment of the entire textile and apparel value chain in India. However, Cotton yarn production has been stagnant over last 2-3 years and exports are declining, but this should not be seen in isolation as global demand of cotton is declining gradually and domestic demand is not growing at a steep rate either. In contrast to the fibre production, spun yarn production has seen a steady growth over the last 5 years owing to the increase in the demand for Blended yarns and MMF yarns. Weaving/ Knitting Weaving: India has the largest number of looms in place to weave fabrics, accounting for 64 percent of the globally installed looms. India's weaving sector comprises of 3 distinct sectors viz. organized mills, powerlooms and handloom sector. The knitting sector in India is at an infant stage, contributing just 1% to the global knit fabric trade when compared to over 50% share of China in the same segment. One of the reasons being the lack of major knitting mills, thus most of the knit fabrics is manufactured in small decentralized mills. India produced around 17.5 bn. Sqm knitted fabric, which when compared to woven fabric accounts for just 27% of the total fabric produced in 2017-18. The processing segment of the textile value chain is the one where India lacks the most, although we have sufficient manufacturing capacities, but lack the innovation needed to produce specialty products. India lacks large composite units with world class technology and requisite skills to produce fabrics, which meets the approval of the international buying houses. This is the key area of production which determines the strength of the textile value chain as here grey fabric is converted into fashion fabric for readymade garments. Garmenting in India is highly fragmented and almost 90% of manufacturing units are part of the Small and Medium Enterprise (SMEs) category. However, manufacturing units in India lack high level of productivity when compared to manufacturing systems applied in neighboring countries like Bangladesh, Indonesia and China. The Indian apparel exports are experiencing turbulence at moment and have fallen about 4% in 2017-18 due to the newly implemented GST and registered an export of worth US$ 16.7 Billion. Technical Textiles Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties. The technical textiles segment in India is gaining pace, with national and international companies investing extensively towards production in India.

Indian imports of textile & apparel products has grown at a concerning CAGR of 9% over the last five years to reach US$ 7.0 billion in 2017-18. Last year witnessed a huge surge in imports at a rate of 16%. Fabric is the largest category imported in India having a share of 27% in the total T&A imports during 2017-18. The fabric imports have constantly increased from US$ 1.8 billion to US$ 2.1 billion since 2013-14. The textiles and clothing industry has been affected post GST which is quite visible from the continuously rising imports of textile and apparel commodities and declining exports of our apparel products. The increase in imports poses different threats and challenges as pre-GST, import of textile products were attracting BCD plus CVD and SAD. However, post-GST, CVD and SAD were withdrawn and IGST was introduced. The effective import duties have come down steeply, thus, making imports cheaper for the domestic industry by 15-20%. The change in import duties has adversely affected the entire textile value chain resulting in increase in imports from competing countries like China, Indonesia, Thailand, etc. The Free Trade Agreements (FTAs) with Bangladesh and Sri Lanka have made the situation worse as other countries route their textile products duty free into India through them as India has no Rule of Origin in place.

India as a manufacturing country has a lot of potential of manufacturing textiles and apparel. However, the quality, innovation, technology and lead times of the manufacturers need to be aligned in a manner to bring growth and stability to the industry. Given the fact that China has begun to shift its focus from exports to domestic market, has opened avenues for India to take up its share and strengthen our position in global textile and apparel trade. With an increased support from the government and a few encouraging policy changes can change the dynamics of industry and bring in more investment into the industry. A better implementation of the current schemes will also benefit the industry as a whole. CITI is hopeful that the government will look into the matter and help the manufacturers in these turbulent times and bring normalcy to the industry.

The Company is keeps a tab on all these fast moving developments and changes in the structure as well as the business styles in the industry. Flexibility is the key to withstand all these developments. The company has examined the methods followed in the Retail marketing and accordingly adjusted its marketing strategy in a very short span of time. The company is now in the process of expansion of the Retail business through franchisee models and online sales. The company has specialized in the manufacture and sale of apparels attached with some sports event and sports promotion campaigns and clubs. Accordingly the subsidiary and joint venture companies are also organized to develop retail business in different formats and product ranges. The company has made arrangements to develop and supply wide range of products to all its customers which includes embroidery items, printed garments and apparels with new ethnic designs and patterns. The manufacturing facilities and product ranges are always upgraded and kept in line with the latest trends and requirements of the market.

**Performance:**

Overall there is satisfactory growth in the sales as also in profits in comparison to the last year. However the performance could have been better if there had been significant improvement in the performance of the Retail division. The company had not anticipated any major export sales due to sluggish market and economic conditions all over the world. Because of all these factors the profits are not as per the projected levels which again can also be attributed due to absorption of some losses from Retail operations.

(Rs.in Lakhs)

| | 2018-19 | 2017-18 | Percentage Change |
|---|---|---|---|
| Local Sales | 11143.62 | 9781.06 | 13.93 |
| Export Sales | - | - | - |
| Other Income | 19.37 | 17.01 | 13.87 |
| **Total:** | **11162.99** | **9798.07** | **13.93** |

Key Ratios:

| Particulars | 2018-19 (Standalone) | 2017-18 (Standalone) | 2018-19 (Consolidated) | 2017-18 (Consolidated) |
|---|---|---|---|---|
| Debtors Turnover | 3.33 | 4.26 | 2.78 | 3.33 |
| Inventory Turnover | 3.42 | 3.02 | 2.87 | 2.75 |
| Interest coverage Ratio | 3.34 | 3.19 | 2.82 | 2.86 |
| Debt Equity Ratio | 0.79 | 0.62 | 0.95 | 0.80 |
| Operating profit margin (%) | 9.64 | 9.47 | 9.63 | 9.20 |
| Net Profit margin (%) | 3.43 | 3.43 | 2.92 | 2.73 |
| Return on net worth (%) | 10.19 | 10.16 | 9.04 | 8.79 |
| Current Ratio | 1.38 | 1.38 | 1.35 | 1.32 |

Further in respect of key financial ratios there is no significant variation in the ratios in comparison to previous year except in the debtors turnover ratios which is mainly on account of accumulation of inventory at retail outlets owned by the franchisees and Large format stores due to sluggish demand conditions prevailed all over the country particularly during the last quarter of the financial year 2018-19.

The Company continues to strengthen the measures taken earlier to improve the business of Retail division. However certain economic factors have an adverse impact on the growth of the retail section which is beyond the control of any company. The company keeps its focus more on sales through LFS and the online platforms. The company is now able to penetrate into deeper market segments to widen the sales of apparels manufactured under licentiate arrangements and also fashion apparels. The Company has managed its borrowings prudently that the incident of finance cost has not increased substantially in comparison to sales. Because of all these developments, the company is expecting substantial improvement in the profitability as well as in the sales for the current year 2019-20.

**Earnings per share:**

The Company's earnings per share for 2018-19 are Rs.2.26 as against Rs.2.00 per share during 2017-18.

**Investments/Tangible assets:**

The Company continues to hold investment of 2880 Nos. of equity shares of IDBI Bank Ltd., in the Demat form. Further during the company has invested Rs.5 Lakhs (comprising 5000 shares (@ face value of Rs.10/- each) equaling to 50% of the Paid up capital in the Joint venture company M/s SAA & Suditi Retail Pvt.Ltd. In addition to this the company had also subscribed to the Equity share capital of both the subsidiaries amounting to Rs.90 lakhs (comprising 900000 shares (@ face value of Rs.10/- each). All the assets are insured and maintained appropriately.

**Human Resources:**

Human resources are pivotal to the growth of any organization. The company understands the importance of this aspect and accordingly certain schemes are followed like productivity based incentive scheme, in-house training and orientation program to improve the productivity in the company. The Suditi Employees Stock Option Plan 2011 is one of such important plan for employees at certain levels to have better participation from them in the growth of the organization. The strength includes both direct and indirect laborers, which vary from month to month. The overall employee relations in the company remained healthy and cordial.

**Risk and Concerns:**

Risk is where loss is expected from the untoward event or the incident whereas "Hazard" is defined as the one which cause for damage or injury to the environment or property. The Risk management encompasses Logical methods to manage risk, assess and monitor the risk and develop the risk policy and undertake auditing of the same. The types of Risk are financial risks, credit risk and investment risk, liquidity risk, racket risk, operational risk, process risk, intangible risk, time risk, human risk, legal risk, physical risk. The Risk Management process begins when somebody asks what kind of events can damage the business and how much damage can be done. Identify the and measuring the potential loss exposures, choosing the most efficient methods of controlling and financing loss exposure and implementing them and finally monitoring all the outcomes are the main steps involved in risk management. The proper management policies, risk analysis, planning and activity are most important for risk management plan. Risk consequences on the planned garment production are 1)Exceeding the framework of the assessment of production costs, 2) Exceeding the requested date of making 3) Not acquiring the quality of clothing. Tracking disorders and disturbances in production, their systematization and statistical methods can lead to the sizes which belong to risk and can be included in the calculation. The risk may appear: Because of placement of low bids in the market and in production compared to the size of the series that is produced. In case of process house the major element of risk is associated with the environmental clearance and permission apart from other associated risks with other sectors. Adequate utility input materials availability and its efficient usage is the need of the hour for any process house to obtain the necessary approvals from the regulatory authorities.

The unpredictable changes in the fashion trends and the expectations, i.e. new designs that should be accepted, should also bring new results. The problem which exists in garment industry is that we monitor the trends that have already taken place on the fashion scene where sometimes a collection is being accepted and the preparation for production is getting completed, a new fashion demand emerges, before the old one has been accustomed and marketed. External estimate deals with advantages and dangers connected with a market, technology, scientific-technological development, changes in micro and macro environment, economy, ecology. Here comes the case when one textile firm, depending on its ability to follow fashion trend "blindly", sees the production of the very up to- date design as advantage, whereas the other textile firm that has e.g. classical brand in clothing sees the same fashion trend and a new design as danger. Within a fashion company, paying special attention to the problems of designing a new product, it is necessary to observe within internal estimate first of all skills, training, attitude of marketing team, fashion designer and technologist and then the production management structure of the company itself, current systems (CAD/ CAM systems), relations and communications among people. In order to manufacture an adequate product real expenses must be estimated especially textile fabrics and quality of manufacturing garments, in order to lengthen a life cycle of a fashion product and not to neglect technical-technological capacities of the firm. Garment manufacturers who do not invest in the development of products and production technology get into danger and can't "keep pace" with fashion trend although they try hard. In an era of uncertain global market, nature of the risk vary from short-term, medium term to long-term risks which stem from geopolitical tensions, volatility in financial markets, stagnation and low potential growth in advanced economies and decline in potential growth in the emerging markets. Manufacturing is a labour intensive process, and there is a constant demand for rising wages for workers. Since the labour force in our country has low productivity in comparison to other competing countries and there is a need to upgrade the skill. Cost of power, poor infrastructure is a big concern to the garment manufacturers in the country. India lacks in trade pact memberships, which leads to restricted access to the major markets and make the industry uncompetitive sometimes. The Indian retail market is still underdeveloped. The unhealthy competition and poor infrastructure facilities are other major concern for the industry to restrict its growth.

In the uncertain global conditions, the political risk has assumed significant importance where the probability that a political event will impact adversely on a firm's profit. The political risk represents the financial risk associated with the change in the government policies. This risk covers items like restriction on remittances in the buyer's country or any government action which may block or delay payment in rupees to the exporter, War, revolution or civil commotion in the buyer's country. Further there are other risks like operational risk resulting from inadequate or failed internal processes, people and systems, or from external events. The Employee risk relating to the health and safety issues are a constant problem in the garment industry. Purchasing power risk results in the loss of purchasing power due to the effects of inflation. Further there is also Technology risk due to changes in the technology followed in the units. The other type of risk confronted by the industry is Counter party risk where the other party in an agreement defaults and fails to comply with the terms and conditions of the contract. As the company is associated with product development under licentiate type of models, there is an exposure for the company which needs to be safeguarded. There is buyer risk related to insolvency of the buyer. There are other risks like hazard risk, currency risk price risk, Liquidity risk, Settlement Risk and credit risks. The industry is always exposed to uncertainty which gives rise to these types of risks.

The company has set up separate dedicated committee to analyze and monitor these risks. There is adequate system for evaluation of risks on a regular basis. Steps are taken timely to ensure that the company is properly safeguarded against these risks. The company has already put in place certain policies and procedures to address some of the risks like financial risks, credit risks, operational risks and hazard risks. Apart from this the team monitors all these developments which have bearing on the company's goals and adequate steps are taken to ensure that maximum level of safety coverage is provided to the company against these risks. Further the committee also reviews the systems and data storages & flow of the same by considering the probability of threat to Cyber security.

**Internal Controls & Systems:**

The company has an effective internal control and systems in place. The company reviews all the functions and procedures followed to ensure its effectiveness and this enables the Company to check any major revenue leakage or wastage of resources. There is constant evaluation of all the Internal Controls Systems and procedures. Further these Systems and procedures are also reviewed by Internal Auditors through checking, inspection and verification. The Internal Auditors make a comprehensive audit plan to identify various risk, wastage, and revenue leakages apart from identifying any non-compliance of statutory or other legal requirements. The Internal Audit process involves identification of the risks perceived for any particular function. The review and evaluation of the effectiveness of the existing controls are made to ensure adherence to policies, systems, with recommendations for improvement. Apart from this the company has also adequate internal financial control systems that includes a risk based framework to ensure orderly and efficient conduct of its business, safeguarding assets and accuracy and completeness of the accounting records, and assurance on reliable financial information. The Audit Committee also reviews the recommendation and suggestions placed before them and necessary actions are initiated accordingly.

**Outlook:**

The Indian textile industry requires support from both the Central and State governments to become competitive in the Global market. The Skill India and Make-in India programs of Central government are helping the industry in getting required skilled manpower and good market for textile products. It is high time for the textile industry to upgrade their technology and implement ERP to streamline supply chain and enhance customer relations management activities. These measures are enabling the industry in becoming competitive in the global market. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as potential export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the last decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organized apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period The Union Ministry of Textiles, which has set a target of doubling textile exports in 10 years, plans to enter into bilateral agreements with Africa and Australia along with working on a new textile policy to promote value addition, apart from finalizing guidelines for the revised Textile up gradation Fund Scheme (TUFS). High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US$ 85 billion, is expected to reach US $160 billion by 2025. The Indian cotton textile industry is expected to showcase a stable growth in FY2019-20, supported by stable input prices, healthy capacity utilization and steady domestic demand.

The company looks at these encouraging trends as an incentive to its stride and plans to boost the sales in a big way. The company is taking active part in this healthy competition particularly in the development of new products with new designs and patterns. The company has the necessary production facility to cope with the new requirements in the domestic market. Further the licentiate line of business chosen by the company has very few competitions and because of these the company is adding new licentiate rights every year. Hence the company is anticipating substantial increase in the growth rate of retail garment business in the next few years. This will eventually help the company and its subsidiaries to increase the profit margins of their Retail business. The growth in the garment and exports business in the country will have a direct impact on the processing unit as this will help the company to bargain for better sales value realization. All these developments are certainly welcome measures and augment well for the Company.

**Cautionary Statement:**

All the statements and observations stated in the Management Discussion and Analysis & other reports, describing the Company's objectives, projections, data information and estimates may be "forward looking" statements within the meaning of applicable securities, laws, and regulations. Therefore the actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and International markets, changes in the Government regulations, tax laws, statutes, and other incidental national and international factors.

For and on behalf of the Board of Directors

Place: Mumbai — **PAWAN AGARWAL**

Date: 08.08.2019 — CHAIRMAN

**Shareholders' Information**

**Registered Office:**

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

**Factory & Admn. Office:**

Unit No1:
C-253/254, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

**Knitting and Garment Division:**

Unit No.2:
C3-B, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

**Annual General Meeting:**

28th. A.G.M.

**Date and Time:**

30th September, 2019 - 3.30 P.M.

**Venue:**

Walchand Hirachand Hall, 4th.Floor, Lalji Naranji Memorial Indian Merchants', Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020.

**Financial Calendar (Tentative):**

- First Quarter : Second week of August
- Second Quarter/Half year : Second week of November
- Third Quarter : Second week of February
- Fourth Quarter/Annual : First week of May (In case of un-audited results) End of May (Audited Results)

Meetings for approval of quarterly and annual financial results during the year under review were held on the following dates:

| Quarter | Date of Board Meeting |
|---|---|
| 1st Quarter | 08/08/2018 |
| 2nd Quarter | 13/11/2018 |
| 3rd Quarter | 13/02/2019 |
| 4th Quarter | 30/05/2019 |

**Date of Book closure:**

24.09.2019 to 30.09.2019 (both days inclusive)

**Dividend payment:**

Rs.0.20 per Equity share of Rs.10 each held by the public other than promoters and the promoter group/PAC.

**Listing on Stock Exchanges:**

Company's (SIL) equity shares are listed on The BSE LTD (Bombay Stock Exchange Ltd).

**Listing fees:**

The Annual Listing fee for the financial year 2018-19 has been paid to The Bombay Stock Exchange Ltd.

**Delisting:**

Delisted from Ahmadabad Stock Exchange and applied for delisting of shares from the Calcutta Stock Exchanges. (Delhi already closed).

**Share transfers:**

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of 15 days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects. However the same is not permitted as per the new amendments issued by SEBI in this regard. Similarly Dematerialisation requests are also processed within 21 days from the date of the receipt to give credit if the shares through the depositories. In compliance with the Listing Agreement with the Stock Exchange and the Listing regulations, every six months, a practicing Company secretary audits the system of Transfers and a certificate to that effect is issued. The Stakeholders Relationship committee is entrusted with the task and the details of the committee are stated separately in the report.

**Nomination facility for shareholding:**

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain nomination form, from the Registrar & Transfer Agency of the Company or download the same from their website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

**Permanent Account Number (PAN):**

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services like issue of duplicate share certificates.

**Payment of dividend through National Electronic Clearing Service (NECS):**

The Company provides the facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS, Members who hold shares in Demat mode should inform their Depository Participant and the Members holding shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company / Depository Participant, the Company may issue dividend warrants to the Members subject to the provisions of the Rules & Regulations.

**Dematerialization:**

The Company's Shares are dematerialized in National Securities Depository Ltd. & Central Depository Services (India) Ltd. The Company's ISIN No. is INE691D01012. The Company is taking all steps to dematerialize the entire Share capital and the members are advised regularly. Further aamendment to Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to mandatory dematerialisation of transfer of securities vide Gazette notification dt.08/06/2018 and the amendments made, has mandated that transfer of securities would be carried out in dematerialised form only. Accordingly with effect from 01/04/2019 shares which are lodged for transfer shall be in dematerialised form only and accordingly shareholders who are holding the shares in physical form are advised to dematerialise their holdings immediately.

There are no details to be furnished in respect of Demat suspense account/ unclaimed suspense account.

**The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2019 is given below:**

| Particulars | No. of Shares | Percentage |
|---|---|---|
| Physical Segment | 1262360 | 7.43% |
| Demat Segment | | |
| NSDL | 13743801 | 80.93% |
| CDSL | 1975862 | 11.64% |
| Total | 16982023 | 100.000% |

**Reconciliation of Share Capital Audit:**

As required by the Securities & Exchange Board of India (SEBI) regulations, quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditors' Certificate in regard to the same is submitted to BSE Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

**Complaints:**

The Company has received a letter from its R&T Agent M/s. Sharex Dynamic (I) Pvt. Ltd. indicating that there are no complaints pending against the Company.

**Unclaimed Dividend:**

Unclaimed dividend (not due for transfer to IEPF) as on 31st March, 2019 is Rs.2930580/-. However there is no unclaimed Dividend account due and pending for transfer to IEPF as on 31/03/2019. However, the dividend distributed in the year 2012 and unclaimed for more than 7 years is due for transfer to IEPF in the month of October, 2019. The Company has already circulated notices to those shareholders who have not claimed their dividends informing that the shares held by these shareholders are also due for transfer to IEPF.

**Market Price Data:**

Source (Website - bseindia.com)

| The Stock Exchange, Mumbai. | | | |
|---|---|---|---|
| Month | Low (Rs.) | High (Rs.) | Monthly Volume |
| April, 2018 | 61.25 | 71.25 | 75,973 |
| May, 2018 | 48.90 | 67.50 | 1,97,346 |
| June, 2018 | 44.50 | 58.40 | 1,42,065 |
| July, 2018 | 46.40 | 59.90 | 43,198 |
| August, 2018 | 43.50 | 58.50 | 70,043 |
| September, 2018 | 37.20 | 51.00 | 1,06,023 |
| October, 2018 | 28.60 | 42.95 | 53,205 |
| November, 2018 | 32.20 | 46.30 | 73,115 |
| December, 2018 | 33.05 | 43.95 | 65,045 |
| January, 2019 | 30.30 | 40.00 | 21,022 |
| February, 2019 | 27.50 | 35.00 | 35,907 |
| March, 2019 | 25.05 | 33.00 | 1,64,099 |

**Stock Code:**

Bombay Stock Exchange Ltd. (521113)

**The ISIN Number is:**

INE691D01012 (NSDL & CDSL)

**Share Transfer Agent:**

M/s. Sharex Dynamic (India) Pvt. Ltd.

**Registered Office:**

Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (East),Mumbai - 400 072.

**Branch Office:**

C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083.

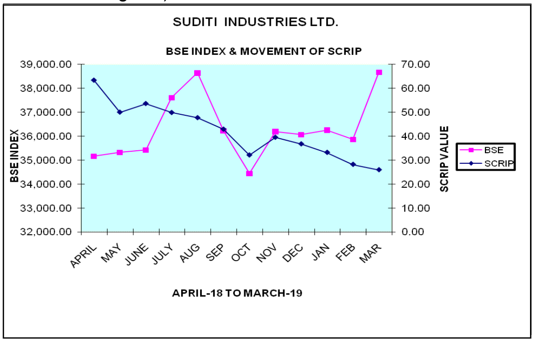
Tel: 28515606/28515644
Email: investor@sharexindia.com

**E-Voting Facility to members:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL). In compliance with the requirements, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

**Stock Price Suditi v/s BSE Sensex:**

(Source-R&T Agents)




**Distribution of shareholding as on 31st March, 2019:**

| Category From To | No. of Cases | % of cases | Amount | % of Amount |
|---|---|---|---|---|
| Upto 5000 | 10266 | 92.86 | 13545950 | 7.98 |
| 5001 - 10000 | 386 | 3.49 | 3121000 | 1.84 |
| 10001 - 20000 | 157 | 1.42 | 2436240 | 1.43 |
| 20001 - 30000 | 84 | 0.76 | 2123940 | 1.25 |
| 30001 - 40000 | 35 | 0.32 | 1208900 | 0.71 |
| 40001 - 50000 | 26 | 0.23 | 1236350 | 0.73 |
| 50001 - 100000 | 47 | 0.42 | 3468000 | 2.04 |
| 100001 and above | 55 | 0.50 | 142679850 | 84.02 |
| **Total:** | **11056** | **100.00** | **169820230** | **100.00** |
| Physical Mode | 7436 | 67.26 | 12623600 | 7.43 |
| Electronic Mode | 3620 | 32.74 | 157196630 | 92.57 |
| **Total:** | **11056** | **100.00** | **169820230** | **100.00** |

**Shareholding Pattern as on 31st March, 2019:**

| Categories | No. of folios | No. of Shares | Percentage (%) |
|---|---|---|---|
| Foreign Collaborators | – | – | – |
| Foreign Promoters | ? | ? | ? |
| Non-Resident Indians | 499 | 186256 | 1.097 |
| Nationalized Banks | 5 | 1200 | 0.007 |
| Other Bodies Corporate | 78 | 264403 | 1.557 |
| Directors | 2 | 11386691 | 67.051 |
| Company Promoters | 10 | 385138 | 2.268 |
| Individuals / Others | 10445 | 4724555 | 27.821 |
| Overseas Corporate Bodies/ Foreign National | – | – | – |
| Clearing Members | 17 | 33780 | 0.199 |
| **Grand Total:** | **11056** | **16982023** | **100.00** |

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**Plant Location:**

- C-253/254, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.
- C-3B, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

**Address for Correspondence:**

All correspondences shall be addressed to the Company's Share Transfer Agents at the address given above. In case of any difficulty, shareholders may contact Compliance Officer/Company Secretary Mr. H. Gopalkrishnan or alternatively Mr. Deepak Naik (Authorised Person) (Tel: 67368600/10, 67368615/20) at the Company's Secretarial Dept. at C-253/254, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

## Annexure II

DISCLOSURE UNDER THE COMPANIES APPOINTMENT AND REMUNEARATION OF MANAGERIAL PERSONEL) RULES, 2014.

a) The ratio of remuneration of each director to the median remuneration of the employees;

Chairman 5.58:1

Executive Director 7.88:1

b) % increase in remuneration of each Director, KMP and of %. increase in median remuneration of employees

% increase in remuneration of Chairman Nil (remuneration considered upto 30/11/2018 as he has relinquished the position of Managing Director from w.e.f. 01/12/2018)

% increase in remuneration of Executive Director Nil

% increase in remuneration of KMP Nil

% increase in remuneration of median 16%

c) Number of permanent employees on the rolls of the company as on 31st March, 2019 is 154 (including Chairman & Executive Director).

d) Justification of increase in managerial remuneration with that of increase in remuneration of other employees: There is no increase in the remuneration of Managerial Persons during the year under review. As Chairman relinquished the position of Managing Director, Shri Rajagopal Raja Chinraj has been appointed as Wholetime (Executive) Director w.e.f 01/06/2018 and the revision of the remuneration will be considered by the Board accordingly.

e) Affirmation that remuneration is as per remuneration policy of the Company.

I Shri Pawan Agarwal, Chairman of the company hereby affirm that all the employees including key managerial personal are paid remuneration as per the remuneration policy formulated by the company and approved by the Board. No employee is treated unfairly or denied any benefits as may be applicable and payable to him as per the company's payment of remuneration policy.

**SUDITI INDUSTRIES LIMITED**

Place: Mumbai **PAWAN AGARWAL**

Date: 08.08.2019 CHARIMAN

### Annexure II (b)

| Sr. No. | Name | Designation | Remuneration (including perquisites) | Nature of Employment | Qualification | Exp (Approx) | Date of Commencement | Age | Last Employment | Whether relative of any Director/ Manager of the Company | No. of shares held |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Shri Pawan Agarwal | Chairman | 1400000 | Contractual | B.Com | 33 years | Promoter Director | 19.02.1965 | Promoter and family business | Promoter Director | 11279991 |
| 2 | Mr. R.Chinraj | Executive Director (Inducted to the Board and promoted as Wholetime Director w.e.f. 01/06/2018) | 4119187 | Non- Contractual | B.Tech | 43 Years | 01.08.2003 | 25.03.1950 | Kasha Synthotics Pvt. Ltd. | No | 106700 |
| **Top Ten Employees:- (None of the Employees hold shares more than 2% of the Capital of the Company)** | | | | | | | | | | | |
| 1 | Mr. Animesh Maheshwar | V. P. - Retail | 4176846 | Non- Contractual | Post Graduation Diploma in Retail Management | 14 years | 16.11.2009 | 07.09.1983 | Gini & Jony Ltd. | No | 44307 |
| 2 | Mr. H.Gopalkrishnan | Company Secretary | 3404368 | Non- Contractual | AICWA, ACS | 33 years | 28.07.2004 | 08.07.1957 | Aarey Drugs & Pharmaceuticals Ltd. | No | 50500 |
| 3 | Mr. Deepak Naik | V. P. Factory | 3309817 | Non- Contractual | INT.COM, DBM/MKTG | 43 Years | 01.12.1992 | 14.09.1955 | Velo Industries | No | 52000 |
| 4 | Mr. Manoj Khemka | Chief Financial Officer | 3307059 | Non- Contractual | FCA | 18 Years | 22.11.2010 | 05.12.1978 | The Loot (India) Pvt. Ltd. | No | 29450 |
| 5 | Ms. Gloria Vittal | Sr. Merchandiser | 1756021 | Non- Contractual | B.A | 28 Years | 12.11.2007 | 24.12.1967 | Textrade International Pvt. Ltd. | No | 9375 |
| 6 | Mr. Abhay Ram Bhutra | Accounts Manager | 1475285 | Non- Contractual | C.A | 6 years | 01.10.2012 | 21.06.1989 | First Employment | No | 5000 |
| 7 | Mr. Prafull C. Jena | Production Manager- Garment | 1065681 | Non- Contractual | B.A, Diploma in DTCD & DGFT | 18 Years | 01.07.2011 | 20.05.1975 | Wearology Ltd. | No | - |
| 8 | Mr. Siyaram Singh | Dyeing Manager | 1045889 | Non- Contractual | B. Sc | 19 Years | 22.04.2017 | 10.12.1977 | Innovative Textile Ltd. | No | - |
| 9 | Mr. Sibashish Biswas | GM - Buying & Product Development | 1030006 | Non- Contractual | Computer Science & Engg. PGDBMA Marketing Symbiosis | 20 Years | 24.09.2018 | 17.11.1972 | Spencers Retail Ltd. RPG Group | No | - |
| 10 | Mr. Vikas Sharma | Chief Marketing & Business Development | 1012505 | Non- Contractual | Diploma In Man Made Textile Technology From Sasmira. Diploma Sales and Marketing From K C College. | 28 Years | 07.05.2015 | 02.07.1970 | Detco Textiles & Also Worked as Consultant for many Ready to Wear Brands | No | - |

## ANNEXURE III

## EXTRACT OF ANNUAL RETURN

**As on financial year ended 31-03-2019 date**

**[Pursuant to Section 92(3) of the Companies act, 2013 read with**

**[The Companies (Management and Administration) Rules, 2014] FORM NO. MGT-9**

### A. REGISTRATION AND OTHER DETAILS:

| | |
|---|---|
| **CIN :-** | **L19101MH1991PLC063245** |
| **Registration Date :** | 12/09/1991 |
| **Name of the Company :** | **Suditi Industries Ltd** |
| **Category / Sub-Category of the Company** | Public Company limited by Shares |
| **Address of the Registered office and contact details:** | A-2, Shah & Nahar Estate, Unit No.23/26, Lower Parel, Mumbai – 400 013. Tel: 67368600 |
| **Whether listed company** | Yes - Listed |
| **Name, Address and Contact details of Registrar and Transfer Agent, if any** | Sharex Dynamic (India) Pvt. Ltd.<br>Registered Office: Unit-1, Luthra Ind. Premises, 1st Floor, 44-E, M Vasanti Marg, Andheri-Kurla Rd., Safed Pool, Andheri (E), Mumbai 400 072.<br>Branch Office: C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083. Tel: 28515606/28515644<br>Email: investor@sharexindia.com |

### B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service% to total turnover of the company | % to total turnover of the company |
|---|---|---|---|
| a. | Manufacturing of Clothing accessories, textile garments | 18101 | **40%** |
| b. | Manufacturing of Knitted cotton textile products, crocheted cotton textile products | 17301 | **60%** |
| c. | Manufacturing of knitted synthetic textile products, crocheted synthetic textile products | 17303 | **Insignificant** |
| d. | | | |

### C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the company | CIN/GLN | Holding/Subsidiary/Associate | % of shares held |
|---|---|---|---|---|
| a | Suditi Sports Apparel Ltd | U18109MH2015PLC262790 | Subsidiary | 80.00% |
| b | Suditi Design Studio Ltd | U18204MH2015PLC262897 | Subsidiary | 98.85% |
| c | SAA & Suditi Retail Pvt. Ltd. | U18203MH2017PTC299895 | Joint Venture | 50.00% |

### D. SHARE HOLDING PATTERN

**i) Category-wise Share Holding**

| Category of Shareholders | No. of Shares held at the beginning of the year 01/04/2017 | | | | No. of Shares held at the end of the year 31/03/2018 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **(1). INDIAN** | | | | | | | | | |
| (a). Individual | 11843843 | 0 | 11843843 | 68.570 | 11645312 | 0 | 11645312 | 68.570 | 0 |
| (b). Central/State Govt. | | 0 | | | | 0 | | | 0 |
| (c). FIINS / BANKS. | | 0 | | | | 0 | | | 0 |
| (d). Any Other | | | | | | | | | |
| **Bodies Corporate** | 200 | 0 | 200 | 0.080 | 19817 | 0 | 19817 | 0.120 | 0.040 |
| **Sub-total (A) (1):-** | **11658379** | **0** | **11658379** | **68.650** | **11665129** | **0** | **11665129** | **68.690** | **0.040** |
| (2). FOREIGN | | | | | | | | | |
| (a). Individual NRI / For Ind | | 0 | | | | 0 | | | 0 |
| (b).Government | | 0 | | | | 0 | | | 0 |
| (c). Institutions | | 0 | | | | 0 | | | 0 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (d). Foreign Portfolio Investors | | 0 | | | | 0 | | | 0 |
| (e). Any Other Specify | | 0 | | | | 0 | | | 0 |
| **Sub-total (A) (2):-** | | **0** | | | | **0** | | | **0** |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | **11658379** | **0** | **11658379** | **68.650** | **11665129** | **0** | **11665129** | **68.690** | **0.040** |
| **(B). PUBLIC SHAREHOLDING** | | | | | | | | | |
| **(1).Institutions** | | | | | | | | | |
| a). Mutual Funds | | 0 | | | | 0 | | | 0.000 |
| (b).Venture Capital Funds | | 0 | | | | 0 | | | 0.000 |
| (c). Alternate Investments Funds | | 0 | | | | 0 | | | 0.000 |
| (d). Foreign Venture Capital Funds | | 0 | | | | 0 | | | 0.000 |
| (e). Foreign Portfolio Investors | | 0 | | | | 0 | | | 0.000 |
| (f). Financial Institutions / Banks | 700 | 500 | 1200 | 0.010 | 700 | 500 | 1200 | 0.010 | 0.000 |
| (g). Insurance Companies | | 0 | | | | 0 | | | 0.000 |
| (h).Central / State Government / President Of India | | 0 | | | | 0 | | | 0.000 |
| (i). Provident Funds / Pension Funds | | 0 | | | | 0 | | | 0.000 |
| (j). Others (specify) | | 0 | | | | 0 | | | |
| **Sub-total (B)(1):-** | **700** | **500** | **1200** | **0.010** | **700** | **500** | **1200** | **0.010** | **0** |
| **(2). Non-Institutions** | | | | | | | | | |
| **(a). BODIES CORP.** | | | | | | | | | |
| (i). Indian | 87289 | 102100 | 189389 | 1.120 | 162503 | 101900 | 264403 | 1.560 | 0.440 |
| (ii). Overseas | | 0 | | | | 0 | | | 0.000 |
| **(a). Individuals** | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs.2 lakh | 2012234 | 54900 | 2067134 | 12.331 | 2290067 | 54900 | 2344967 | 13.809 | 1.477 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh | 1254157 | 1017160 | 2271317 | 13.549 | 1375783 | 968160 | 2343943 | 13.802 | 0.253 |
| (b). NBFCs registered with RBI | | 0 | | | | 0 | | | 0.000 |
| (c.) Employee Trusts | | 0 | | | | 0 | | | 0.000 |
| (d.) Overseas depositories | | 0 | | | | 0 | | | 0.000 |
| (c). Other (specify) | | | | | | | | | |
| Foreign Nationals | 600 | 0 | 600 | 0.000 | 600 | 0 | 600 | 0.000 | 0 |
| Clearing Members | 45638 | 0 | 45638 | 0.210 | 33780 | 0 | 33780 | 0.200 | -0.010 |
| HUF | 121178 | 3400 | 124578 | 0.730 | 139545 | 2800 | 142345 | 0.840 | 0.110 |
| Non-Resident Indian (NRI) | 53772 | 134700 | 190572 | 1.090 | 51556 | 134100 | 185656 | 1.090 | 0.000 |
| **Sub-total (B)(2):-** | **4041784** | **1072060** | **5322444** | **31.34** | **4053834** | **1023060** | **5315694** | **31.300** | **-0.040** |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | **4042484** | **1072560** | **5323644** | **31.350** | **4054534** | **1023560** | **5316894** | **31.310** | **-0.040** |
| **C. Shares held by Custodian for GDRs & ADRs** | | **0** | | | | **0** | | | **0.000** |
| **Grand Total (A+B+C)** | **15700863** | **1072560** | **16982023** | **100.00** | **15719663** | **1023560** | **16982023** | **100.00** | **0** |

**Company : Suditi Industries Ltd from 01-04-2018 to 31-03-2019**

**Shareholding of promoters MGT9 Report**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the Year | | | % change in share holding during theyear |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | PAWAN KISHORILAL AGARWAL | 11462343 | 68.378 | 0 | 11279991 | 66.423 | 0 | -1.955 |
| 2 | SHALINI PAWAN AGARWAL | 209600 | 1.250 | 0 | 209600 | 1.234 | 0 | -0.016 |
| 3 | ARCHANA AGARWAL | 49500 | 0.295 | 0 | 49500 | 0.291 | 0 | -0.004 |
| 4 | RAJENDRA KISHORILALL AGARWAL | 42400 | 0.253 | 0 | 26221 | 0.154 | 0 | -0.099 |
| 5 | HARSH PAWAN AGARWAL | 22500 | 0.134 | 0 | 22500 | 0.132 | 0 | -0.002 |
| 6 | TANAY PAWAN AGARWAL | 22500 | 0.134 | 0 | 22500 | 0.132 | 0 | -0.002 |
| 7 | TANUJ PAWAN AGARWAL | 22500 | 0.134 | 0 | 22500 | 0.132 | 0 | -0.002 |
| 8 | BLACK GOLD LEASING PRIVATE LIMITED | 100 | 0.001 | 0 | 19717 | 0.116 | 0 | 0.115 |
| 9 | MEENAGUPTA | 10000 | 0.060 | 0 | 10000 | 0.059 | 0 | -0.001 |
| 10 | SHILPA AMIT AGRAWAL | 2500 | 0.015 | 0 | 2500 | 0.015 | 0 | 0 |
| 11 | R PIYARELALL PVT LTD | 100 | 0.001 | 0 | 100 | 0.001 | 0 | 0 |

**Change in Promoter's Shareholding(Please specify,if there is no change)**

| Sr. no. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % of total Shares of the company |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning/ end of the yrar | % of total Shares of the company] | Date | Increasing / Decreseing in shareholding | Reason | No. of Shares | |
| 1 | PAWAN KISHORILAL AGARWAL | 11462343 | 68.378 | 01-04-2018 | | | | |
| | | | | 04-05-2018 | -500000 | Sold | 10962343 | 64.553 |
| | | | | 08-06-2018 | 391968 | Buy | 11354311 | 66.861 |
| | | | | 15-06-2018 | -49900 | Sold | 11304411 | 66.567 |
| | | | | 14-09-2018 | -39650 | Sold | 11264761 | 66.333 |
| | | | | 19-10-2018 | 15230 | Buy | 11279991 | 66.423 |
| | -Closing Balance | | | 31-03-2019 | | | 11279991 | 66.423 |
| 2 | RAJENDRA KISHORILALL AGARWAL | 42400 | 0.253 | 01-04-2018 | | | | |
| | | | | 06-04-2018 | -300 | Sold | 42100 | 0.251 |
| | | | | 04-05-2018 | -800 | Sold | 41300 | 0.243 |
| | | | | 11-05-2018 | -1350 | Sold | 39950 | 0.235 |
| | | | | 20-07-2018 | -801 | Sold | 39149 | 0.231 |
| | | | | 27-07-2018 | -1651 | Sold | 37498 | 0.221 |
| | | | | 24-08-2018 | -725 | Sold | 36773 | 0.217 |
| | | | | 31-08-2018 | -2600 | Sold | 34173 | 0.201 |
| | | | | 07-09-2018 | -201 | Sold | 33972 | 0.200 |
| | | | | 14-09-2018 | -7751 | Sold | 26221 | 0.154 |
| | -Closing Balance | | | 31-03-2019 | | | 26221 | 0.154 |
| 3 | BLACK GOLD LEASING PRIVATE LIMITED | 100 | 0.001 | 01-04-2018 | | | | |
| | | | | 20-07-2018 | 9167 | Buy | 9267 | 0.055 |
| | | | | 27-07-2018 | 200 | Buy | 9467 | 0.056 |
| | | | | 19-10-2018 | 3500 | Buy | 12967 | 0.076 |
| | | | | 22-02-2019 | 6750 | Buy | 19717 | 0.116 |
| | -Closing Balance | | | 31-03-2019 | | | 19717 | 0.116 |

**Shareholding pattern of top ten Shareholders (other than Directors,promoters and Holders of GDRs and ADRs):**

| Sr. no. | Shareholder's Name | No. of Shares at the beginning/ end of the yrar | % of total Shares of the company] | Date | Increasing / Decreseing in shareholding | Reason | No. of Shares | % of total Shares of the company |
|---|---|---|---|---|---|---|---|---|
| 1 | NIKHIL VORA | 395558 | 2.36 | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | No Change | 395558 | 2.329 |
| 2 | APARNA T CHANDRASHEKAR | 343086 | 2.047 | 01-04-2018 | | | | |
| | | | | 27-04-2018 | 3000 | Buy | 346086 | 2.038 |
| | | | | 01-06-2018 | 1342 | Buy | 347428 | 2.046 |
| | -Closing Balance | | | 31-03-2019 | | | 347428 | 2.046 |
| 3 | GAURAV MAGANLAL GALA | 230783 | 1.377 | 01-04-2018 | | | | |
| | | | | 27-07-2018 | 50 | Buy | 230833 | 1.359 |
| | -Closing Balance | | | 31-03-2019 | | | 230833 | 1.359 |
| 4 | RAJENDRA CHHABILDAS JAIN | 101602 | 0.598 | 11-05-2018 | | | | |
| | | | | 08-06-2018 | 10000 | Buy | 111602 | 0.657 |
| | | | | 15-06-2018 | 44318 | Buy | 155920 | 0.918 |
| | | | | 22-06-2018 | 5682 | Buy | 161602 | 0.952 |
| | -Closing Balance | | | 31-03-2019 | | | 161602 | 0.952 |
| 5 | MAGANLAL ARJAN GALA | 146353 | 0.873 | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | No Change | 146353 | 0.862 |
| 6 | SHAREKHAN LIMITED | 35805 | 0.214 | 01-04-2018 | | | | |
| | | | | 06-04-2018 | 779 | Buy | 36584 | 0.218 |
| | | | | 13-04-2018 | -149 | Sold | 36435 | 0.217 |
| | | | | 20-04-2018 | -400 | Sold | 36035 | 0.215 |
| | | | | 27-04-2018 | -549 | Sold | 35486 | 0.209 |
| | | | | 04-05-2018 | -44 | Sold | 35442 | 0.209 |
| | | | | 11-05-2018 | -185 | Sold | 35257 | 0.208 |
| | | | | 18-05-2018 | -25 | Sold | 35232 | 0.207 |
| | | | | 25-05-2018 | 50 | Buy | 35282 | 0.208 |
| | | | | 01-06-2018 | 626 | Buy | 35908 | 0.211 |
| | | | | 08-06-2018 | -396 | Sold | 35512 | 0.209 |
| | | | | 15-06-2018 | -140 | Sold | 35372 | 0.208 |
| | | | | 22-06-2018 | 2069 | Buy | 37441 | 0.220 |
| | | | | 29-06-2018 | -2109 | Sold | 35332 | 0.208 |
| | | | | 06-07-2018 | 79 | Buy | 35411 | 0.209 |
| | | | | 13-07-2018 | 521 | Buy | 35932 | 0.212 |
| | | | | 20-07-2018 | 2647 | Buy | 38579 | 0.227 |
| | | | | 27-07-2018 | -3550 | Sold | 35029 | 0.206 |
| | | | | 03-08-2018 | 155 | Buy | 35184 | 0.207 |
| | | | | 10-08-2018 | -44 | Sold | 35140 | 0.207 |
| | | | | 17-08-2018 | 1419 | Buy | 36559 | 0.215 |
| | | | | 24-08-2018 | -1530 | Sold | 35029 | 0.206 |
| | | | | 31-08-2018 | 5987 | Buy | 41016 | 0.242 |
| | | | | 07-09-2018 | -5737 | Sold | 35279 | 0.208 |
| | | | | 14-09-2018 | 1822 | Buy | 37101 | 0.218 |
| | | | | 21-09-2018 | -2072 | Sold | 35029 | 0.206 |
| | | | | 28-09-2018 | 100 | Buy | 35129 | 0.207 |
| | | | | 05-10-2018 | 5225 | Buy | 40354 | 0.238 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 12-10-2018 | -5325 | Sold | 35029 | 0.206 |
| | | | | 19-10-2018 | 350 | Buy | 35379 | 0.208 |
| | | | | 26-10-2018 | -350 | Sold | 35029 | 0.206 |
| | | | | 02-11-2018 | -600 | Sold | 34429 | 0.203 |
| | | | | 09-11-2018 | -400 | Sold | 34029 | 0.200 |
| | | | | 16-11-2018 | 100 | Buy | 34129 | 0.201 |
| | | | | 23-11-2018 | 15 | Buy | 34144 | 0.201 |
| | | | | 30-11-2018 | -15 | Sold | 34129 | 0.201 |
| | | | | 07-12-2018 | -95 | Sold | 34034 | 0.200 |
| | | | | 14-12-2018 | 200 | Buy | 34234 | 0.202 |
| | | | | 21-12-2018 | 6425 | Buy | 40659 | 0.239 |
| | | | | 28-12-2018 | -4822 | Sold | 35837 | 0.211 |
| | | | | 31-12-2018 | -1049 | Sold | 34788 | 0.205 |
| | | | | 04-01-2019 | -652 | Sold | 34136 | 0.201 |
| | | | | 11-01-2019 | -107 | Sold | 34029 | 0.200 |
| | | | | 01-02-2019 | 401 | Buy | 34430 | 0.203 |
| | | | | 08-02-2019 | 199 | Buy | 34629 | 0.204 |
| | | | | 15-02-2019 | 77805 | Buy | 112434 | 0.662 |
| | | | | 22-02-2019 | -3671 | Sold | 108763 | 0.640 |
| | | | | 01-03-2019 | -3814 | Sold | 104949 | 0.618 |
| | | | | 08-03-2019 | -24015 | Sold | 80934 | 0.477 |
| | | | | 15-03-2019 | -27300 | Sold | 53634 | 0.316 |
| | | | | 22-03-2019 | 61527 | Buy | 115161 | 0.678 |
| | | | | 29-03-2019 | -4234 | Sold | 110927 | 0.653 |
| | -Closing Balance | | | 31-03-2019 | | | 110927 | 0.653 |
| 7 | RAJAGOPALRAJA CHINRAJ | 67200 | 0.401 | 01-04-2018 | | | | |
| | | | | 27-04-2018 | 37000 | Buy | 104200 | 0.614 |
| | -Closing Balance | | | 31-03-2019 | | | 104200 | 0.614 |
| 8 | LEELA MAGANLAL GALA | 96916 | 0.578 | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | No Change | 96916 | 0.571 |
| 9 | TEJASH PATEL | 81891 | 0.489 | 01-04-2018 | | | | |
| | | | | 01-06-2018 | 4434 | Buy | 86325 | 0.508 |
| | | | | 08-06-2018 | 600 | Buy | 86925 | 0.512 |
| | | | | 29-06-2018 | 800 | Buy | 87725 | 0.517 |
| | | | | 06-07-2018 | 200 | Buy | 87925 | 0.518 |
| | -Closing Balance | | | 31-03-2019 | | | 87925 | 0.518 |
| 10 | HARIVALLABH MUNDHRA | 70073 | 0.418 | 01-04-2018 | | | | |
| | | | | 13-04-2018 | -6500 | Sold | 63573 | 0.379 |
| | | | | 07-09-2018 | 9870 | Buy | 73443 | 0.432 |
| | | | | 21-09-2018 | 855 | Buy | 74298 | 0.438 |
| | | | | 16-11-2018 | -1528 | Sold | 72770 | 0.429 |
| | | | | 23-11-2018 | -325 | Sold | 72445 | 0.427 |
| | | | | 30-11-2018 | -7500 | Sold | 64945 | 0.382 |
| | | | | 14-12-2018 | 7584 | Buy | 72529 | 0.427 |
| | | | | 08-03-2019 | 4253 | Buy | 76782 | 0.452 |
| | | | | 22-03-2019 | 4628 | Buy | 81410 | 0.479 |
| | -Closing Balance | | | 31-03-2019 | | | 81410 | 0.479 |
| 11 | HARIVALLABH PARMANANDDAS MUNDHRA HU | 54600 | 0.326 | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | No Change | 54600 | 0.322 |
| 12 | PARVESH GANDOTRA | 160000 | 0.954 | 01-04-2018 | | | | |
| | | | | 15-02-2019 | -80000 | Sold | 80000 | 0.471 |
| | -Closing Balance | | | 22-03-2019 | -80000 | Sold | 0 | 0 |

**Shareholding of Directors and Key Managerial Personnel:**

| Sr. no. | Name | Shareholding at the beginning of the year | | | Cumulative Shareholding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares at the beginning/ end of the yrar | % of total Shares of the company] | Date | Increasing / Decreseing in shareholding | Reason | No. of Shares | % of total Shares of the company |
| 1 | PAWAN KISHORILAL AGARWAL | 11462343 | 68.378 | 01-04-2018 | | | | |
| | | | | 04-05-2018 | -500000 | Sold | 10962343 | 64.553 |
| | | | | 08-06-2018 | 391968 | Buy | 11354311 | 66.861 |
| | | | | 15-06-2018 | -49900 | Sold | 11304411 | 66.567 |
| | | | | 14-09-2018 | -39650 | Sold | 11264761 | 66.333 |
| | | | | 19-10-2018 | 15230 | Buy | 11279991 | 66.423 |
| | -Closing Balance | | | 31-03-2019 | | | 11279991 | 66.423 |
| 2 | VIVEK GANGWAL | - | - | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | | - | - |
| 3 | SANJULA SANGHAI | - | - | 01-04-2018 | | | | |
| | -Closing Balance | | | 31-03-2019 | | | - | - |
| 4 | RAJAGOPALRAJA CHINRAJ | 69700 | 0.401 | 01-04-2018 | | | | |
| | | | | 27-04-2018 | 37000 | Buy | 106700 | 0.614 |
| | -Closing Balance | | | 31-03-2019 | | | 106700 | 0.614 |
| 5 | HARI GOPAL KRISHNAN | 16250 | 0.094 | 01-04-2018 | | | | |
| | | | | 27-04-2018 | 34250 | Buy | 50500 | 0.294 |
| | -Closing Balance | | | 31-03-2019 | | | 50500 | 0.294 |

**INDEBTEDNESS**

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 230709279 | - | - | 230709279 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 230709279 | - | - | 230709279 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 102244194 | - | - | 102244194 |
| • Reduction | | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 332953472 | - | - | 332953472 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | | | |
| Total (i+ii+iii) | 332953472 | - | - | 332953472 |

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

| Sr.no. | Particulars of Remuneration | Name of MD/WTD / Manager | Total Amount |
|---|---|---|---|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961* | 3,063,187 | 3,063,187 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961** | | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | 0 |
| 2 | Stock Option | | 0 |
| 3 | Sweat Equity | | 0 |
| 4 | Commission | | 0 |
| | - as % of profit | | 0 |
| | - others, specify… | | 0 |
| 5 | Others, please specify | 16,400 | 16,400 |
| | Total (A) | 3,079,587 | 3,079,587 |
| | Ceiling as per the Act | Within the Limit | |

* Note 1) In the above salary an amount of Rs.310000/- paid to Shri Rajagopal Raja Chinraj is not included as he was appointed as Director w.e.f 01/06/2018.

** Note 2) Similarly perquisites amounting to Rs.2146000/- received by Shri Rajagopal Raja Chinraj on account of allotment of 37000 shares due to exercise of 37000 options by him is not included as the same is alloted in the month of April 2018 where he was not a Director.

***B. Remuneration to other directors:***

| Sr.no. | Particulars of Remuneration | Name of Directors Manager | Total Amount |
|---|---|---|---|
| 1. | Independent Directors | | |
| | • Fee for attending board / committee meetings | VIVEK GANGWAL | 16,500 |
| | | SUSHILKUMAR SINGH KASLIWAL | 2,500 |
| | | SANJULA SANGHAI | 14,000 |
| | • Commission | | |
| | • Others, please specify | | |
| | Total (1) | | 33,000 |
| 2. | Other Non-Executive Directors | | |
| | • Fee for attending board / committee meetings | | |
| | • Commission | | |
| | • Others, please specify | | |
| | Total (2) | | 33,000 |
| | Total (B)=(1+2) | | |
| | Total Managerial Remuneration | | |
| | Overall Ceiling as per the Act | Within the limit | |

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

| Sr No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 1,417,868 | - | 1,417,868 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961* | - | 1,986,500 | - | 1,986,500 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify… | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total | - | 3,404,368 | - | 3,404,368 |

* Stock Options. During the year, the Company Secretary has received 34250 shares on exercise of 34250 options under SUDITI ESOP 2011. The corresponding value of the perquisites is reflected in the perquisite coloumn.

**PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Authority [RD / NCLT/ COURT] |
|---|---|---|---|---|---|
| Penalty | | | Nil | | |
| Punishment | | | Nil | | |
| Compounding | | | Nil | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | Nil | | |
| Punishment | | | Nil | | |
| Compounding | | | Nil | | |

## Annexure – IV

**FORM NO. AOC -2**

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | NIL |
| b) | Nature of contracts/arrangements/transaction | NIL |
| c) | Duration of the contracts/arrangements/transaction | NIL |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NIL |
| e) | Justification for entering into such contracts or arrangements or transactions' | NIL |
| f) | Date of approval by the Board | NIL |
| g) | Amount paid as advances, if any | NIL |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NIL |

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

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Intime Knits Pvt. Ltd. (Promoter Group Entity)** |
| b) | Nature of contracts/arrangements/transaction | Sale of products & services. Purchase of fabrics & services. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods & purchase as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra-Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Black Gold Leasing Pvt. Ltd. (Promoter Group Entity)** |
| b) | Nature of contracts/arrangements/transaction | Service agreement executed with the company for office & estate management. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Monthly payment of rent and other charges till the agreement period. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **R.Piyarellal Pvt. Ltd. (Promoter Group Entity)** |
| b) | Nature of contracts/arrangements/transaction | Sales & receipt of Job work service/goods. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods & job work service as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **B.L.R. Knits Pvt. Ltd. (Promoter Group Entity)** |
| b) | Nature of contracts/arrangements/transaction | Sales & receipt of Job work service. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Suditi Design Studio Limited (Subsidiary)** |
| b) | Nature of contracts/arrangements/transaction | Sale of Fabrics & Finished Garments. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Suditi Sports Apparel Limited (Subsidiary)** |
| b) | Nature of contracts/arrangements/transaction | Sale of Fabrics & Finished Garments. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **SAA & Suditi Retail Pvt. Ltd (Joint Venture)** |
| b) | Nature of contracts/arrangements/transaction | Sale of Fabrics & Finished Garments. |
| c) | Duration of the contracts/arrangements/transaction | 2017-18 to 2022-23. Arrangement is for 5 years and the details are for the year 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale of goods as per the prevailing market rates. |
| e) | Date of approval by the Board | 25.01.2018 for a period of 5 years & also approved by shareholders by special resolution in the Extra–Ordinary General Meeting held on 06.03.2018. Further the Board has again noted & approved in principle the transactions pertaining to 2018-19 within the limit set by the Special Resolution. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Chendur Dress Manufacturers Pvt. Ltd. (Company in which a Director is Interested)** |
| b) | Nature of contracts/arrangements/transaction | Sale of products & services.<br>Purchase of fabrics grey & services. |
| c) | Duration of the contracts/arrangements/transaction | 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale/Purchase of goods / Services as per the prevailing market rates on Arm's Length Basis. |
| e) | Date of approval by the Board | Prior approval by the Audit Committee & subsequently by the Board on 08/08/2018. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Chendur Enterprises (Entity in which a Director is Interested)** |
| b) | Nature of contracts/arrangements/transaction | Sale/purchase of Fabrics & Finished Garments including related & other services |
| c) | Duration of the contracts/arrangements/transaction | 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale/Purchase of goods / Services as per the prevailing market rates on Arm's Length Basis. |
| e) | Date of approval by the Board | Prior approval by the Audit Committee & subsequently by the Board on 08/08/2018. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Chendur Inc. (Entity in which a Director is Interested)** |
| b) | Nature of contracts/arrangements/transaction | Sale/purchase of Fabrics & Finished Garments including related & other services |
| c) | Duration of the contracts/arrangements/transaction | 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale/Purchase of goods / Services as per the prevailing market rates on Arm's Length Basis. |
| e) | Date of approval by the Board | Prior approval by the Audit Committee & subsequently by the Board on 08/08/2018. |
| f) | Amount paid as advances, if any | Nil |

| SL. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | **Velaxmi Exim LLP (Limited Liability Firm in which a Director is Interested)** |
| b) | Nature of contracts/arrangements/transaction | Sale/purchase of Fabrics & Finished Garments including related & other services |
| c) | Duration of the contracts/arrangements/transaction | 2018-19. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Sale/Purchase of goods / Services as per the prevailing market rates on Arm's Length Basis. |
| e) | Date of approval by the Board | Prior approval by the Audit Committee & subsequently by the Board on 08/08/2018. |
| f) | Amount paid as advances, if any | Nil |

For and on behalf of the Board of Directors

Place: Mumbai
Date: 08.08.2019

**PAWAN AGARWAL**
CHAIRMAN

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,

The Members,
**Suditi Industries Limited**
Shah & Nahar Industrial Estate,
A-2 Unit No 23/24,
Dhanraj Mills Compound,
Lower Parel, Mumbai- 400013.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Suditi Industries Limited** (hereinaftercalled the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Companyfor the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not applicable to the company during the period under review)

(g) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the period under review)

(h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the company during the period under review)

(i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the company during the period under review)

(j) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;(Not applicable to the company during the period under review)

(vi) Other laws applicable specifically to the Company namely:

(a) Factories Act, 1948;

(b) The Contract Labour (Regulation and Abolition) Act, 1970 and Rules made thereunder;

(c) Air (Prevention and Control of Pollution) Act, 1981 and Rules made thereunder;

(d) Environment Protection Act, 1986

(e) Water (Prevention and Control of Pollution) Act, 1974 and Rules made thereunder;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned aboveexcept to the extent as mentioned below:

*The Company has not complied with the provision of section 203(1) of the Companies Act, 2013 w.r.t non-appointment of chief financial officer. However Company has appointed CFO w.e.f. 18.04.2019.*

*Mr. Sushilkumar Singh Kasliwal, Independent Director of the Company became disqualified pursuant to section 164(2) read with section 167(1)(a) of the Companies Act, 2013, vide an MCA notification in this regard. Consequent upon one of the independent directors becoming disqualified constitution of the Board of Directors & Committees of the Company there was a minor deviation.Pursuant to this, he submitted his resignation on 12.09.2018 which was accepted and taken on record by the Board in its Meeting held on 09.10.2018. In the same Meeting the respective committees were reconstituted.*

**I further report that:**

The Board of Directors of the Company is duly constituted with improper balance of Executive Directors, Non-Executive Directors and Independent Directors upto 08.10.2018 and w.e.f.09.10.2018 there was proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the BoardMeetings, agenda and detailed notes on agenda were sent in advance in accordance with the provisions of Companies Act, 2013 and a system exists for seeking and obtaining further information and clarifications on the agendaitems before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views if any are captured and recorded as part of the minutes.

**I further report** thatthere are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report** that during the audit period the company had no specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**SHIV HARI JALAN**
**COMPANY SECRETARY**
**Place:Mumbai** **FCS No: 5703**
**Date: 30.05.2019** **C.P.NO: 4226**

This report is to be read with my letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

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**'Annexure A'**

To,

The Members,
**Suditi Industries Limited**
Shah &Nahar Industrial Estate,
A-2 Unit No 23/24,
Dhanraj Mills Compound,
Lower Parel, Mumbai- 400013.

My Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provision of Corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of Company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

**SHIV HARI JALAN**
**COMPANY SECRETARY**
**Place:Mumbai** **FCS No: 5703**
**Date: 30.05.2019** **C.P.NO: 4226**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

***(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)***

**To,**

**The Members of**
**Suditi Industries Limited**
Shah &Nahar Industrial Estate,
A-2 Unit No 23/24,
Dhanraj Mills Compound,
Lower Parel, Mumbai- 400013.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Suditi Industries Limitedhaving CIN L19101MH1991PLC063245and having registered office at Shah &Nahar Industrial Estate, A-2 Unit No 23/24, Dhanraj Mills Compound,Lower Parel, Mumbai- 400013 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority

| Sr. No. | Name of Director | DIN |
|---|---|---|
| 1 | SanjulaSanghai | 00049344 |
| 2 | Raja Gopal Chinraj | 00158832 |
| 3 | Pawan Agarwal | 00808731 |
| 4 | Vivek Kumar Gangwal | 01079807 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**SHIV HARI JALAN**
**COMPANY SECRETARY**
**FCS No: 5703**
**C.P.NO: 4226**

**Place:Mumbai**
**Date: 09.07.2019**

## Independent Auditor's Certificate on Corporate Governance

**To the Members of**
**Suditi Industries Limited.**

1 This Certificate is issued in accordance with the terms of our engagement letter dated 5/10/2018.

2 This report contains details of the compliance of conditions of corporate governance by Suditi Industries Limited ('the Company') for the year ended on 31stMarch 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('ListingRegulations') pursuant to the Listing Agreement of the Company with the Stock Exchanges.

**Management's Responsibility**

3 The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

**Auditor's Responsibility**

4 Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the company has complied with the conditions of Corporate Governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company

5 We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India('ICAI') and theGuidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6 We have complied with the relevant applicable requirements of the standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related services Engagements.

**Opinion**

7 Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended 31stMarch, 2019.

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

**Restriction on use**

8 This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

**For Chaturvedi &Partners,**
**Chartered Accountants**
**(Firm Regn. No. 307068E)**

**(Khyati M Shah)**
**Partner**
**Membership No. 117510**

**Place: Mumbai**
**Date: August 7, 2019**

Ref. No: 190821/015/R

## INDEPENDENT AUDITOR'S REPORT

**To,**

**THE MEMBERS OF**

**SUDITI INDUSTRIES LIMITED**

**Report on the Audit of Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **SUDITI INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income) for the period ended on that date, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Indian Accounting Standard prescribed under section 133 of the Companies Act, 2013('the Act') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, of total comprehensive income (comprising profit and other comprehensive income) for the period ended on that date, changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| **Inventory valuation:**<br>As described in para k) of the Significant Accounting policies and Notes 35, 36 and 37onInventories, the Company carries inventory at the lower of cost and fair value less costs to sell using the weighted average cost basis. The Company provides for changes in value based on forecast inventory usage. This methodology relies upon assumptions made in determining appropriate provisioning percentages to apply to inventory balances. | We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to inventory valuation.<br>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory provisions by:<br>-- verifying the value of a sample of inventory items to confirm whether they are held at the lower of cost and net realizable value, through comparison to vendor invoices and sales prices;<br>-- using data analytics to identify unusual inventory usage characteristics, completing assumption tolerance testing and recalculating the provision in totality. |
| **Contingent liabilities**<br>The Company has ongoing legal matters relating to previous corporate transactions which require management judgement to be applied in order to determine the likely outcome.<br>Judgement is required in assessing the nature of these exposures and their accounting and disclosure requirements.<br>Refer Note no.52. | In assessing the potential exposures to the Company, we have completed a range of procedures including:<br>-- assessing the design and implementation of controls in relation to the monitoring of known exposures;<br>-- reading Board and other meeting minutes to identify areas subject to Company consideration;<br>-- meeting with the Company's internal legal advisors in understanding ongoing and potential legal matters impacting the Company;<br>-- reviewing the proposed accounting and disclosure of actual and potential legal liabilities, drawing on third party assessment of open matters. |
| **Retail technology environment, including IT security**<br>The Company's retail operations utilise a range of information systems. Although Tally is the main accounting software, the other operational retail applications are connected through an interface. The absence of robust and accurate working of these software impacts the correct recording of amounts in Tally which could have an adverse impact on the Company's controls and financial reporting systems. | We continued to challenge and assess changes to the IT environments through the testing of remediated controls and concluding on the sufficiency and appropriateness of management's changes.<br>During the year we have assessed the design and implementation of the Company's controls over the information systems that are important to financial reporting.<br>Where we noted deficiencies, which affected applications and databases within the scope of our audit, we extended the scope of our substantive audit procedures. |

**Other Information:**

The Directors are responsible for the other information. The other information comprises the information included in the annual report-Chairman's Statement, Directors Report, Management Discussion & Analysis and Corporate Governance Report-- other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other informationand, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

The Chairman's Statement, Directors Report, Management Discussion & Analysis and Corporate Governance Reports are expected to be made available to us after the date of this auditor's report. When we read these reports, if we conclude that the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated therein, we are required to communicate the matter to those charged with governanceandtake appropriate action as applicable under the laws and regulations.

**Responsibilities of the Management and Those Charged with Governance for the Standalone Financial Statements**

Company's Board of Directors is responsible for the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income,changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial statements by the Board of Directors of the Company, as aforesaid.

In preparing the standalone financial statements, the Board of Directors of the Company are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company are also responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, (hereinafter referred to as the "Order") and on the basis of such checks of the books of accounts and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A hereto, a statement on the matters specified in the paragraphs 3 and 4 of the said Order, to the extent applicable.

**2. As required by Section 143 (3) of the Act, we report that:**

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company's pending litigation comprise of proceedings pending with Sales Tax Authorities. The Company has reviewed all its pending litigations and proceedings and disclosed the contingent liabilities in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position. (refer Note No:52 for details on contingent liabilities)

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

iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.: 307068E)

**(Khyati Shah)**
Partner
(Membership No.: 117510)

ICAI UDIN :19117510AAAAAT6055

Place : Mumbai
Date : May 30, 2019

**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in our Independent Auditors' Report to the members of Suditi Industries Limited ("the Company") for the year ended March 31, 2019, we report that:

1)
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for assets under installation.
   b. All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
   c. According to the information & explanation given to us and on the basis of our verification, the title deeds of all immovable properties (which are included under the head "Property, Plant & Equipment") are held in the name of the company.

2) As explained to us, the inventories of the company have been physically verified during the year by the management and no material discrepancies were noticed on such verification as compared to book records. In our opinion, the frequency of verification is reasonable.

3) According to the information & explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of the foregoing, the provisions of clause 3 (iii) (a), (b) and (c) of the said order are not applicable.

4) The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of investments and has not provided any loans, guarantees, and security as per the provisions of section 185 and 186 of the Companies Act, 2013.

5) During the year, the Company has not accepted any deposits from the Public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under as also the directives issued by the Reserve Bank of India. The Company has complied with the applicable statutory provisions. The Company has not received any order passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

6) Provisions of Section 148 on Maintenance of Cost Records do not apply to the Company since as explained to us the prescribed limits have not been crossed for the applicability of cost audit and maintenance of Cost Records.

7)

a. According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, value added tax, cess and any other statutory dues to the appropriate authorities. There were no dues outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

b. According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at 31st March 2019, the following are the particulars of dues that have not been deposited on account of dispute:

| Name of the Statute | Nature of dues | Amount (Rs. in lacs) | Forum where dispute is pending | Financial year to which the amount relates |
|---|---|---|---|---|
| B.S.T. ACT, 1959 | BST | 51.01 | Asst. Commissioner, Sales Tax, | 1996-97 |
| C.S.T ACT,1956 | CST | 14.16 | Asst. Commissioner, Sales Tax, | 1996-97 |
| MVAT ACT,2002 | VAT | 110.77 | Deputy Commissioner of Sales Tax | 2005-06 |
| MVAT ACT,2002 | VAT | 19.98 | Deputy Commissioner of Sales Tax | 2009-10 |
| C.S.T ACT,1956 | CST | 37.15 | Deputy Commissioner of Sales Tax | 2009-10 |
| C.S.T ACT,1956 | CST | 43.71 | Deputy Commissioner of Sales Tax | 2010-11 |
| MVAT ACT,2002 | VAT | 5.90 | Deputy Commissioner of Sales Tax | 2011-12 |
| C.S.T ACT,1956 | CST | 30.32 | Deputy Commissioner of Sales Tax | 2011-12 |
| MVAT ACT,2002 | VAT | 78.54 | Deputy Commissioner of Sales Tax | 2012-13 |
| C.S.T ACT,1956 | CST | 16.60 | Deputy Commissioner of Sales Tax | 2012-13 |
| MVAT ACT,2002 | VAT | 10.85 | Deputy Commissioner of Sales Tax | 2013-14 |
| C.S.T ACT,1956 | CST | 26.18 | Deputy Commissioner of Sales Tax | 2013-14 |
| MVAT ACT,2002 | VAT | 3.29 | Deputy Commissioner of Sales Tax | 2014-15 |
| C.S.T ACT,1956 | CST | 11.28 | Deputy Commissioner of Sales Tax | 2014-15 |
| **Total** | | **459.74** | | |

8) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to financial institution, bank, Government or debenture holders.

9) According to the information and explanations given to us and based on the records and documents produced before us, in our opinion, the term loans have been applied for the purposes for which they were obtained. During the year, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

10) During the course of our examination of the books of accounts and records of the Company, carried out by us in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us and based on the records and documents produced before us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

12) The Company is not a Nidhi Company and in view of the foregoing, the question of reporting on Clause 3 (xii) of the said order does not arise.

13) According to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone Financial Statements, as required by the applicable Ind AS. Refer note no.49.1 in standalone financial statements for details.

14) According to the information and explanations given to us and based on the records and documents produced before us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) As per the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) As per the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.: 307068E)

**(Khyati Shah)**
Partner
(Membership No.: 117510)

ICAI UDIN :19117510AAAAAT6055

Place : Mumbai

Date : May 30, 2019

## ANNEXURE B TO THE INDEPENDENT AUDITORS REPORT

**Referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' of our report of even date.**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Suditi Industries Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements, included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements.**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.: 307068E)

**(Khyati Shah)**
Partner
(Membership No.: 117510)

ICAI UDIN :19117510AAAAAT6055

Place : Mumbai

Date : May 30, 2019

## Suditi Industries Limited - Standalone Results

## Balance Sheet as at 31-03-2019

| PARTICULARS | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| ASSETS | | | |
| 1 Non-current assets | | | |
| a. Property, Plant and Equipment | 5 | 101,888,455 | 102,339,516 |
| b. Capital work-in-progress | | 3,953,699 | 16,631,456 |
| c. Other Intangible assets | 5 | 710,549 | 567,013 |
| d. Intangible assets under development | | 2,078,378 | 2,078,378 |
| e. Financial Assets | | | |
| i. Investments | | | |
| (a) Investments in Subsidiaries | 6 | 9,000,000 | 9,000,000 |
| (b) Investments in Joint Ventures | 7 | 500,000 | 500,000 |
| ii. Loans | 8 | 83,166,486 | 86,308,742 |
| iii. Others financial assets | 9 | 266,064 | 2,204,173 |
| f. Deferred tax assets (net) | 10 | 1,884,293 | 2,165,160 |
| g. Other non-current assets | 11 | - | 130,000 |
| **Total non-current assets** | | **203,447,924** | **221,924,438** |
| 2 Current assets | | | |
| a. Inventories | 12 | 298,768,161 | 302,038,903 |
| b. Financial Assets | | | |
| i. Other investments | 13 | 134,352 | 208,080 |
| ii. Trade receivables | 14 | 436,501,937 | 233,623,035 |
| iii. Cash and cash equivalents | 15 | 5,081,033 | 4,494,406 |
| iv. Loans | 8 | 148,042 | 240,695 |
| c. Current Tax Assets (Net) | 16 | 18,994,788 | 298,268 |
| d. Other Current Assets | 11 | 58,804,665 | 27,336,003 |
| **Total current assets** | | **818,432,978** | **568,239,390** |
| **Total assets** | | **1,021,880,902** | **790,163,828** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a. Equity share capital | 17 | 169,820,230 | 167,632,330 |
| b. Other equity | 18 | 206,151,250 | 162,893,157 |
| **Equity attributable to owners of the Company** | | **375,971,480** | **330,525,487** |
| **Total Equity** | | **375,971,480** | **330,525,487** |
| **LIABILITIES** | | | |
| 1 Non-current liabilities | | | |
| a. Financial Liabilities | | | |
| i. Borrowings | 19 | 43,719,847 | 41,070,732 |
| b. Provisions | 24 | 4,551,767 | 3,838,757 |
| c. Other non-current liabilities | 20 | 4,994,719 | 4,205,901 |
| **Total non-current liabilities** | | **53,266,333** | **49,115,390** |
| 2 Current liabilities | | | |
| a. Financial Liabilities | | | |
| i. Borrowings | 21 | 332,953,472 | 230,709,279 |
| ii. Trade payables | 22 | 214,272,936 | 140,915,178 |
| iii. Other financial liabilities | 23 | 20,814,359 | 19,354,783 |
| b. Provisions | 24 | 659,988 | 576,126 |
| c. Other current liabilities | 25 | 23,942,334 | 18,967,585 |
| **Total current liabilities** | | **592,643,089** | **410,522,951** |
| **Total liabilities** | | **645,909,422** | **459,638,341** |
| **Total Equity and Liabilities** | | **1,021,880,902** | **790,163,828** |
| **See accompanying notes to the financial statements** | **4** | | |

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

## Suditi Industries Limited - Standalone Results

## Statement of profit and loss for the year ended March 31, 2019

| | PARTICULARS | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| I | Revenue from operations | 26 | 1,114,362,284 | 978,106,070 |
| II | Other Income | 27 | 1,937,308 | 1,701,345 |
| **III** | **Total Income (I + II)** | | **1,116,299,592** | **979,807,415** |
| **IV** | **Expenses** | | | |
| | Cost of materials consumed | 28 | 654,462,381 | 537,515,303 |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | 29 | 9,027,911 | (6,175,275) |
| | Excise duty on sale of goods | | - | 928,483 |
| | Employee benefits expense | 30 | 77,671,157 | 76,951,929 |
| | Finance costs | 31 | 32,201,587 | 29,123,441 |
| | Depreciation and amortisation expense | 32 | 18,210,411 | 15,057,013 |
| | Other Expenses | 33 | 267,556,751 | 277,796,786 |
| | **Total Expenses (IV)** | | **1,059,130,198** | **931,197,680** |
| **V** | **Profit before tax (III - IV )** | | **57,169,394** | **48,609,735** |
| **VI** | Tax expenses | | | |
| | (1). Current tax | | 17,516,070 | 15,759,208 |
| | (2). Deferred tax | | 551,337 | (996,320) |
| | | | **18,067,407** | **14,762,888** |
| **VII** | **Profit for the period (V- VI)** | | **39,101,987** | **33,846,847** |
| | Other comprehensive income | 37 | | |
| | A: (i) Items that will not be reclassified to Profit or Loss | | (1,049,577) | (412,188) |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | 270,471 | 161,859 |
| | B: (i) Items that will be reclassified to Profit or Loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to Profit or Loss | | - | - |
| **VIII** | **Total other comprehensive income [a+b]** | | **(779,106)** | **(250,329)** |
| X | **Total comprehensive income for the period (VII + VIII )** | | **38,322,881** | **33,596,518** |
| | Earnings per equity share (for continuing operations):<br>(1). Basic (in Rs.) | | 2.26 | 2.00 |
| | (2). Diluted (in Rs.) | | 2.26 | 1.91 |
| | **See accompanying notes to the financial statements** | 4 | | |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

## Suditi Industries Limited - Standalone Results

## Cash Flow Statement for the year ended March 31, 2019

(Rs. in lacs)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | 571.69 | 486.10 |
| Adjustments for: | | |
| Interest paid recognised in profit or loss | 322.02 | 291.23 |
| Depreciation and amortisation of non-current assets (continuing and discontinued operations) | 182.10 | 150.57 |
| Prior Period Expenses | 0.05 | - |
| Amortisation of Rights Issue Expenses | - | - |
| Loss on sale of Motor Car | 0.21 | - |
| Loss on insurance claim | - | - |
| Reduction in Investment value | 0.74 | 0.08 |
| Deferred Revenue Included in OCI for the year | 0.77 | (0.77) |
| Employee's Compensation | 57.49 | 56.70 |
| | **1,135.07** | **983.91** |
| Movements in working capital: | | |
| (Increase)/decrease in trade and other receivables | (2,535.00) | (136.49) |
| (Increase)/decrease in amounts due from customers under construction contracts | - | - |
| (Increase)/ decrease in inventories | 32.71 | (62.86) |
| (Increase)/decrease in other assets | 4.11 | - |
| Increase/ (Decrease) in Provisions | 7.97 | 0.60 |
| Increase/ (Decrease) in trade payables | 733.58 | 36.05 |
| Increase/ (Decrease) in Other Current/Financial Liabilities (excl Deferred Revenue) | 51.54 | 113.29 |
| **Cash generated from operations** | **(570.02)** | **934.50** |
| Income taxes paid | (175.16) | (157.60) |
| **Net cash generated by operating activities** | **(745.18)** | **776.90** |
| **Cash flows from investing activities** | | |
| Payments to acquire financial assets | (53.05) | (276.79) |
| Proceeds on sale of financial assets | 9.27 | 0.11 |
| Movement in Long term loans and advances | 50.80 | (470.67) |
| Subsidy - Interest | - | - |
| Insurance claim received | - | - |
| Movement in Non Current Investments | - | (5.00) |
| **Net cash (used in)/generated by investing activities** | **7.03** | **(752.35)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity instruments of the Company | 21.88 | - |
| Proceeds from borrowings ( Incl Deferred revenue) | 26.71 | 450.00 |
| Proceeds from Current borrowings | 1,022.44 | 197.38 |
| Repayment of borrowings | 0.00 | (345.66) |
| Movement in Other long term liabilities | 7.89 | 0.32 |
| Dividends paid on equity shares and convertible non-participating preference shares | (10.69) | (23.60) |
| Tax paid on Dividend | (2.17) | (4.80) |
| Interest paid | (322.02) | (291.23) |
| **Net cash used in financing activities** | **744.04** | **(17.59)** |
| **Net increase in cash and cash equivalents** | **5.88** | **6.96** |
| Cash and cash equivalents at the beginning of the year | 44.94 | 37.98 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | | |
| **Cash and cash equivalents at the end of the year** | **50.82** | **44.94** |

**See accompanying notes to the standalone financial statements**

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' in accordance with the Ind AS - 7 notified under Section 133 of the Companies Act, 2013 & Rules made thereunder.

2. Previous year figures have been regrouped where necessary.

(Rs. in lacs)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 3. | Cash and Cash Equivalents comprises of: | | |
| | Cash on Hand | 8.24 | 3.61 |
| | Balances with Banks | | |
| | - Current Accounts | 13.26 | 14.19 |
| | Earmarked Balances with Banks | | |
| | - Unpaid Dividend | 29.31 | 27.14 |
| | **Cash and Cash Equivalents in Cash Flow Statement** | **50.81** | **44.94** |

**4. Amendment to Ind AS 7**

The amendments to Ind AS Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The required disclosure is made below. There is no other impact on the financial statements due to this amendment.

(Rs. in lacs)

| | As at | Non-cash changes | | | As at |
|---|---|---|---|---|---|
| | March 31, 2018 | Cash Flows | Fair value changes | Current/ Non-current classification | March 31, 2019 |
| Borrowings - Non Current | - | - | - | - | - |
| Borrowings - Non Current FCD's | 410.71 | - | 26.71 | (0.22) | 437.20 |
| Other Financial Liabilities | 42.06 | 7.89 | - | - | 49.95 |
| Borrowings - Current | 2307.09 | 1022.44 | - | - | 3329.53 |

5. During the year the company has received an amount of Rs. 450 lakhs against the issue of Fully Convertible Debentures. Pursuant to the provisions of Ind AS 109 a sum of Rs. 410.71 lakhs (being the resultant amount after fair valuation of the liability) has been shown as proceeds from borrowings and an amount of Rs. 38.5 lakhs being the deferred revenue has been shown as a part of current liablities under the financing activities. The balance amount of Rs. 0.79 lakhs being Other Comprehensive Income (OCI) has been included in the profit of the year.

6. In the Cash Flow from investing activities, movement of non-current Investment comprises of investment made by the Company in its 50:50 Joint Venture---M/s. SAA & Suditi Retail Pvt. Ltd. amounting to Rs.5 lacs which has been accounted as per Equity method.

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Statement of changes in equity for the year ended 31st March, 2019**

**a. Equity share capital**

**(Amount in Rs.)**

| Particulars | Notes | Balance at April 1, 2017 | Changes in equity share capital during the year 2017-18 | Balance at March 31, 2018 | Changes in equity share capital during the year 2018-19 | Balance at March 31, 2019 |
|---|---|---|---|---|---|---|
| 1,69,82,023 Fully paid equity shares of Rs.10/- each (as at March 31, 2019) ; 1,67,63,233 of 10 each (as at March 31, 2018) | 17 | 167632330 | 0 | 167632330 | 2187900 | 169820230 |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Other Equity**

| | | Surplus | | | | Amount in Rs. |
|---|---|---|---|---|---|---|
| **Particulars** | **Notes** | **Securities Premium** | **Share option outstanding account** | **Retained Earnings** | **Items of Other Comprehensive income , that will not be reclassified to Statement of Profit & Loss** | **Total** |
| **Balance at April 1, 2017** | | **2,003,148** | **2,992,241** | **121,334,145** | **85,057** | **126,414,592** |
| Profit for the year | | | | 33,846,848 | | **33,846,848** |
| Other comprehensive income for the year, net of income tax | | | | | (250,329) | (250,329) |
| **Total comprehensive income for the year** | | **-** | **-** | **33,846,848** | **(250,329)** | **33,596,519** |
| Recognition of share-based payments | | | 6,059,346 | | | **6,059,346** |
| Dividend Paid | | | | (2,360,000) | | **(2,360,000)** |
| Dividend distribution tax paid | | | | (480,244) | | **(480,244)** |
| Impact on account of INDAS ( P.Y) | **18** | | | (337,056) | | **(337,056)** |
| **Balance at March 31, 2018** | | **2,003,148** | **9,051,587** | **152,003,694** | **(165,272)** | **162,893,157** |
| | | | | | | - |
| Profit for the year | | | | 39,101,987 | | **39,101,987** |
| Other comprehensive income for the year, net of income tax | | | | | (779,106) | **(779,106)** |
| **Total comprehensive income for the year** | | **-** | **-** | **39,101,987** | **(779,106)** | **38,322,881** |
| | | | | | | - |
| Recognition of share-based payments | | 12,689,820 | (6,468,079) | | | **6,221,741** |
| Dividend Paid | | | | (1,069,000) | | **(1,069,000)** |
| Dividend distribution tax paid | | | | (217,529) | | **(217,529)** |
| **Balance at March 31, 2019** | | **14,692,968** | **2,583,508** | **189,819,152** | **(944,378)** | **206,151,250** |

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

1. **Corporate information**

Suditi Industries Limited (the 'company') was incorporated on 12th September, 1991 as Suditi Hosiery Processors Limited. The name of the company was subsequently changed to Suditi Industries Limited on 21st October, 1994.

The company is in the business of processing and manufacturing of knitted hosiery fabrics and readymade garments. The company is also in the business of retail sector.

2. **Basis of Preparation**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS ) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments (refer accounting policy regarding financial instruments), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

The following assets and liabilities have been measured at fair value.

i. Certain financial assets and liabilities (refer accounting policy regarding financial instruments)

ii. Defined Benefit Plans--plan assets are measured at fair value

iii. Share based payments

a. **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is considered current when it is:-

a) Expected to be realised or intended to be sold or consumed in a normal operating cycle

b) Held Primarily for the purpose of trading

c) Expected to be realised within twelve months after the reporting period

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading.

c) It is due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.
Advance tax paid is classified as noncurrent assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revisioin to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the company.

The financial statements of the Company are presented in Indian Rupees ( ), which is also its functional curency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupee as per requirements of Schedule III of the Companies Act, 2013, unless otherwise stated.

3. **Changes in significant accounting policie**

The Company has initially applied Ind AS 115 from 01 April 2018. Due to the transition method chosen, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

**Ind AS 115, Revenue from Contract with Customers:**

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effects of contracts that are not completed contacts at the date of initial application of the standard.

The Company has evaluated the same in general and has arrived at the conclusion that the impact of the same are not significant and material in nature and also has the reasonable significance to impact the profitability or materiality in the books of accounts because of the following reasons:-

1) The Company has entered into contract with various customers particularly in the Retail business on the terms of sale or return basis. However the Company has appropriately dealt with the possible reduction in the revenue on account of discounts at the time of Invoicing the dispatch of the goods to them. Therefore even if the same is not sold, the possible impact is already considered in the revenue itself.

2) In respect of the transaction with the customers where the contract is executed on transfer of goods, where the terms are agreed for invoicing the goods at pre-determined prices adequate percentage of value is deducted while valuing the stock lying with them.

**Standards, amendments and Interpretations to existing standards that the not yet effective and have not been adopted early by the Company.**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

**Ind AS 116 'Leases':**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor, Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

Based on preliminary assessment, the management does not foresee a material impact on adoption of the standard.

**Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatment':**

On March 30, 2019, Ministry of Corporate Affairs notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or Loss) , tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatment, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment which determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company is currently is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 12 – 'Income taxes"**

On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes", in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, "Employee Benefits", in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**4. Significant Accounting Policies**

**a. Foreign Currencies**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Foreign currency denominated current assets and current liabilities are translated at the year-end exchange rates. The resulting gain/loss is recognised in the Profit & Loss account.

Foreign Currency liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the last working day of the accounting year. The resulting gain/loss is recognised in the Profit & Loss account.

**b. Revenue from contracts with customers**

To determine whether to recognize revenue from contracts with customers, the Company follows a 5 -step process:

1. Identifying the contract with customer

2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue from contracts with customers for products sold and service provided is recognized when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts, No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

These activity-specific revenue recognition criteria are based on the goods or services provided to be customer and the contract conditions in each case, and are as described below.

(1) Sale of Fabric

Revenue from sale of fabric is recognized when control of the product is transferred to the customer, being when the products are delivered, accepted and acknowledged by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from the sale is recognized based on the price specified in the contract net of rebates and discounts.

(2) Sale of Scrap

Revenue from sale of scrap is recognized as and when the control over the goods is transferred.

(3) Dividend and interest income

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest-bearing securities is recognized on the time proportionate method taking in to account the amount outstanding and the rate applicable.

**c. Government Grants**

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**d. Taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

**Current Income Tax**

Current income tax for the current and prior periods are measured at the amount expected to be paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

**Deferred Income Tax**

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**Minimum Alternate Tax (MAT)**

MAT payable wherever applicable are charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note issued by ICAI on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**e) Property, plant and equipment**

On transition to Ind-AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as a deemed cost of property, plant and equipment.

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company identifies and determines cost of each component/ part of Property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the Property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in-progress. Depreciation is calculated on a straightline basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 as follows:

| Assets | Life in Years |
|---|---|
| Plant & Machinery | Over a period of 15/10 years |
| Office Building | 60 Years |
| Factory Building | 30 Years |
| Computers | 3 Years |
| Office Equipment | 5 Years |
| Furniture & Fittings | 10 Years |
| Vehicles | 8 Years/10 Years |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted"prospectively, if appropriate.

**f) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

A summary of the policies applied to the Company's intangible assets is, as follows:

| Particular | Amortisation |
|---|---|
| Computer Software | Over a period of 3 years |
| Brand (RIOT) | Over a period of 3 years |

**g) Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**h) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**i) Leases**

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit or loss as per the contractual terms.

**j) Inventories**

Inventories are valued at lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**Raw materials, consumables, stores,spares and packing materials:**

Raw materials are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First out basis.

**Finished goods and work in progress:**

Work in progress and finished goods are valued at lower of cost and net realisable value.Cost includes the combined cost of material, labour and a proportion of maufacturing overheds based on normal operating capacity. Cost of finished goods includes excised duty wherever applicable. Cost is determined ona First in First out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

**Stores and Spares:**

Stores and spares consists of packing materials, engineering spares and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost method.

The cost comprises of cost of purchase, duties and taxes (other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

**Traded goods:**

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Traded goods are valued at standard cost that approximates to actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k) Provisions, Contingent liability & Contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are neither recognised nor disclosed in the financial statements.

**l) Employee Benefits**

**i) Defined Contribution Plans.**

Contributions to the Employees' Regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognized as defined contribution plan and charged as expenses during the period in which the employees perform the services.

**ii) Defined Benefit Plans.**

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains or Losses through re-measurement of the net obligation of a defined benefit liability or asset is recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The Provident Fund Contribution other than contribution to Employees' Regional Provident Fund, is made to a Trust administered by the Trustees. The interest rate to the members of the Trust shall not be lower than the statutory rate declared by the Central Government under Employees' Provident Fund and Miscellaneous Provision Act, 1952. The Employer shall make good deficiency, if any.

**iii) Short-term Employee Benefits.**

Short term benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

**iv) Long-term Employee Benefit.**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Annual leaves can either be availed or encashed subject to restriction on the maximum accumulation of leaves.

**v) Termination Benefits.**

Termination benefits are recognized as an expense in the period in which they are incurred.

The Company shall recognize a liability and expense for termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

**m) Financial instruments**

**Financial Instruments.**

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1 Financial Assets.**

**1.1 Definition:**

Financial Assets include Cash and Cash Equivalents, Trade and Other Receivables, Investments in Securities and other eligible Current and Non-Current Assets.

At initial recognition, all financial assets are measured at fair value. The classification is reviewed at the end of each reporting period.

**(i) Financial Assets at Amortised Cost:**

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortized cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortization is included as interest income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of Profit and Loss.

**(ii) Financial Assets at Fair value through Other Comprehensive Income :**

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognized in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previouslyrecognized in Other Comprehensive Income is reclassified from the OCI to the Statement of Profit and Loss.

**(iii) Financial Assets at Fair value through Profit or Loss (FVTPL):**

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortized Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in the Statement of Profit and Loss.

**1.2 Trade Receivables.**

A Receivable is classified as a ‘trade receivable’ if it is in respect of the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

**1.3 Investment in Equity Shares.**

Investment in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Profit or Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

**1.4 Investment in Associates, Joint Ventures and Subsidiaries.**

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost.

**1.5 Derecognition of Financial Assets.**

A Financial Asset is primarily derecognized when:

- The right to receive cash flows from asset has expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either:

a) The Company has transferred substantially all the risks and rewards of the asset, or

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**2 Financial Liabilities.**

**2.1 Definition:**

Financial liabilities include Long-term and Short-term Loans and Borrowings, Trade and Other payables and Other eligible Current and Non-current Liabilities.

**(a) Initial Recognition and Measurement.**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**(b) Subsequent Measurement.**

The measurement of financial liabilities depends on their classification, as described below :

**i) Financial Liabilities at Fair Value through Profit and Loss.**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit and loss. Financial liabilities at fair value through profit and loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

**ii) Financial Liabilities measuredat Amortized Cost.**

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

**2.2 Loans and Borrowings.**

After initial recognition, interest-bearing borrowings are subsequently measured through Profit & loss as all the borrowings are long term in nature.

**2.3 Trade and Other Payables.**

A payable is classified as trade payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**2.4 De-recognition of Financial Liability.**

A Financial Liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss as other income or finance costs.

**3 Offsetting of Financial Instruments.**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Fair value Hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**n) Earnings per share**

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

**o) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**p) Dividend distribution to equity holders**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**q) Cash Flow**

Cash flows are reported using the indirect method, whereby profit/loss before exceptional items and tax is adjusted for the efects of transactions of non-cash nature and any deferrals or accruals of past or future receiptsor payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short term highly liquid investments with original maturities of 3 months or less, as applicable.

**r) Custom duty**

Custom duty payable on imported Raw materials, components, stores/spares etc is recognised to the extent assessed and charged by the custom department.

**s) Goods & Service Tax**

The Government of India introduced the Goods and Service Tax (GST) with effect from 01/07/2017. Accordingly, in compliance with Indian Accounting Standard (Ind AS) 18 - Revenue, Revenue from operations for the nine month period beginning 01/07/2017 to 31/03/2018 is presented net of GST whereas the revenue for the year 2018-19 is presented net of GST. Revenue from operations of earlier periods include Excise Duty which now is subsumed with GST. Accordingly, the Revenue from operations for the year ended 31/03/2019 are not comparable with corresponding previous year presented in the Financial Results which are reported inclusive of Excise Duty for part of the period.

**t) Segment Reporting**

In accordance with Ind AS 108 "Operating Segments", the Company has only one reportable Primary Business segment viz. Hosiery Fabrics and Garments. The Geographical segment reported earlier under Export as well as Domestic are now not reported as the exports are insignificant. Further, the Company does not have separate indentifiable bifurcation of Assets as the entire operations are undertaken for Hosiery Fabric only.

**u) Investment in subsidiaries and associates**

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations', when they are classified as held for sale.

Investment carried at cost is tested for impairment as per Ind-AS 36.

**v) Share-based payments**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share- Based Payment Reserves' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

**w) Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

a) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Impairment of non-financial assets and goodwill

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**5 Property, plant and equipment and capital work-in-progress** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Carrying amounts of: | | |
| Land ( Leasehold ) | 1,596,256 | 1,619,223 |
| Building | 15,415,485 | 18,112,374 |
| Plant & Machinery | 19,868,908 | 22,187,407 |
| Furniture and Fixtures | 41,057,039 | 31,759,768 |
| Office & Other Equipments | 11,195,014 | 12,633,913 |
| Computers | 2,635,242 | 4,406,149 |
| Electric Installation | 7,853,425 | 9,379,779 |
| Vehicles | 2,267,086 | 2,240,903 |
| | **101,888,455** | **102,339,516** |
| Capital work-in-progress | 3,953,699 | 16,631,456 |
| | **105,842,154** | **118,970,972** |

**Other intangible assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Carrying amounts of: | | |
| Software | 710,549 | 567,013 |
| | **710,549** | **567,013** |
| Intangible assets under development | 2,078,378 | 2,078,378 |
| | **2,788,927** | **2,645,391** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Refer to footnote in Schedule 21 for information on Property, plant and equipment pledged as security by the Company.**

**Property , Plant & Equipment :**

| | Land (Leasehold) | Building | Plant and Machinery | Furniture and Fixtures | Office & Other Equipments | Computers | Electric Installation | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | | | | |
| **Cost or Deemed Cost** | | | | | | | | | |
| **Balance at March 31, 2018** | **1,642,190** | **38,472,991** | **297,328,244** | **58,528,958** | **22,002,063** | **17,698,422** | **19,626,372** | **3,930,851** | **459,230,091** |
| Additions | - | - | 987,507 | 15,351,698 | 363,649 | 87,099 | - | 542,407 | 17,332,360 |
| Disposals | - | - | - | - | - | - | - | 926,932 | 926,932 |
| **Balance at March 31, 2019** | **1,642,190** | **38,472,991** | **298,315,751** | **73,880,656** | **22,365,712** | **17,785,521** | **19,626,372** | **3,546,326** | **475,635,519** |
| **Accumulated depreciation and impairment** | | | | | | | | | |
| **Balance at March 31, 2018** | **22,967** | **20,360,617** | **275,140,837** | **26,769,190** | **9,368,150** | **13,292,273** | **10,246,593** | **1,689,948** | **356,867,608** |
| Depreciation expenses for the year | 22,967 | 2,696,889 | 3,306,006 | 6,054,427 | 1,802,548 | 1,858,006 | 1,526,354 | 459,717 | 17,703,947 |
| Depreciation ajustment for the year | - | - | - | - | - | - | - | (870,425) | (870,425) |
| **Balance at March 31, 2019** | **45,934** | **23,057,506** | **278,446,843** | **32,823,617** | **11,170,698** | **15,150,279** | **11,772,947** | **1,279,240** | **373,701,130** |
| **Carrying amount** | | | | | | | | | |
| Balance at March 31, 2018 | 1,619,223 | 18,112,374 | 22,187,407 | 31,759,768 | 12,633,913 | 4,406,149 | 9,379,779 | 2,240,903 | 102,339,516 |
| Balance at March 31, 2019 | 1,596,256 | 15,415,485 | 19,868,908 | 41,057,039 | 11,195,014 | 2,635,242 | 7,853,425 | 2,267,086 | 101,888,455 |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Other Intangible Assets**

| | Software | Trademark | Total |
|---|---|---|---|
| **Gross Block** | | | |
| **Cost or Deemed Cost** | | | |
| **Balance at March 31, 2018** | **3,337,766** | **300,000** | **3,637,766** |
| Additions | 650,000 | - | 650,000 |
| Disposals | - | - | - |
| **Balance at March 31, 2019** | **3,987,766** | **300,000** | **4,287,766** |
| **Accumulated depreciation and impairment** | | | **Total** |
| **Balance at March 31, 2018** | **2,770,753** | **300,000** | **3,070,753** |
| Depreciation expenses for the year | 506,464 | - | 506,464 |
| **Balance at March 31, 2019** | **3,277,217** | **300,000** | **3,577,217** |
| **Carrying amount** | | | **Total** |
| Balance at March 31, 2018 | 567,013 | - | 567,013 |
| Balance at March 31, 2019 | 710,549 | - | 710,549 |

**6 Investments in Subsidiary**

**Break-up of investments in Subsidiary** **(Amount in Rs.)**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Qty. | Amount in Rs. | Qty. | Amount in Rs. |
| **Investments in Equity Instruments** | | | | |
| **Investments in subsidiary:** | | | | |
| Investment in Suditi Design Studio Ltd | 860,000 | 8,600,000 | 860,000 | 8,600,000 |
| Investment in Suditi Sports Apparel Ltd. | 40,000 | 400,000 | 40,000 | 400,000 |
| **Total Aggregate Unquoted Investments (A)** | **900,000** | **9,000,000** | **900,000** | **9,000,000** |

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Aggregate Carrying Value of unquoted investments** | 9,000,000 | 9,000,000 |

**7 Investments in Joint ventures** **(Amount in Rs.)**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Qty. | Amount in Rs. | Qty. | Amount in Rs. |
| **Unquoted Investments (all fully paid)** | | | | |
| **Investments in Equity Instruments** | | | | |
| Investment in Saa & Suditi Retail Pvt. Ltd. | 50,000 | 500,000 | 50,000 | 500,000 |
| **Total Investments Carrying Value** | **50,000** | **500,000** | **50,000** | **500,000** |

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Aggregate Carrying Value of unquoted investments** | 500,000 | 500,000 |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Details and financial information of material joint ventures**

Details of the Group's material joint venture at the end of the reporting period is as follows:

| **Name of joint venture** | **Principal Activity** | **Place of incorporationand principal place of business** | **Proportion of ownership interest andvoting rights held by the Group** | |
|---|---|---|---|---|
| | | | As at March 31, 2019 | As at March 31, 2018 |
| Saa & Suditi Retail Pvt. Ltd. | Manufacturing & Retail Sales of Fashion Garments under Brand name " NUSH" | Mumbai | 50% | 50% |

**8 Loans** **(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Non- Current** | | |
| **Unsecured, considered Good** | | |
| Security Deposits | 80,374,676 | 83,516,932 |
| Capital Advances | 2,791,810 | 2,791,810 |
| **Total** | **83,166,486** | **86,308,742** |
| **Current** | | |
| Loans & Advances to Employees | 148,042 | 240,695 |
| **Total** | **148,042** | **240,695** |

**9 Other Non Current Financial Assets**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Unsecured, considered Good** | | |
| Fixed Deposit with Banks | 266,064 | 2,204,173 |
| Bank deposits with original maturity for more than 12 months | | |
| **Total** | **266,064** | **2,204,173** |

**10 Deferred Tax Assets/(Liabilities)**

The following is the analysis of deferred tax assets presented in the balance sheet: **(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Deferred tax assets | 1,884,293 | 2,165,160 |
| **Total** | **1,884,293** | **2,165,160** |

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Deferred tax Assets** | | |
| Related to Other Current Liabilities | - | - |
| Related to Short term provisions | 698,590 | - |
| Related to Plant, Property & Equipment | 917,087 | 458,435 |
| Related to Other Current assets | - | 266,065 |
| Related to Amortisation of Right Issue Expenses | - | - |
| Related to Provision for bad & doubtful debt ( ECL Method ) | 21,643 | 21,680 |
| Related to Actuarial (Gain ) / Loss | 270,471 | 119,846 |
| Other Adjustments | - | - |
| Related to Amortisation on Fully convertible debentures | - | 1,299,134 |
| **Total** | **1,907,792** | **2,165,160** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

| | | |
|---|---|---|
| **Deferred tax Assets** | | |
| Related to Other Current Liabilities | 23,498 | - |
| Related to Plant, Property & Equipment | - | - |
| Related to other Current assets | - | - |
| Related to Reversal of Deferred Tax on Right issue expenses | - | - |
| Related to Actuarial (Gain ) / Loss | - | - |
| **Total** | **23,498** | **-** |
| **Net deferred tax (liability) / asset** | **1,884,293** | **2,165,160** |

11 **Other Assets**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| <u>Non- Current</u> | | |
| **Unsecured, Considered Good** | | |
| Other Security Deposits | - | 130,000 |
| **Total** | **-** | **130,000** |
| **Current** | | |
| **Unsecured, Considered Good** | | |
| **Others** | | |
| - Receivable in Cash or Kind | 10,489,403 | 7,339,135 |
| - **Balances with government authorities** | | |
| - Central Excise and Customs | 613,906 | 613,906 |
| GST receivable | 8,325,492 | 5,361,148 |
| Sales tax Refund and Set-off | 8,805,108 | 8,289,408 |
| Advance to Suppliers | 28,843,250 | 5,229,774 |
| Prepaid Expenses | 1,727,507 | 502,632 |
| **Total** | **58,804,665** | **27,336,003** |

12 **Inventories**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | |
| - Raw materials | 18,130,312 | 12,264,893 |
| - Work-in-progress | 17,682,363 | 19,141,090 |
| - Finished goods | 258,368,476 | 265,937,660 |
| - Stock-in-trade | - | - |
| - Stores and spares | 4,320,502 | 4,440,897 |
| - Fuel & Oil | 266,508 | 254,362 |
| **Total** | **298,768,161** | **302,038,903** |

The method of valuation of inventories has been stated in note 4-j of summary of significant accounting policies.

13 **Other investments**

<u>Current</u>

(Amount in Rs.)

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Qty. | Amount in Rs. | Qty. | Amount in Rs. |
| **Quoted Investments (all fully paid)** | | | | |
| (a) **Investments in Equity Instruments** | | | | |
| IDBI Bank Limited | 2,880 | 134,352 | 2,880 | 208,080 |
| [2880 (Including Bonus Shares issues of 1080 shares)] | | | | |
| **Total Aggregate Quoted Investments (A)** | **2,880** | **134,352** | **2,880** | **208,080** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Aggregate Book Value of quoted investments** | 134,352 | 208,080 |

**Investment in equity shares are recognised at fair value through profit and loss.**

**14 Trade Receivables**

**(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Current** | | |
| **Secured** | | |
| (a) Considered good | 28,579,222 | 38,999,656 |
| **Unsecured** | | |
| (a) Considered good | 398,704,902 | 182,931,433 |
| (b) Receivables which have significant increase in credit risk | 10,358,200 | 11,757,517 |
| **Allowance for expected credit loss** | | |
| (a) Receivables which have significant increase in credit risk | (1140387) | (65,571) |
| **Credit impaired** | - | - |
| **Total** | **436,501,937** | **233,623,035** |

**Note :** Allowance for bad & doubtful debts is created in accordance 'expected credit loss' model prescribed under Ind AS 109. Trade receivables are non-interest bearing and credit period generally falls in the range of 30 to 90 days terms.

**15 Cash and Cash Equivalents**

**(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with Banks | 1,326,333 | 1,419,114 |
| Cash on hand | 823,869 | 361,198 |
| **Others :** | | |
| a) Earmarked balances with banks (Dividend accounts) | 2,930,832 | 2,714,094 |
| **Total** | **5,081,033** | **4,494,406** |

Note : The Unpaid dividend amount will be transferred to Investor Education & Protection Fund as & when due.

**16 Current tax assets**

**(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Current tax assets** | | |
| Income Tax (Net of provisions) | 8,994,788 | 298,268 |
| Advance Tax paid | 10,000,000 | - |
| MAT Credit Entitlement | - | - |
| **Total** | **18,994,788** | **298,268** |

**17 Equity share capital**

**(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Equity share capital | 169,820,230 | 167,632,330 |
| **Total** | **169,820,230** | **167,632,330** |
| **Authorised Share Capital** | | |
| 25,000,000 Fully paid equity shares of Rs.10/- each | 250,000,000 | 250,000,000 |
| **Issued, subscribed & Paid Up** | | |
| 1,69,82,023 Fully paid equity shares of Rs.10/- each (as at March 31, 2019) | | |
| 1,67,63,233 of 10 each as at March 31, 2018) | 169,820,230 | 167,632,330 |
| **Total** | **169,820,230** | **167,632,330** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Fully paid equity shares**

| | Number of shares in | Share capital (Amount) |
|---|---|---|
| **Balance at March 31, 2018** | **16,763,233** | **167,632,330** |
| Changes in equity share capital during the year | 218,790 | 2,187,900 |
| **Balance at March 31, 2019** | **16,982,023** | **169,820,230** |

**Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.**

**Details of shares held by each shareholder holding more than 5% shares**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares held | % holding of equity shares | Number of shares held | % holding of equity shares |
| **Fully paid equity shares** | | | | |
| Pawan Kishorilal Agarwal | 11,279,991 | 66.420 | 11,462,343 | 68.378 |

The company has only one class of shares i.e. Equity Shares having a face value of Rs. 10 each. The equity shareholders are entitled to dividend only if dividend in a particular financial year is recommended by the Board of Directors and approved by the members at the annual general meeting of that year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by share holders.

The Board of Directors has recommended a dividend of Rs.0.20 per share exclusively on the portion of the share capital held by the public as on the record date to be announced. The promoters have waived their entitlement of receiving the dividend in order to support the business activities of the company. The proposed dividend is subject to the approval by Shareholders at the ensuing Annual General Meeting and has not been recorded as a liability as at 31st March 2019 in accordance with Indian Accounting Standard (Ind AS)-10 "Events after the Reporting Period". The Dividend, if approved, would result in a cash outflow of approximately Rs.12,81,000/- including Corporation Dividend Tax.

**Shares reserved for issue under options**

960000 shares were reserved for issue under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual General Meeting held on 2nd September, 2011. In the year 2013, the Company has granted options to 48 employees aggregating to 278700 options. Out of this, 18 employees accepted the grant aggregating to 219500 options. Thirty employees did not accept 59200 options granted to them. The unaccepted options are ploughed back in the pool for further allocation. During 2018-19, another 30% of the options so granted to one remaining Employee have been vested which is in line with the Company's ESOP scheme and these options are not exercised upto the end of the current year by the Employee.

Further the Compensation Committee had further granted 13000 options to 20 Employees in their meeting held in the month of February 2017. In addition to this the Company on the successful completion of 25 years of its operations decided to reward its Employees additional option to mark the Silver Jubilee celebrations of the Company. Accordingly the Compensation Committee has granted additional 1,11,605 options to 38 Employees both Senior and Junior level Employees. In total in the month of February 2017, the Company has granted additional 1,24,605 options to 38 Employees and all Employees have accepted their grant. In view of Special Resolution passed by members in their 25th Annual General Meeting, all the options granted shall vest after one year from the grant date. During the year, all the options granted under the above scheme were vested and the same is exercised in the current year.

There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2019).

**18 Other Equity**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Retained earnings | 189,819,152 | 152,003,694 |
| Securities premium | 14,692,968 | 2,003,148 |
| Share option outstanding account | 2,583,508 | 9,051,587 |
| Other items of other comprehensive income | (944,378) | (165,272) |
| **Total** | **206,151,250** | **162,893,157** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

The details are as follows:-

| Retained earnings | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 152,003,694 | 121,334,145 |
| Add: Profit During the year | 39,101,987 | 33,846,848 |
| Impact on Account of Deferred Tax | - | - |
| IndAS Adjustments ( P.Y ) | - | (337,056) |
| Dividend Paid | (1,069,000) | (2,360,000) |
| Dividend distribution tax paid | (217,529) | (480,244) |
| **Balance at end of year** | **189,819,152** | **152,003,694** |

| Securities premium | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 2,003,148 | 2,003,148 |
| **Add:** Transfers during the year | 12,689,820 | - |
| **Balance at end of year** | **14,692,968** | **2,003,148** |

| Share option outstanding account | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 9,051,587 | 2,992,241 |
| Add: Transfers during the year | (6,468,079) | 6,059,346 |
| **Balance at end of year** | **2,583,508** | **9,051,587** |

| Other items of other comprehensive income | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | (165,272) | 85,057 |
| Add: Additions during the year | (779,106) | (250,329) |
| **Balance at end of year** | **(944,378)** | **(165,272)** |

**Description of nature & purpose of each reserve:**

**Retained Earnings:** Created from Profit/loss of the Company, as adjusted for distribution to owners, transfers to other reserves etc.

**Securities Premium:** Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Share option outstanding account:** Created for recording the grant date fair value of options issued to employees under the Employees stock option schemes & is adjusted on exercise/forfeiture of options.

**Other items of other comprehensive income:** Created for transferring the re-measurements gains & losses on defined benefit plans.

**19 Non-current borrowings** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| (i).Fully Convertible debentures | 43,719,847 | 41,070,732 |
| **Secured** | | |
| (ii). Term loans | | |
| - From banks | - | - |
| **Total non-current borrowings** | **43,719,847** | **41,070,732** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Summary of borrowing arrangements**

**(i) Fully Convertible debentures:**

During the year 2017-18, Company has issued 3 Fully Convertible debentures of Face value of Rs. 1,50,00,000/- each to H.T. Media Limited.

The terms of the issue are :

1. The Equity shares issued on conversion shall rank pari passu with the Existing Equity Shares of the company.
2. The FCDs shall be converted into Equity shares at the end of 18 months from date of such allotment.
3. The FCDs shall be unsecured.
4. Pricing of Equity shares - Frequently Trade Shares: The FCDs shall be converted into Equity shares of face value of Rs. 10/- each at a price which is higher of the following:
   (a) Rs. 80/- per Equity share.
   (b) Price arrived at in accordance with the ICDR Regulations. ("Conversion Price")

   The objects of the Preferential issue:
   (i) The object of the issue is to meet funding requirements towards brand building through advertising in the print & non-print media.
   (ii) To meet issue expenses
   (iii) General Corporate Purposes

As per IND AS 109 - Financial Instruments, the Fully convertible debentures issued during the previous year are convertible into Equity shares as per terms stated above and are reflected at fair value on the basis of present value calculated at the time of the issue of the instrument and proportionately appropriated on the date of Balance Sheet.

The below amount of expenditure would be incurred over the period of Contract as per the agreement between the parties.

| **Details of utilisation** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Gross proceeds received | 45,000,000 | 45,000,000 |
| Amount utilised till the end of the year | 2,602,800 | 2,097,576 |
| **Unutilised amount at the end of the year** | **42,397,200** | **42,902,424** |

The Audit Committee and the Board of Directors of the Company noted the utilisation of the FCD's for the year ended 31st March, 2019.

**20 Other non-current liabilities**

**(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Security Deposits | 4,994,719 | 4,205,901 |
| **Total** | **4,994,719** | **4,205,901** |

**21 Current borrowings**

**(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| a). Loans repayable | | |
| - from Commercial Banks | 332,625,654 | 230,709,279 |
| - from others | 327,818 | - |
| **Total** | **332,953,472** | **230,709,279** |

Loans of Commercial Banks includes the borrowings from Axis Bank Limited and Punjab National Bank upto 31/01/2019 as the same is closed and taken over by The South Indian Bank Limited from that date. Rate of interest charged for the working capital borrowing in respect of Axis Bank Limited is MCLR + 1.5% p.a., (Punjab National Bank is MCLR + 2.65% p.a. upto 31/01/2019) & The South Indian Bank Limited is MCLR + 0.55% p.a. Working capital loan is secured by hypothecation of inventories and book debts. The loan is collaterally secured by Land & Building and Plant & machinery located at Pawne village Turbhe, Navi Mumbai and also personal guarantee executed by Chairman Shri Pawan Agarwal in favour of both the Banks.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**22 Trade payables** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Micro Enterprises & Small Enterprises | 15,358,260 | 3,514,843 |
| Others | 198,914,676 | 137,400,335 |
| **Total** | **214,272,936** | **140,915,178** |

According to information available with the management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the Company has amounts due to Micro, Small and Medium Enterprises under the said Act as follows :

| | | | |
|---|---|---|---|
| i) | Principal amount remaining unpaid | 15,358,260 | 3,514,843 |
| ii) | Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year. | - | - |
| iii) | The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| iv) | The amount of interest due accrued and remaining unpaid at the end of each accounting year. | 265312 | - |
| v) | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

**23 Other financial liabilities** **(Amount in Rs.)**

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| | **Current** | | |
| a | Employee Benefits Payable | 7,430,568 | 7,056,172 |
| b | Outstanding Expenses | 10,453,211 | 9,584,769 |
| c | Unpaid Dividend | 2,930,580 | 2,713,842 |
| | **Total** | **20,814,359** | **19,354,783** |

Note: There are no amounts that have become due for payment to the Investor Education and Protection Fund as required under Section 125 of the Companies Act, 2013 as at the year end. However an amount of Rs.371857/- has been reported to MCA (ROC) under the rules of the Investor Education and Protection Fund which will be transferred in the year 2019-20.

**24 Provisions** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Non-current** | | |
| Defined benefit liability (net) | 3,112,038 | 2,427,725 |
| Other long term employee obligations | 1,439,729 | 1,411,032 |
| **Total** | **4,551,767** | **3,838,757** |
| **Current** | | |
| Defined benefit liability (net) | - | - |
| Other long term employee obligations | 659,988 | 576,126 |
| **Total** | **659,988** | **576,126** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**25 Other current liabilities**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| TDS payable | 2,307,615 | 1,392,146 |
| Professional Tax payable | 48,250 | 52,350 |
| Income tax payable | 17,516,070 | 11,694,311 |
| Advances from Customers | 2,261,095 | 1,373,936 |
| Provident fund | 427,030 | 476,278 |
| ESIC | 102,121 | 126,655 |
| Deferred Revenue | 1,280,153 | 3,851,909 |
| **Total** | **23,942,334** | **18,967,585** |

As per IND AS 109 - " Financial Instruments" Deferred Revenue is created with respect to Fully convertible debentures issued during the previous year.

**26 Revenue from operations**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Sale of products | 1,113,458,519 | 977,296,914 |
| (b) Other operating revenues | 903,765 | 809,156 |
| | **1,114,362,284** | **978,106,070** |

**27 Other Income**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a). Interest Income** | | |
| - Bank deposits | 192,978 | 144,401 |
| | **192,978** | **144,401** |
| **(b). Other non-operating income** | | |
| - Others (aggregate of Miscellaneous items) | 1,744,330 | 1,556,944 |
| | **1,744,330** | **1,556,944** |
| **(a + b)** | **1,937,308** | **1,701,345** |

(Amount in Rs.)

| **28 Cost of Materials consumed** | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Opening stock | 12,264,893 | 11,804,602 |
| Add: Purchases | 660,327,800 | 537,975,593 |
| Less: Closing stock | 18,130,312 | 12,264,893 |
| | **654,462,381** | **537,515,303** |
| **Raw Material and packaging material consumed:** | | |
| Chemicals | 37,905,991 | 37,864,968 |
| Dyes | 23,796,352 | 18,599,164 |
| Yarn & Fabric | 515,139,088 | 383,581,298 |
| Other Raw Materials | 77,620,951 | 97,469,873 |
| | **654,462,381** | **537,515,303** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**29 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade** (Amount in Rs.)

| | | |
|---|---|---|
| **Inventories at the end of the year:** | | |
| Finished goods | 258,368,476 | 265,937,660 |
| Work-in-progress | 17,682,363 | 19,141,090 |
| Stock-in-trade | - | - |
| | **276,050,840** | **285,078,750** |
| **Inventories at the beginning of the year:** | | |
| Finished goods | 265,937,660 | 261,311,255 |
| Work-in-progress | 19,141,090 | 17,592,221 |
| Stock-in-trade | - | - |
| | **285,078,750** | **278,903,475** |
| | **9,027,911** | **(6,175,275)** |

**30 Employee Benefits expenses** (Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Salaries and Wages | 63,030,142 | 62,819,152 |
| Contribution to provident and other funds | 3,546,834 | 3,732,104 |
| Staff Welfare Expenses | 4,394,601 | 4,341,328 |
| Expense on employee stock option (ESOP) scheme | 6,699,580 | 6,059,346 |
| | **77,671,157** | **76,951,929** |

**31 Finance Costs** (Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Interest costs :-** | | |
| Interest on borrowings | 29,228,861 | 26,911,680 |
| Interest on Trade payables | 1,794,253 | 2,211,732 |
| Interest on Income Tax | 759,261 | - |
| Interest on MSME | 265,312 | - |
| Interest on Vehicle Loan | 77,166 | - |
| Other interest expense | 76,734 | 29 |
| **Total interest expense for financial liabilities not classified as at FVTPL** | **32,201,587** | **29,123,441** |

**32 Depreciation and amortisation expense** (Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment | 17,703,947 | 14,627,775 |
| Amortisation of intangible assets | 506,464 | 429,238 |
| **Total depreciation and amortisation expenses** | **18,210,411** | **15,057,013** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**33 Other expenses** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Stores & Spares Consumable | 18,171,609 | 23,171,779 |
| Consumption of Packing Materials | 6,145,337 | 9,145,215 |
| Sub Contracting | 94,618,953 | 102,523,401 |
| Power & Fuel | 67,048,266 | 63,033,166 |
| Water | 8,678,472 | 8,626,830 |
| Rent Including Lease Rentals | 4,586,194 | 2,590,680 |
| Repair & Maintenance: | | |
| Building | 207,524 | 579,843 |
| Machinery | 3,563,483 | 3,822,097 |
| Others | 4,069,835 | 5,420,509 |
| Insurance | 1,228,897 | 1,180,650 |
| Rates & Taxes | 648,955 | 3,834,234 |
| Communication | 1,444,487 | 1,394,590 |
| Travelling & Conveyance | 3,660,873 | 4,088,457 |
| Printing & Stationery | 1,535,745 | 1,529,779 |
| Sales Commission | 1,080,121 | 1,864,711 |
| Pilferage & Shortage | - | 985,503 |
| Royalty | 11,138,152 | 11,340,406 |
| Legal & Professional | 8,455,685 | 11,024,947 |
| Statutory Auditors Remuneration* | 690,000 | 602,500 |
| Transportation Charges | 9,014,079 | 8,992,985 |
| Bank Charges, Commission & Others | 866,394 | 1,310,795 |
| Advertisement Expenses | 2,027,313 | 2,013,946 |
| Motor Car Expenses | 1,518,220 | 1,450,962 |
| Security Charges | 3,234,312 | 3,247,839 |
| Registrar & Transfer Expenses | 296,637 | 173,999 |
| Subsricption & Membership | 56,108 | 60,171 |
| Establishment Management Fees (Garment) | 8,100,000 | - |
| Prior Period Expenses | 5,306 | - |
| Sundry Balance w/off | 67,648 | 313,798 |
| Amortisation of Land | 22,967 | 22,967 |
| Provision of Bad debt as per ECL Method | 77,798 | 1,489 |
| Bad & Doubtful Debts | 958,444 | - |
| Miscellaneous Expenses | 3,852,144 | 2,954,140 |
| Loss on sale of Motor Car | 20,517 | - |
| GST Expenses | 119,804 | 223,675 |
| Business Promotion Expense | 346,476 | 270,723 |
| **Total** | **267,556,751** | **277,796,786** |

*** Statutory Auditors Remuneration**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| a) For audit | 565,000 | 502,500 |
| b) For taxation matters | 125,000 | 100,000 |
| **Total** | **690,000** | **602,500** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**34 Financial Risk Management Objectives & Policy**

The Company's Financial Risk Management is an integral part of how to plan and execute its Business Strategies. The Company's Financial Risk Management Policy is set by the Board. The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate, risk and commodity risk etc.), credit risk and liquidity risk.

**1) Market Risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may results from change in the price of a financial instrument. The value of a financial instrument may change as result of change in the interest rates, foreign currency exchange rates, equity prices and other market changes may affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments and deposits, foreign currency receivables, payables and loans and borrowings. Market risk comprises mainly two types of risk:"Interest rate risk & currency risk. The Company has a moderate risk management system monitored by Risk Management Committee to inform Board Members about risk management and minimization procedures.

**a) Foreign Currency Risk**

The Company is not having any significant foreign transactions; hence the company is not prone to foreign currency risks as on the date of balancesheet.

**b) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The following Table showns the blend of Company's Fixed & Floating Rate borrowings in Indian Rupee:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Loans in Rupees** | | |
| a) Fixed Rate | - | - |
| b) Floating Rate | 332,953,472 | 230,709,279 |
| **Total** | **332,953,472** | **230,709,279** |

The Company regularly scans the Market & Interest Rate Scenario to find appropriate Financial Instruments & negotiates with the Lenders in order to reduce the effect Cost of Funding.

**Interest Rate Sensitivity :**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets affected. With all other variables held constant, the Company's profit / (Loss) before tax is affected through the impact on finance cost with respect to our borrowing, as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Change in basis Points | 25 | 25 |
| Effect on profit / (loss) before tax | (832,384) | (576,773) |
| Change in Basis Points | -25 | -25 |
| Effect on profit / (loss) before tax | 832,384 | 576,773 |

**2) Credit Risk**

Credit Risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However the Company has taken necessary control measures by ensuring adequate stock or other form of negotiable instruments to minimize the risk exposure.

**Trade Receivable:-** Customer Credit Risk is managed based on Company's established policy, procedures and controls. The Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and aging of trade receivables. Individual credit risk limits are set accordingly.

The credit risk from the organized and bigger buyers is reduced by securing Bank Guarantees/Letter of Credits/part advance payments/post dated cheques. The Outstandings of different parties are reviewed periodically at different level of organization. The outstanding from the trade segment is secured by two tier security – security deposit from the dealer himself, and our business associates who manage the dealers are also responsible for the outstanding from any of the dealers in their respective region. Impairment analysis is performed based on historical data at each reporting period on an individual basis.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Upto 6 Months | 394,238,576 | 184,917,895 |
| Above 6 months | 42,263,361 | 48,705,140 |
| **Grand Total** | **436,501,937** | **233,623,035** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Financial Instruments and Deposits with Banks:**
The Company considers factors such as track record, size of institution, market reputation and service standards to select the bank with which balances and deposits are maintained. Generally, balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operation.

**3) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The Company relies on a mix of borrowings, and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowings facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

| S. No. | Particulars | Carrying Amt. | Due within 1 year | Due between 1-5 years | Due after 5 years | Total |
|---|---|---|---|---|---|---|
| 1 | As on 31st March, 2019 | | | | | |
| | - Borrowings | 376,673,319 | 332,953,472 | 43,719,847 | - | 376,673,319 |
| | - Trade Payables | 214,272,936 | 214,272,936 | - | - | 214,272,936 |
| | - Other Liabilities* | 49,751,412 | 49,751,412 | - | - | 49,751,412 |
| | **Total** | 640,697,668 | 596,977,821 | 43,719,847 | - | 640,697,668 |
| 2 | As on 31st March, 2018 | | | | | |
| | - Borrowings | 271,780,011 | 271,780,011 | - | - | 271,780,011 |
| | - Trade Payables | 140,915,178 | 140,915,178 | - | - | 140,915,178 |
| | - Other Liabilities* | 42,528,269 | 42,528,269 | - | - | 42,528,269 |
| | **Total** | 455,223,458 | 455,223,458 | - | - | 455,223,458 |

* Includes Government dues

**35. Capital Risk Management**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal structure to reduce the cost of capital as well as to maintain proper leverage.

For the purpose of the Company's capital management, capital includes issued capital, securities premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, less cash & cash Equivalents.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Borrowings | 376,673,319 | 271,780,011 |
| Less: Cash & Cash Equivalents | 5,215,385 | 4,702,486 |
| (Including Current Investments) | | |
| **Net debt** | 371,457,934 | 267,077,525 |
| Equity Share Capital | 169,820,230 | 167,632,330 |
| Other Equity | 206,151,250 | 162,893,157 |
| **Total Capital** | **375,971,480** | **330,525,487** |
| **Capital & Net debt** | **747,429,414** | **597,603,012** |
| **Gearing Ratio** | **49.70%** | **44.69%** |

The Company monitors capital using a gearing ratio, which is Net Debt divided by Total Capital plus Net Debt. Net Debt is calculated as total borrowings including short term and current maturities of long term debt.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**36 Fair Value of Financial Assets & Liabilities**

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Carrying Amt. | Fair Value | Carrying Amt. | Fair Value |
| **A. Financial Assets** | | | | |
| **(i) At fair value through Profit & Loss** | | | | |
| Investments | | | | |
| a) IDBI Shares | 134,352 | 134,352 | 208,080 | 208,080 |
| b) Trade Receivables | 436,501,937 | 436,501,937 | 233,623,035 | 233,623,035 |
| **Total** | **436,636,289** | **436,636,289** | **233,831,115** | **233,831,115** |
| **A. Financial Liabilities** | | | | |
| **(i) At Amortised Cost** | | | | |
| Fully Convertible Debentures | 43,719,847 | 43,719,847 | 41,070,732 | 41,070,732 |
| **Total** | **43,719,847** | **43,719,847** | **41,070,732** | **41,070,732** |

**Fair Valuation Techniques**

1. Fair Value of Investments in quoted shares are based on the quoted market price at the reporting date.
2. Fair Value of Trade receivables is derived after considering the expected credit losses of these receivables.
3. As per Ind AS 109 - Financial Instruments, Fully Convertible Debentures issued for Rs.4,50,00,000/- during the year are convertible into Equity Shares. The same are reflected at fair value calculated on the basis of persent value of instrument using RBI rate as on the reporting date.

**37 Other Comprehensive Income (OCI )**

The disaggregation of changes to OCI by each type of reserves in equity is shown below

| | Retained Earnings | |
|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 |
| Remeasurement gains/(Losses) on defined benefit plans | (972,218) | (489,547) |
| Tax Impact on Remeasurement gains/(Losses) on defined benefit plans | 270,471 | 161,859 |
| Impact on account of Transfer from Deferred Revenue relating to Fully convertible debentures | (77,359) | 77,359 |
| | **(779,106)** | **(250,329)** |

**38 Share-based payments**

**Description of share based payments arrangements**

The Company instituted the Employee Stock Option Plan – ESOP 2011 to grant equity based incentives to its eligible employees in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOP-2011 ("The Scheme") had been approved by the Board of Directors of the Company at their meeting held on 30th Sept, 2011 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on 2nd Sept 2011, to grant 9,60,000 options, representing one share at par for each option upon exercise by the employee of the Company determined by the Board/Compensation Committee. The Scheme covers grant of options to the specified permanent eligible employees of the Company and also to non-executive directors of the Company including independent directors. During the year ended 31 January, 2013, the Company granted initial stock options to certain employees of the Company.

**A. Suditi Employee Stock Option Plan 2011 (SUDITI ESOP 2011)**

Pursuant to the Scheme, the Compensation Committee had given its approval to grant 350800 options at par to specified eligible employees of the Company in the year January 2013. Further the Company has also granted another 124605 options to the eligible Employees in 15th February 2017. The Company has the following share-based payment arrangements for employees.

**Movements during the year**

The following table illustrates the number and fair price of, and changes in, share options during the year. Excise price is fixed at face value of ₹10/- each.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

| Particulars | 31-Mar-19 | | | | 31-Mar-18 | | | |
|---|---|---|---|---|---|---|---|---|
| | Grant of Options | | Grant of Options | | Grant of Options | | Grant of Options | |
| | I | | II | | I | | II | |
| | Number | Fair price | Number | Fair price | Number | Fair price | Number | Fair price |
| Outstanding at the beginning of the year | 125110 | | 115780 | | 143270 | 52.30 | 124605 | 52.30 |
| Options exercised during the year | 115510 | - | 103280 | - | - | - | - | - |
| Expired/lapsed during the year | - | - | 12500 | 52.30 | 18160 | 52.30 | 8825 | 52.30 |
| Outstanding at the end of the year | 9600 | - | - | - | 125110 | - | 115780 | - |
| Exercisable at the end of the year | 9600 | - | - | - | 115510 | - | 115780 | - |

The fair values of options granted under the plan were determined using Black-Scholes pricing module that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

| Particulars | 31-Mar-19 | | 31-Mar-18 | |
|---|---|---|---|---|
| | Options vested | Options vested and unexercised | Options vested and exercised | Options to be vested |
| Number of options | 9,600 | 9,600 | 0 | 231,290 |
| Fair value on grant date (₹) | Nil | First grant ₹7.68<br>Second grant ₹60.46 | Nil | First grant ₹7.68<br>Second grant ₹60.46 |
| Share price at grant date (₹) | Nil | First grant ₹7.68<br>Second grant ₹68.40 | Nil | First grant ₹7.68<br>Second grant ₹68.40 |
| Fair value at exercise date (₹) | Nil | Nil | Nil | Nil |
| Exercise price (₹) | Nil | 10 | Nil | 10 |
| Expected volatility | 3.15% | 3.15% | 3.15% | 3.15% |
| Expected life | 3 years | 3 years | 3 years | 3 years |
| Expected dividends | 5% | 5% | 5% | 5% |
| Risk-free interest rate (based on government bonds) | 7.42% | 7.42% | 7.42% | 7.42% |

Note: In the case of First grant since the market price was lower than the Exercise price (face value), fair value calculations on grant date are not separately computed.

**Particulars of Scheme**

| Name of scheme | Suditi Employee Stock Option Plan 2011 |
|---|---|
| Vesting conditions | First grant of 350800 options made on 31/01/2013 and the second grant of 124605 options made on 15/02/2017. The schedule of the vesting is as follows: |

| Graded vesting schedule | Percentage of options granted | |
|---|---|---|
| | Grant of Options | |
| | I | II |
| 1st Anniversary of the Grant Date | 10% | 100% |
| 2nd Anniversary of the Grant Date | 15% | N.A. |
| 3rd Anniversary of the Grant Date | 20% | N.A. |
| 4th Anniversary of the Grant Date | 25% | N.A. |
| 5th Anniversary of the Grant Date | 30% | N.A. |

| | | |
|---|---|---|
| Exercise period | Stock options can be exercised within a period of 5 years from the date of vesting. | |
| Number of share options | 240,890 | |
| Exercise price | 10 | |
| Method of settlement | Equity | |
| Fair value on the grant date | First grant | ₹7.68 |
| | Second grant | ₹60.46 |
| Remaining life as on 31 March 2018 | 2 year | |
| Remaining life as on 31 March 2017 | 3 year | |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**Details of share options exercised during the year:**

The following share options were exercised during the Financial Year 2018-19:

| Options series | Number Exercised | Share Price at Exercise date | Exercise date |
|---|---|---|---|
| Granted on 31/01/2013 | 218,790 | ₹27.85 | 16/04/2018 |

| | | Unit | For the year ended 31st March, 2019 Quantity | Amt. in Rs. | For the year ended 31st March, 2018 Quantity | Amt. in Rs. |
|---|---|---|---|---|---|---|
| 39 | **Cost of Material Consumed** | | | | | |
| | Chemicals | | | 37,905,991 | | 37,864,968 |
| | Dyes | | | 23,796,352 | | 18,599,164 |
| | Yarn & Fabric | Kgs | 1,159,851 | 496,670,716 | 959,845 | 323,337,695 |
| | | Pcs | 2,964 | 8,995,606 | - | - |
| | Garment | Pcs | 18,223 | 9,472,276 | 131,165 | 60,243,603 |
| | Other Raw Materials | | | 77,620,951 | | 97,469,873 |
| | Stores & Spares | | | 18,171,609 | | 23,171,779 |
| | Packing Materials | | | 6,145,337 | | 9,145,215 |
| | | | | **678,778,836** | | **569,832,297** |

| | For the year ended 31st March, 2019 % | Amt. in Rs. | For the year ended 31st March, 2018 % | Amt. in Rs. |
|---|---|---|---|---|
| Imported | 0.14 | 961,443 | 0.12 | 671,675 |
| Indigenous | 99.86 | 677,817,393 | 99.88 | 569,160,621 |
| | **100.00** | **678,778,836** | **100.00** | **569,832,297** |

Notes:

(a) The above details of consumption consists of Raw materials which are consumed directly for manufacture of finished products and also other items which are indirectly related to manufacture of finished products, i.e. stores, spares and packing materials.

| | | Unit | As at 1st April, 2018 Quantity | Amt. in Rs. | As at 1st April, 2017 Quantity | Amt. in Rs. |
|---|---|---|---|---|---|---|
| 40 | **Opening Stock** | | | | | |
| | 1. Yarn | Kgs | 24,840 | 5,679,879 | 21,945 | 5,293,937 |
| | 2. Grey fabric | Kgs | 9,155 | 2,031,796 | 7,196 | 1,724,348 |
| | 3. Chemicals | | | 1,477,153 | | 1,792,547 |
| | 4. Stores, Spares & Other items | | | 5,479,009 | | 5,801,919 |
| | 5. Packing Materials | | | 952,934 | | 660,517 |
| | 6. Dyes | | | 1,339,382 | | 1,576,014 |
| | 7. Stock in trade | Kgs | - | - | - | - |
| | | Pcs | - | - | - | - |
| | 8. Work in Progress | Kgs | 45,035 | 14,985,876 | 492,989 | 3,034,621 |
| | | Pcs | 430,641 | 4,155,214 | 70,886 | 14,557,600 |
| | 9. Finished Goods | | | | | |
| | Finished Fabric | Kgs | 130,125 | 58,181,143 | 293,561 | 132,046,431 |
| | Finished Garments | Pcs | 442,310 | 207,756,517 | 288,092 | 129,264,824 |
| | | | | **302,038,903** | | **295,752,758** |

| | | Unit | As at 31st March, 2019 Quantity | Amt. in Rs. | As at 31st March, 2018 Quantity | Amt. in Rs. |
|---|---|---|---|---|---|---|
| 41 | **Closing Stock** | | | | | |
| | 1. Yarn | Kgs | 43,633 | 10,156,139 | 24,840 | 5,679,879 |
| | 2. Grey fabric | Kgs | 14,656 | 3,552,117 | 9,155 | 2,031,796 |
| | 3. Chemicals | | | 1,615,699 | | 1,477,153 |
| | 4. Stores, Spares & Other items | | | 4,750,825 | | 5,479,009 |
| | 5. Packing Materials | | | 837,056 | | 952,934 |
| | 6. Dyes | | | 1,805,485 | | 1,339,382 |
| | 7. Stock in trade | Kgs | - | - | - | - |
| | | Pcs | - | - | - | - |
| | 8. Work in Progress | Kgs | 37,321 | 13,430,086 | 45,035 | 14,985,876 |
| | | Pcs | 475,339 | 4,252,277 | 430,641 | 4,155,214 |
| | 9. Finished Goods | | | | | |
| | Finished Fabric | Kgs | 131,653 | 58,132,959 | 130,125 | 58,181,143 |
| | Finished Garments | Pcs | 370,371 | 200,235,518 | 442,310 | 207,756,517 |
| | | | | **298,768,161** | | **302,038,903** |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

| | | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | Unit | Quantity | Amt. in Rs. | Quantity | Amt. in Rs. |
| **42** | **Sales** | | | | | |
| | 1. Processed Fabric | Kgs | 4,831,892 | 777,627,787 | 3,139,290 | 582,977,367 |
| | | Pcs | 2,964 | 9,074,931 | - | - |
| | 2. Ready Made Garments | Pcs | 554,697 | 95,964,238 | 909,355 | 186,847,011 |
| | 3. Garments & Apparels (Retail Division) | Pcs | 648,707 | 230,791,564 | 426,109 | 206,544,054 |
| | 4. Trading Sales - Fabric & Others | Mtrs | - | - | - | - |
| | | | | **1,113,458,519** | | **976,368,431** |
| **43** | **Purchases of Stock-in-Trade** | | | | | |
| | 1. Purchases - Fabric & Others | Mtrs | - | - | - | - |
| **44** | **CIF Value of Imports** | | | | | |
| | Components and Spare Parts | | | 961,443 | | 671,675 |
| | Capital Goods | | | 967,985 | | - |
| **45** | Expenditure in Foreign Currency | | | | | |
| | Travelling | | | 39,531 | | 285,325 |
| | Others | | | - | | - |
| **46** | Earnings in Foreign Exchange | | | | | |
| | FOB Value of Exports | | | 1,728,297 | | - |

**47** Forward Contracts and Unhedged Foreign Currency Outstanding Balances

The company has not executed any forward contract for hedging exchange rate risk; the outstanding unhedged foreign currency balances as on 31st March, 2019 are as under:

(a) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

| | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| Particulars | Amount in Foreign Currency | Amount in Rupees | Amount in Foreign Currency | Amount in Rupees |
| Receivables | | | | |
| US Dollar | - | - | - | - |
| Payables # | - | - | - | - |

\# There is no amount payable in foreign currency outstanding as on 31st March, 2019.

**48 Employee Benefits**

**Gratuity:**

"The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate ( particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

The company has classified various employee benefits as under:

(A) Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss for the year:

| | | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|---|
| | | Amt. in Rs. | Amt. in Rs. |
| (i) | Contribution to Provident Fund | 2,407,546 | 2,714,299 |
| (ii) | Contribution to Employees' State Insurance Scheme | 820,014 | 1,022,348 |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**(B) Defined Benefit Plan**

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

| | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Leave Encashment | Gratuity | Leave Encashment | Gratuity |
| (a) | Discount Rate | 7.45% | 7.45% | 7.65% | 7.65% |
| (b) | Salary increase | 5.00% | 5.00% | 5.00% | 5.00% |

| | | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | | Leave Encashment | Gratuity | Leave Encashment | Gratuity |
| | | | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. |
| (i) | Changes in the Present Value of Obligation | | | | | |
| | (a) | Opening Present Value of Obligation | 1,987,157 | 7,237,163 | 2,148,686 | 6,187,082 |
| | (b) | Interest Cost | 129,981 | 528,496 | 147,649 | 417,916 |
| | (c) | Past Service Cost | - | - | - | 79,091 |
| | (d) | Current Service Cost | 420,080 | 889,750 | 460,463 | 684,735 |
| | (e) | Benefits Paid | (86,553) | (1,183,732) | (167,331) | (684,209) |
| | (f) | Actuarial (Gain)/Loss | (350,948) | 999,347 | (602,310) | 552,548 |
| | (g) | Closing Present Value of Obligation | 2,099,717 | 8,471,024 | 1,987,157 | 7,237,163 |
| (ii) | Changes in the Fair Value of Plan Assets | | | | | |
| | (a) | Opening Fair Value of Plan Assets | - | 4,809,438 | - | 3,980,467 |
| | (b) | Expected Return on Plan Assets | - | 367,922 | - | 284,603 |
| | (c) | Actuarial Gain/(Loss) | - | 27,129 | - | 63,001 |
| | (d) | Employers' Contributions | - | 1,338,229 | - | 1,165,576 |
| | (e) | Benefits Paid | - | (1,183,732) | - | (684,209) |
| | (f) | Closing Fair Value of Plan Assets | - | 5,358,986 | - | 4,809,438 |
| (iii) | Amount recognised in the Balance Sheet | | | | | |
| | (a) | Present Value of Obligation as at the year end | 2,099,717 | 8,471,024 | 1,987,157 | 7,237,163 |
| | (b) | Fair Value of Plan Assets as at the year end | - | 5,358,986 | - | 4,809,438 |
| | (c) | (Asset)/Liability recognised in the Balance Sheet | 2,099,717 | 3,112,038 | 1,987,157 | 2,427,725 |
| (iv) | Expenses recognised in the Statement of Profit and Loss | | | | | |
| | (a) | Current Service Cost | 420,080 | 889,750 | 460,463 | 684,735 |
| | (b) | Past Service Cost | - | - | - | 79,091 |
| | (c) | Interest Cost | 129,981 | 528,496 | 147,649 | 417,916 |
| | (d) | Expected Return on Plan Assets | - | (367,922) | - | (284,603) |
| | (e) | Net Actuarial (Gain)/Loss | (350,948) | - | (602,310) | - |
| | | Total Expenses recognised in the Statement of Profit and Loss | **199,113** | **1,050,324** | **5,802** | **897,139** |

NOTE:

i. Leave Encashment liability is determined by an independent actuary and relevant provisions are made in the books of account. The payment towards the liabilty is made by the company as and when the employee becomes eligible to claim the encashment.

ii. The liability towards gratuity is determined by an independent actuary and the relevant amounts towards gratuity liability is paid by the company to the "Suditi Employees Group Gratuity Trust". The said Trust administers the scheme.

**49 Related Party Disclosures**

**The Disclosures of Transaction with the related parties as defined in the Accounting Standard are as follows:**

**Name of Related Parties & their Relationship**

**1) Key Management Personnel**

1. Mr. Pawan Agarwal - Chairman

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

a1 Relatives of Key Management Personnel:

1. Mr. Rajendra Agarwal (Brother)
2. Mrs. Pramila Agarwal (Sister-in-law of Pawan Agarwal)
3. Mrs. Shalini Agarwal (Wife of Pawan Agarwal)
4. Mrs. Archana Agarwal (Wife of Rajendra Agarwal)
5. Mr. Harsh Agarwal (Son of Pawan Agarwal)
6. Mr. Tanay Agarwal (Son of Pawan Agarwal)
7. Mr. Tanuj Agarwal (Son of Pawan Agarwal)

a2. Enterprises under Common control of the Promoters

1. BLR Knits Pvt. Ltd.
2. Intime Knits Pvt. Ltd.
3. Black Gold Leasing Pvt. Ltd.
4. R. Piyarellal Pvt. Ltd.
5. Suditi Design Studio Ltd.
6. Suditi Sports Apparels Ltd.
7. SAA & Suditi Retail Pvt. Ltd.

**b. Mr. Rajagopal Raja Chinraj - Wholetime Director**

b1. Relatives of Key Management Personnel:

1. Mrs. Anita Chinraj (Wife of Rajagopal Raja Chinraj)

b2. Enterprises under Common control of the Wholetime Director

1. Chendur Dress Manufacturers Pvt. Ltd.
2. Chendur Enterprises
3. Chendur Inc.
4. Ve Laxmi Exim LLP

**2 Terms and conditions of transactions with related parties**

The sales to and purchase from related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**3 Disclosure of transactions between the company and related parties**

| | | For the year ended 31st March, 2019 Amt. in Rs. | For the year ended 31st March, 2018 Amt. in Rs. |
|---|---|---|---|
| a) | Key Management Personnel - Remuneration | | |
| 1. | Mr. Pawan Agarwal | 1,400,000 | 2,599,824 |
| 2. | Mr. Rajagopal Raja Chinraj | 1,663,187 | - |
| | | **3,063,187** | **2,599,824** |

Mr. Rajagopal Raja Chinraj has been inducted as Wholetime Director w.e.f. 01/06/2018 and accordingly the details are furnished from the date of his appointment.

## Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019

### b) Transactions with related parties:

### Suditi Industries Limited

| Description | | | Subsidiaries | | Joint Ventures | | Relatives of KMPs | | Entities in which a director or his/her relative is a member or director | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 |
| a) | Sale of Goods/Related Services | | | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | | | 30422548 | 56956264 |
| | 2 | BLR Knits Pvt. Ltd. | | | | | | | - | 13792 |
| | 3 | Suditi Design Studio Ltd.* | (7736032) | 8560618 | | | | | | |
| | 4 | SAA & Suditi Retail Pvt. Ltd. | | | 10320206 | 108029 | | | | |
| b) | Purchase of Goods | | | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | | | 995692 | 288169 |
| | 2 | Suditi Design Studio Ltd. | 32094665 | - | | | | | | |
| | 3 | R. Piyarellal Pvt. Ltd. | | | | | | | 16375361 | - |
| | 4 | Chendur Dress Manufacturers Pvt. Ltd. | | | | | | | 1161224 | - |
| | 5 | SAA & Suditi Retail Pvt. Ltd. | | | 6048250 | - | | | | |
| c) | Payment for Services Received | | | | | | | | | |
| | 1 | Black Gold Leasing Pvt. Ltd. | | | | | | | 19714049 | 9320003 |
| | 2 | R. Piyarellal Pvt. Ltd. | | | | | | | 985796 | 1780829 |
| | 3 | Chendur Dress Manufacturers Pvt. Ltd. | | | | | | | 3796324 | - |
| | 4 | Chendur Enterprises | | | | | | | 552782 | - |
| | 5 | Chendur Inc. | | | | | | | 546690 | - |
| | 6 | Ve Laxmi Exim LLP | | | | | | | 712800 | - |
| | 7 | SAA & Suditi Retail Pvt. Ltd. | | | 38395 | - | | | | |
| | 8 | Suditi Design Studio Ltd. | 61113 | - | | | | | | |
| | 9 | Mr. Harsh Pawan Agarwal | | | | | 235713 | - | | |
| d) | Balance Outstanding as at the year end | | | | | | | | | |
| | 1 | BLR Knits Pvt. Ltd. (Receivable) | | | | | | | - | 207452 |
| | 2 | Intime Knits Pvt. Ltd. (Net Receivable) | | | | | | | 6576396 | 1940584 |
| | 3 | Intime Knits Pvt. Ltd. (Net Payable) | | | | | | | 469780 | 628633 |
| | 4 | Black Gold Leasing Pvt. Ltd. (Deposits Receivable) | | | | | | | 30381466 | 30381466 |
| | 5 | Black Gold Leasing Pvt. Ltd. (Payable) | | | | | | | 688953 | 985368 |
| | 6 | R. Piyarellal Pvt. Ltd. (Payable) | | | | | | | 2271478 | 1689360 |
| | 7 | Suditi Design Studio Ltd. (Receivable) | 20533783 | 6359759 | | | | | | |
| | 8 | SAA & Suditi Retail Pvt. Ltd. (Receivable) | | | 4962466 | 701265 | | | | |
| | 9 | Chendur Dress Manufacturers Pvt. Ltd. (Payable) | | | | | | | 1688573 | - |
| | 10 | Chendur Enterprises (Payable) | | | | | | | 50413 | - |
| | 11 | Chendur Inc. (Payable) | | | | | | | 49980 | - |
| | 12 | Ve Laxmi Exim LLP (Payable) | | | | | | | 64800 | - |

* The sale is negative on account of return of goods.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**50** Leases

(I) Disclosures for Finance Leases

The company has not entered into any finance lease arrangement during the year.

(II) Disclosures for Operating Leases

Disclosures in respect of Premises taken on lease.

| | | For the year ended 31st March, 2019 Amt. in Rs. | | For the year ended 31st March, 2018 Amt. in Rs. |
|---|---|---|---|---|
| (a) Lease payments recognised in the Statement of Profit and Loss | | 4,586,194 | | 2,590,680 |
| (b) Significant leasing arrangements | | | | |
| The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc. | | | | |
| i) Terms of Leases | | 3 - 9 year | | 3 - 9 year |
| (Renewal of lease terms after first 3 years) | | | | |
| ii) Incremental / Escalation rate after every 3 years term | | 12% - 15% | | 12% - 15% |
| ii) Terms of cancellation | | | | |
| (By issuing notice varying from 1-3 months subject to locking period or on expiry of the term of agreement) | | | | |
| (c) Future minimum lease payments under non cancellable agreements | | | | |
| (i) Not later than one year | | - | | - |
| (ii) Later than one year and not later than five years | | - | | - |
| (iii) Later than five years | - | - | - | - |

**51 Earnings per Share**

Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. Diluted earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares that have been converted in to equity shares during the year are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion and from the date of conversion, the resulting equity shares are included in computing both basic and diluted earnings per share. Earnings per Share has been computed as under:

| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| Profit for the year (Amt. in Rs.) | 38,322,881 | 33,596,518 |
| Weighted average number of Shares for Basic Earnings per Share | 16,982,023 | 16,763,233 |
| Add: Effect of Dilutive Potential Shares (Share Warrants) | - | - |
| Add: Effect of Dilutive Potential Shares (Employee Stock Options) | 9,600 | 240,890 |
| Add: Effect of Dilutive Fully Convertible Debentures | 0 | 562,500 |
| Weighted average number of Shares for Diluted Earnings per Share | 16,991,623 | 17,566,623 |
| Earnings per Share (Rs. per Equity Share of Rs. 10 each) | | |
| Basic | 2.26 | 2.00 |
| Diluted | 2.26 | 1.91 |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. |
| **52** | **Contingent Liabilities** | | | | |
| | (a) Claims against the company not acknowledged as debts | | | | |
| | (i) Sales tax/ CST / VAT matters | 45,975,503 | | 44,518,890 | |
| | (ii) Excise matters | - | | - | |
| | (iii) Income tax matters | - | | - | |
| | | | **45,975,503** | | **44,518,890** |

Note:

(i) Future cash outflows in respect of (a)(i) above is determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters. Accordingly, no provision in the accounts has been made as management is confident that these matters would be decided in the company's favour.

(ii) The aforesaid amount referred to in (a)(i) above is inclusive of interest and other penalties/levies.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous year Rs. Nil).

**53 Segment Reporting**

The business activities of the Company predominantly fall within a single reportable business segment i.e. manufacture and sale of hosiery fabrics and garments in India. There are no seperately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker.

**54 Events after the reporting date**

No adjusting or significant non-adjusting events have occurred between the reporting date (31st March, 2019) and the report release date (30th May, 2019) except for the proposed dividend as disclosed in Note 17.

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**55** FORM NO. AOC - 1

Details of Subsidiaries:

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part A - Subsidiaries**

(Amount Rs. in Lacs)

| Sr. No. | Name of Subsidiary | The date since when subsidiary was aquired | Reporting period for the subsidiary concerned, if difference from the holding company's reporting period | Reporting Currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments Total | Investments Subsidiary Investment | Investment in Others | Revenue from Operations | Profit Before Tax | Provision for Taxation | Profit After Taxation | Proposed Dividend | % of Share Holding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Suditi Design Studio Limited | Incorporated by Suditi Industries Limited (23/03/2015) | Subsidiary follows same accounting period | INR | 87 | (101.13) | 1028.44 | 1,042.57 | - | - | - | 291.87 | (61.56) | - | (61.56) | - | 98.85 |
| 2 | Suditi Sports Apparel Limited | Incorporated by Suditi Industries Limited (18/03/2015) | Subsidiary follows same accounting period | INR | 5 | (3.98) | 1.41 | 0.39 | - | - | - | - | (0.32) | - | (0.32) | - | 80.00 |

| | | |
|---|---|---|
| 1. | Names of Subsidiaries which are yet to commence operations | Suditi Sports Apparel Limited |
| 2. | Names of Subsidiaries which have been liquidated or sold during the year. | Nil |

**Part B Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| | **Name of Associates or Joint Ventures** | **SAA & Suditi Retail Pvt. Ltd.** |
|---|---|---|
| 1. | Latest Audited Balance Sheet Date | 30/5/2019 |
| 2. | Date on which the Associate or Joint Venture was associated | 19/9/2017 |
| 3. | Shares of Associate or Joint Ventures held by the Company on the year end | |
| | No. | 50000 |
| | Amount of Investment in Associates or Joint Venture | 500000 |
| | Extent of Holding (in percentage) | 50% |
| 4. | Description of how there is significant influence | 50% of the holdings is held by the Company & 50% of Board Members are also nominated by the Company |
| 5. | Reason why the Associate/Joint Venture is not consolidated | Consolidated as per Equity method |
| 6. | Networth attributable to shareholding as per latest Audited Balance Sheet | Nil |
| 7. | Profit or Loss for the year | 915016 |
| i | Considered in Consolidation (Being 50% of the Share Capital) | 457508 |
| ii | Not Considered in Consolidation | 457508 |
| 1. | Names of Associates or Joint Ventures which are yet to commence operations | Nil |
| 2. | Names of Associates or Joint Ventures which have been liquidated or sold during the year. | Nil |

**Summary of significant accounting policies and other explanatory information on the Standalone Financial Statement for the year ended 31st March, 2019**

**56** The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

Signatures to Notes 1 to 56

The accompanying notes are an integral part of the standalone financial statements

| | | |
|---|---|---|
| As per our report of even date attached | For and on behalf of the Board of Directors | |
| **For Chaturvedi & Partners** | **Pawan Agarwal** | **Vivek Gangwal** |
| Chartered Accountants | Chairman | Director |
| (Firm Registration No.307068E) | DIN: 00808731 | DIN: 01079807 |
| | **Rajagopal Raja Chinraj** | **Sanjula Sanghai** |
| | Executive Director & CEO | Director |
| | DIN: 00158832 | DIN: 00049344 |
| **Khyati Shah** | | |
| Partner | **H.Gopalkrishnan** | **Manoj Khemka** |
| (Membership No.117510) | Company Secretary | Chief Financial Officer |
| Mumbai, 30th May, 2019 | Mumbai, 30th May, 2019 | |

Ref.No. 190821/016/R

## INDEPENDENT AUDITOR'S REPORT

**To,**

**THE MEMBERS OF**

**SUDITI INDUSTRIES LIMITED**

**Report on the Audit of Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of **SUDITI INDUSTRIES LIMITED** ("the Holding Company"), its subsidiaries and joint venture (the Company, its subsidiaries and joint venture together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the period ended on that date, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the report of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Indian Accounting Standard prescribed under section 133 of the Companies Act, 2013('the Act') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit and consolidated total comprehensive income for the period ended on that date, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty related to Going Concern:**

We draw attention to the following "Material Uncertainty Related to Going Concern" paragraph in the other Auditors Report dated 30th May, 2019 on the separate financial statements of "Suditi Sports Apparels Limited", a subsidiary of the company for the financial year ended on 31st March, 2019:

"*Attention is invited to Note 14 to the financial statements wherein it has been stated that the Company has not yet commenced any business activities since quite some time; a condition that indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.*

*Our opinion is not modified in respect of this matter."*

Our opinion is not modified in respect of the above matter.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| **Inventory valuation:**<br>As described in para k) of the Significant Accounting policies and Notes 35, 36 and 37onInventories, the Company carries inventory at the lower of cost and fair value less costs to sell using the weighted average cost basis. The Company provides for changes in value based on forecast inventory usage. This methodology relies upon assumptions made in determining appropriate provisioning percentages to apply to inventory balances | We obtained a detailed understanding and evaluated the design and implementation of controls that the Company has established in relation to inventory valuation.<br>We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory provisions by:<br>-- verifying the value of a sample of inventory items to confirm whether they are held at the lower of cost and net realizable value, through comparison to vendor invoices and sales prices;<br>-- using data analytics to identify unusual inventory usage characteristics, completing assumption tolerance testing and recalculating the provision in totality. |

| Key Audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| **Contingent liabilities**<br>The Company has ongoing legal matters relating to previous corporate transactions which require management judgement to be applied in order to determine the likely outcome.<br>Judgement is required in assessing the nature of these exposures and their accounting and disclosure requirements.<br>Refer Note no. 69. | In assessing the potential exposures to the Company, we have completed a range of procedures including:<br>-- assessing the design and implementation of controls in relation to the monitoring of known exposures;<br>-- reading Board and other meeting minutes to identify areas subject to Company consideration;<br>-- meeting with the Company's internal legal advisors in understanding ongoing and potential legal matters impacting the Company;<br>-- reviewing the proposed accounting and disclosure of actual and potential legal liabilities, drawing on third party assessment of open matters. |
| **Retail technology environment, including IT security**<br>The Company's retail operations utilise a range of information systems. Although SAP is the main accounting software, the other operational retail and other applications are connected through an interface. In the absence of robust and accurate working of these software impacts the correct recording of amounts in SAP which could have an adverse impact on the Company's controls and financial reporting systems. | We continued to challenge and assess changes to the IT environments through the testing of remediated controls and concluding on the sufficiency and appropriateness of management's changes.<br>During the year we have assessed the design and implementation of the Company's controls over the information systems that are important to financial reporting.<br>Where we noted deficiencies, which affected applications and databases within the scope of our audit, we extended the scope of our substantive audit procedures. |

**Other Information:**

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report-Chairman's Statement, Directors Report, Management Discussion & Analysis and Corporate Governance Report-- other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other informationand, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Chairman's Statement, Directors Report, Management Discussion & Analysis and Corporate Governance Reports are expected to be made available to us after the date of this auditor's report. When we read these reports, if we conclude that the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the laws and regulations.

**Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Interim Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the interim consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 1029.85lakhs and net assets of Rs. (13.12)lakhs as at 31stMarch 2019, total revenue of Rs. 322.11lakhs and net cashinflows amounting to Rs. 4.59lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profitof Rs. 4.58lakhs for the year ended 31st March 2019, as considered in the consolidated financial statements, in respect of the joint venture company, whose financials have not been audited by us. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies and joint venture company, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and joint venture, we report to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and of its joint venture company covered under the Act, none of the directors of the Group company and joint venture company is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal controls over financial reporting of the Group companies and its joint venture company covered under the Act and the operating effectiveness of such controls, refer to our separate report in "Annexure A". and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and based on the consideration of the report of other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, - Refer Note No. 69 to the consolidated financial statements.

   ii) The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint venture company incorporated in India.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.: 307068E)

**(Khyati Shah)**
Partner
(Membership No.: 117510)

ICAI UDIN : 19117510AAAAAU2696

Place : Mumbai

Date : May 30, 2019

**ANNEXURE A TO AUDITORS' REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to financial statements of **Suditi Industries Ltd.**, (hereinafter referred to as "the Holding Company"), its subsidiary companies and joint venture company, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company, its subsidiary companies and joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the "internal control over financial reporting" criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements("IFCFR") issued by the Institute of Chartered Accountants of India ("ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the Guidance Note") issued by ICAI and the Standards of Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraudor error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial control with reference to financial statementsis a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statementsto future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and based on the consideration of the reports of the other auditors on internal financial control over financial reporting and to the best of our information and according to explanations given to us, the Holding Company, its subsidiary companies and joint venture company, which are incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statementsand such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statementsissued by the Institute of Chartered Accountants of India".

**Other Matters**

We did not audit the IFCFR in so far as it related to joint venture company, which is a company covered under the Act, in respect of which, the Group's share of net profitof Rs. 4.58lakhs for the year ended 31st March, 2019 has been considered in the consolidated financial statements. The IFCFR in so far as it relates to subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCFR for the Holding Company, its subsidiary companies and joint venture company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and joint venture is based solely on the report of the auditor of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.: 307068E)

**(Khyati Shah)**
Partner
(Membership No.: 117510)

ICAI UDIN : 19117510AAAAAU2696

Place : Mumbai
Date : May 30, 2019

## Suditi Industries Limited - Consolidated Results

## Balance Sheet as at 31-03-2019

(Amount in Rs.)

| PARTICULARS | | | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| 1 | **Non-current assets** | | | | |
| | a. | Property, Plant and Equipment | 24 | 103,194,032 | 104,244,787 |
| | b. | Capital work-in-progress | | 3,953,699 | 16,631,456 |
| | c. | Other Intangible assets | 24 | 733,563 | 634,678 |
| | d. | Intangible assets under development | | 2,078,378 | 2,078,378 |
| | e. | Financial Assets | | | |
| | | i. Investments | | | |
| | | (a) Investments in Subsidiaries | | - | - |
| | | (b) Investments in Joint Ventures | | - | - |
| | | ii. Loans | 25 | 84,665,619 | 88,388,243 |
| | | iii. Others financial assets | 26 | 266,064 | 2,204,173 |
| | f. | Deferred tax assets (net) | 27 | 1,750,421 | 2,165,159 |
| | g. | Other non-current assets | 28 | 388,991 | 574,867 |
| | **Total non-current assets** | | | **197,030,767** | **216,921,741** |
| 2 | **Current assets** | | | | |
| | a. | Inventories | 29 | 350,805,235 | 370,851,427 |
| | b. | Financial Assets | | | |
| | | i. Other investments | 30 | 134,352 | 208,080 |
| | | ii. Trade receivables | 31 | 482,645,621 | 325,714,967 |
| | | iii. Cash and cash equivalents | 32 | 5,713,723 | 4,668,460 |
| | | iv. Loans | 25 | 165,042 | 240,695 |
| | c. | Current Tax Assets (Net) | 33 | 18,994,788 | 298,268 |
| | d. | Other Current Assets | 28 | 39,209,010 | 26,819,901 |
| | **Total current assets** | | | **897,667,771** | **728,801,798** |
| | **Total assets** | | | **1,094,698,538** | **945,723,539** |
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| | a. | Equity share capital | 34 | 169,820,230 | 167,632,330 |
| | b. | Other equity | 35 | 192,876,086 | 155,091,421 |
| | **Equity attributable to owners of the Company** | | | **362,696,316** | **322,723,751** |
| | Non-Controlling Interest | | | 4,103 | 79,074 |
| | **Total Equity** | | | **362,700,419** | **322,802,825** |
| | **LIABILITIES** | | | | |
| 1 | **Non-current liabilities** | | | | |
| | a. | Financial Liabilities | | | |
| | | i. Borrowings | 36 | 43,719,847 | 41,070,732 |
| | b. | Provisions | 41 | 5,144,453 | 4,577,229 |
| | c. | Other non-current liabilities | 37 | 20,192,205 | 26,170,651 |
| | **Total non-current liabilities** | | | **69,056,505** | **71,818,612** |
| 2 | **Current liabilities** | | | | |
| | a. | Financial Liabilities | | | |
| | | i. Borrowings | 38 | 384,533,733 | 292,326,728 |
| | | ii. Trade payables | 39 | 224,922,157 | 211,045,757 |
| | | iii. Other financial liabilities | 40 | 24,382,639 | 24,500,968 |
| | b. | Provisions | 41 | 668,268 | 593,744 |
| | c. | Other current liabilities | 42 | 28,434,817 | 22,634,905 |
| | **Total current liabilities** | | | **662,941,614** | **551,102,102** |
| | **Total liabilities** | | | **731,998,119** | **622,920,714** |
| **Total Equity and Liabilities** | | | | **1,094,698,538** | **945,723,539** |
| **See accompanying notes to the financial statements** | | | 5 | | |

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

## Suditi Industries Limited - Consolidated Results

## Statement of profit and loss for the year ended March 31, 2019

(Amount in Rs.)

| | PARTICULARS | Notes | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|---|
| I | Revenue from operations | 43 | 1,118,612,080 | 1,038,396,693 |
| II | Other Income | 44 | 4,961,196 | 1,905,951 |
| III | **Total Income (I + II)** | | **1,123,573,276** | **1,040,302,644** |
| IV | **Expenses** | | | |
| | Cost of materials consumed | 45 | 638,229,257 | 600,393,224 |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | 46 | 25,803,361 | (42,513,308) |
| | Excise duty on sale of goods | | - | 1,120,150 |
| | Employee benefits expense | 47 | 79,635,023 | 95,205,744 |
| | Finance costs | 48 | 38,321,748 | 33,488,210 |
| | Depreciation and amortisation expense | 49 | 18,854,756 | 15,661,036 |
| | Other Expenses | 50 | 271,747,328 | 290,355,791 |
| | **Total Expenses (IV)** | | **1,072,591,473** | **993,710,847** |
| V | **Profit before tax (III - IV )** | | **50,981,802** | **46,591,796** |
| VI | Tax expenses | | | |
| | (1). Current tax | | 17,516,070 | 15,759,208 |
| | (2). Deferred tax | | 551,337 | (996,320) |
| | | | **18,067,407** | **14,762,888** |
| VII | **Profit for the period (V- VI)** | | **32,914,395** | **31,828,908** |
| | **Other comprehensive income** | 54 | | |
| | A: (i) Items that will not be reclassified to Profit or Loss | | (804,882) | (136,989) |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | 207,462 | 90,995 |
| | B: (i) Items that will be reclassified to Profit or Loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to Profit or Loss | | - | - |
| VIII | **Total other comprehensive income [a+b]** | | **(597,420)** | **(45,994)** |
| IX | **Share of profit/(loss) in JV** | | 457,508 | (3,416,938) |
| X | **Total comprehensive income for the period (VII + VIII + IX )** | | **32,774,483** | **28,365,977** |
| XI | **Total comprehensive income for the period attributable to** | | | |
| | Owners of the Parent | | 32,849,454 | 28,396,083 |
| | Non-controlling Interest | | (74,971) | (30,106) |
| | | | **32,774,483** | **28,365,977** |
| | Earnings per equity share (for continuing operations): | | | |
| | (1). Basic (in Rs.) | | 1.93 | 1.69 |
| | (2). Diluted (in Rs.) | | 1.93 | 1.61 |

**See accompanying notes to the financial statements**

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

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DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

## Suditi Industries Limited - Consolidated Results

## Cash Flow Statement for the year ended March 31, 2019

(Rs. in lacs)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year | 509.82 | 465.92 |
| Adjustments for: | | |
| Interest paid recognised in profit or loss | 383.22 | 334.88 |
| Depreciation and amortisation of non-current assets (continuing and discontinued operations) | 188.55 | 156.61 |
| Share of profit of joint ventures /others | 4.58 | (34.17) |
| Prior period account | 0.05 | - |
| Amortisation of Rights Issue Expenses | | - |
| Profit on sale of fixed assets | 0.21 | - |
| Loss on insurance claim | | |
| Reduction in Investment value | 0.74 | 0.08 |
| Deferred Revenue Included in OCI for the year | 0.77 | (0.77) |
| Employee's Compensation | 59.33 | 59.22 |
| | **1,147.25** | **981.77** |
| Movements in working capital: | | |
| (Increase)/decrease in trade and other receivables | (1,873.41) | (345.89) |
| (Increase)/decrease in amounts due from customers under construction contracts | | |
| (Increase)/ decrease in inventories | 200.46 | (426.24) |
| (Increase)/decrease in other assets | (5.51) | 9.96 |
| Increase/ (Decrease) in Provisions | 6.42 | (3.21) |
| Increase/ (Decrease) in trade payables | 138.76 | 288.17 |
| Increase/ (Decrease) in Other Current/Financial Liabilities (excl Deferred Revenue) | 44.01 | 65.49 |
| **Cash generated from operations** | **(342.01)** | **570.06** |
| Income taxes paid | (175.16) | (157.59) |
| **Net cash generated by operating activities** | **(517.17)** | **412.47** |
| **Cash flows from investing activities** | | |
| Payments to acquire financial assets | (53.05) | (289.45) |
| Proceeds on sale of financial assets | 9.27 | 1.05 |
| Movement in Long term loans and advances | 56.61 | (480.79) |
| Subsidy - Interest | | |
| Insurance claim received | | |
| Movement in Non Current Investments | | |
| **Net cash (used in)/generated by investing activities** | **12.83** | **(769.19)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity instruments of the Company | 21.88 | |
| Proceeds from Non Current borrowings (Incl Deferred revenue) | 26.71 | 450.00 |
| Repayment of Non Current Borrowings | 0.00 | (345.66) |
| Proceeds from Current Borrowings | 922.07 | 638.31 |
| Movement in Other long term liabilities | (59.78) | (16.73) |
| Dividends paid on equity shares and convertible non-participating preference shares | (10.69) | (23.60) |
| Tax paid on Dividend | (2.18) | (4.80) |
| Interest paid | (383.22) | (334.88) |
| **Net cash used in financing activities** | **514.79** | **362.64** |
| **Net increase in cash and cash equivalents** | **10.45** | **5.91** |
| Cash and cash equivalents at the beginning of the year | 46.68 | 41.71 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | | |
| **Cash and cash equivalents at the end of the year** | **57.14** | **46.68** |

**See accompanying notes to the standalone financial statements**

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' in accordance with the Ind AS - 7 notified under Section 133 of the Companies Act, 2013 & Rules made thereunder.

2. Previous year figures have been regrouped where necessary.

(Rs. in lacs)

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| 3. | Cash and Cash Equivalents comprises of: | | |
| | Cash on Hand | 9.65 | 4.70 |
| | Balances with Banks | | |
| | - Current Accounts | 18.18 | 14.84 |
| | Earmarked Balances with Banks | | |
| | - Unpaid Dividend | 29.31 | 27.14 |
| | **Cash and Cash Equivalents in Cash Flow Statement** | **57.14** | **46.68** |

**4. Amendment to Ind AS 7**

The amendments to Ind AS Cash Flow Statements requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1st April, 2017 and the required disclosure is made below. There is no other impact on the financial statements due to this amendment.

(Rs. in lacs)

| | As at | Non-cash changes | | | As at |
|---|---|---|---|---|---|
| | March 31, 2018 | Cash Flows | Fair value changes | Current/ Non-current classification | March 31, 2019 |
| Borrowings - Non Current | - | - | - | - | - |
| Borrowings - Non Current FCD's | 410.71 | - | 26.71 | (0.22) | 437.20 |
| Other Non-Current Financial Liabilities | 261.71 | (59.78) | - | - | 201.92 |
| Borrowings - Current | 2923.27 | 922.07 | - | - | 3845.34 |

5. The proceeds from borrowings include amount received against the issue of Fully Convertible Debentures aggregating to Rs.450 lacs which has been accounted as per fair value method prescribed in Ind AS 109. In the above statement it has been presented under financing activities.

6. In the Cash Flow Statement, Investment made by the Company in the 50:50 Joint Venture M/s. SAA & Suditi Retail Pvt. Ltd. amounting to Rs.5 lacs is accounted as per Equity method.

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Statement of changes in equity for the year ended 31st March, 2019**

**a. Equity share capital**

**(Amount in Rs.)**

| Particulars | Notes | Balance at April 1, 2017 | Changes in equity share capital during the year 2017-18 | Balance at March 31, 2018 | Changes in equity share capital during the year 2018-19 | Balance at March 31, 2019 |
|---|---|---|---|---|---|---|
| 1,69,82,023 Fully paid equity shares of Rs.10/- each (as at March 31, 2019 ) ; 1,67,63,233 of 10 each (as at March 31, 2018) | 13 | 167632330 | 0 | 167632330 | 2187900 | 169820230 |

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019

**Other Equity**

| | | Surplus | | | | Amount in Rs. |
|---|---|---|---|---|---|---|
| **Particulars** | **Notes** | **Securities Premium** | **Share option outstanding account** | **Retained Earnings** | **Items of OCI that will not be reclassified to Profit & Loss** | **Total** |
| **Balance at April 1, 2017** | | **2,003,148** | **2,992,241** | **117,419,807** | **1,398,095** | **123,813,291** |
| Profit for the year | | | | 33,846,848 | | **33,846,848** |
| Other comprehensive income for the year, net of income tax | | | | | (250,329) | (250,329) |
| **Total comprehensive income for the year** | | **-** | **-** | **33,846,848** | **(250,329)** | **33,596,519** |
| Recognition of share-based payments | | | 6,059,346 | | | **6,059,346** |
| Dividend Paid | | | | (2,360,000) | | **(2,360,000)** |
| Dividend distribution tax paid | | | | (480,244) | | **(480,244)** |
| Shares issued at premium | | | | | | **0** |
| Impact on account of Deferred Tax | **12** | | | | | **0** |
| Impact on account of INDAS ( P.Y) | | | | 2,264,245 | | **2,264,245** |
| Minority interst | | | | | | **0** |
| Adjustment of Profit/Loss in Subsidiary | | | | (1,783,496) | | **(1,783,496)** |
| Adjustment of Capital Reserve of Subsidiary | | | | (2,601,302) | | **(2,601,302)** |
| Share of Loss in Joint Venture | | | | (3,416,938) | | **(3,416,938)** |
| **Balance at March 31, 2018** | | **2,003,148** | **9,051,587** | **142,888,920** | **1,147,766** | **155,091,421** |
| Profit for the year | | | | 39,101,987 | - | **39,101,987** |
| Other comprehensive income for the year, net of income tax | | | | | (779,106) | **(779,106)** |
| **Total comprehensive income for the year** | | **-** | **-** | **39,101,987** | **(779,106)** | **38,322,881** |
| Recognition of share-based payments | | 12,689,820 | (6,468,079) | | | **6,221,741** |
| Dividend Paid | | | | (1,069,000) | | **(1,069,000)** |
| Dividend distribution tax paid | | | | (217,529) | | **(217,529)** |
| Adjustment of Profit/Loss in Subsidiary | | | | (5,930,936) | | **(5,930,936)** |
| Share of Proft in Joint Venture | | | | 457,508 | | **457,50** |
| **Balance at March 31, 2019** | | **14,692,968** | **2,583,508** | **175,230,950** | **368,660** | **192,876,086** |

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

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Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

1 **Group overview:**

(a) The Group, Suditi Industries Limited (SIL) (Parent Co) and its Subsidiaries majorly is in the business of processing and manufacturing of knitted hosiery fabrics and readymade garments. The company is also in the business of retail sector. The manufacturing facilities of the group are situated in India.

The Parent Company is a public limited Company domiciled and incorporated in India and its Shares are publicly traded on the Bombay Stock Exchange (BSE). The Registered Office of the Company is situated at Lower Parel - Mumbai - 400013.

These Consolidated financial statements were approved and adopted by board of directors of the Company in their meeting held on May 30, 2019.

(b) Basis of Preparation:

The consolidated financial statements consist of Suditi Industries Ltd (SIL), its subsidiaries and joint venture. Subsidiaries are those entities in which SIL directly or indirectly has interest more than 50% of the voting rights. The Company has adopted Equity Method of Accounting while Consolidating the Financial Results of its Joint Venture Company M/s. SAA & Suditi Retail Pvt. Ltd. as per Ind AS - 28 "Investments in Associates and Joint Ventures". In terms of the Joint Venture agreement executed by the Company with Project Anushka Sharma Lifestyle Pvt. Ltd., the Company has accounted its share of profit (recognized the entire loss of the Joint Venture in the previous year) in the Consolidated Financial Statements together with the Investment.

2

a) The Consolidated Financial Statements comprises of audited Financial statements of Suditi Industries Limited (SIL) and the followings as on 31/03/2019.

| Name | Proportion of ownership interest | | Financial Statements as on | For the period |
|---|---|---|---|---|
| | 31/3/2019 | 31/3/2018 | | |
| **Subsidiaries & Indirect Subsidiary** | | | | |
| Suditi Design Studio Limited | 98.85% | 98.85% | 31/3/2019 | 12 Months |
| Suditi Sports Apparels Limited | 80% | 80% | 31/3/2019 | 12 Months |
| **Joint Venture** | | | | |
| Saa & Suditi Retail Private Limited | 50% | 50% | 31/3/2019 | Since 19 Sep, 2017 |

b) The Financial Statements of the parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating Intra-group balances, Intra-group transactions and unrealised profits or losses in accordance with Ind AS 110 – "Consolidated Financial Statements". The deferred tax to be recognised for temporary differences arises from elimination of profits and losses resulting from intra group transactions.

c) Non-controlling Interest represents the equity in a subsidiary not attributable, directly or indirectly to a Parent. Noncontrolling interest in the net assets of the subsidiaries being consolidated is identified and presented in the consolidated Balance Sheet separately from the equity attributable to the Parent's shareholders and liabilities. Profit or loss and each component of other comprehensive income are attributed to Parent and to non-controlling interest.

d) The difference between the cost of investment and share of net assets in the subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

e) One of the Subsidiary i.e Suditi Design studio limited has not recognised deferred tax assets in its books as the Management does not consider it appropriate to account for the Net Deferred Tax Asset due to uncertainty of future profits. Accordingly, the same is not recognised in Consolidated Financial statements.

f) The Accounting policies of the parent Company, its subsidiary and Joint Venture are largely similar.

g) Significant Accounting policies and notes accompanying to financial statements of the Company and its subsidiaries are set out in their respective financial statements.

3 **Reporting and presentation currency:**

The consolidated financial statements are presented in Indian Rupees (`), which is also the functional currency of the Holding Company. All amounts have been rounded off to the nearest Rupee, except share data and as otherwise stated.

4 **Critical accounting estimates, assumptions and judgements:**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosures as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods reported.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisionsto accounting estimates are recognisedin the period in which the estimates are revised and future periods are affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) Deferred income tax assets and liabilities:

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if management estimates of projected future taxable income or if tax regulations undergo a change.

(ii) Useful lives of property, plant and equipment ('PPE') and intangible assets:

Management reviews the estimated useful lives and residual value of PPE and Intangibles at the end of each reporting period. Factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and may have an impact on the profit of the future years.

(iii) Employee benefit obligations:

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments. These include the estimation of the appropriate discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, the employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iv) Provisions and contingencies:

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being subject to uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount can be reasonably estimated. Significant judgement is required when evaluating the provision including, the probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the financial statements.

Contingent assets are not disclosed in the consolidated financial statements unless an inflow of economic benefits is probable.

**5 Changes in significant accounting policies:**

The Company hasinitially applied Ind AS 115 from 01 April, 2018. Due to the transition method chosen, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

**Ind AS 115 'Revenue from contracts with customers'**

Ind AS 115 'Revenue from Contracts with Customers' replaces Ind AS 18 'Revenue', Ind AS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as anadjustment to the opening balance of retained earnings at 01 April 2018. There has been no effect on the Company of initially applying this standard.

**6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group:**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

**7 Ind AS 116 'Leases':**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Based on preliminary assessment, the management does not foresee a material impact on adoption of the standard.

**8 Ind AS 12 Appendix C, 'Uncertainty over Income Tax Treatment':**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

**9 Amendment to Ind AS 12 – 'Income taxes':**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

**10 Amendment to Ind AS 19 – plan amendment, curtailment or settlement:**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.

**11 Revenue from contracts with customers:**

To determine whether to recognise revenue from contracts with customers, the Group follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when / as performance obligation(s) are satisfied.

Revenue from contracts with customers for products sold and service provided is recognised when control of promised products or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term of 60-90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. These activity-specific revenue recognition criteria are based on the goods or services provided to the customer and the contract conditions in each case, and are as described below.

(i) Sale of fabrics and garments:

Revenue is recognised when control of the product is transferred to the customer, being when the products are delivered, accepted and acknowledged by customers and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from the sale is recognised based on the price specified in the contract, net of rebates and discounts.

(ii) Sale of scrap:

Revenue from sale of scrap is recognised as and when the control over the goods is transferred.

(iii) Dividend and interest income:

Dividend income is recognised when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method taking in to account the amount outstanding and the rate applicable.

(iv) Export benefits:

Income from duty drawback and export benefit under duty free credit entitlements is recognised in the Statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is certainty that the consideration is unconditional because only the passage of time is required before the payment is due.

**12 Property, plant and equipment:**

(i) Plant and equipment:

Plant and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Plant and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress.

(ii) Land:

Land (other than investment property) held for use in production or administration isstated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated. Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses. The components of assets are capitalised only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets. Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. The cost of property, plant and equipment includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Property, plant and equipment which are retired from active use and are held for disposal are stated at the lower of their net book value or net realizable value. Cost of property, plant and equipment not ready for the intended use as at balance sheet date are disclosed as “capital work-in-progress”.

**13 Impairment testing of intangible assets and property, plant and equipment:**

For the purpose of impairment assessment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s (or cash-generating unit’s) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group’s latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cashgenerating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset’s or cash-generating unit’s recoverable amount exceeds its carrying amount.

**14 Depreciation and amortization:**

Depreciation on property, plant and equipment is provided on straight line method and in the manner prescribed in Schedule II to the Companies Act, 2013, over its useful life specified inthe Act, or based on the useful life of the assets as estimated by management based on technical evaluation and advice. The residual value is generally assessed as 5% of the acquisition cost which is considered to be the amount recoverable at the end of the asset’s useful life. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end.

**15 Leases:**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. All leases other than finance lease are treated as operating leases. Where the Group is a lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

**16 Financial instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit orloss orfair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortised cost. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified. Classification and subsequent measurement of financial assets For the purpose of subsequent measurement financial assets are classified and measured based on the Group’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Amortised cost

b. Fair Value Through Other Comprehensive Income (FVOCI) or

c. Fair Value Through Profit and Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.Different criteria to determine impairment are applied for each category of financial assets, which are described below.

a. Financial assets at amortised cost:

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured subsequently at amortised cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

b. Financial assets at Fair Value Through Other Comprehensive Income (FVOCI):

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These selections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group also measures the loss allowance for a financial instrument at an amount equalto the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

c. Financial assets at Fair Value Through Profit and Loss (FVTPL):

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in profit and loss.

**17 Inventories:**

(i) Raw materials:

Raw materials are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First out basis.

(ii) Work in progress and finished goods:

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes the combined cost of material, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes goods & services tax/excise duty, wherever applicable. Cost is determined on a First in First out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(iii) Stores and Spares:

Stores and spares consists of packing materials, engineering spares and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process, has been valued using weighted average cost method. The cost comprises of costs of purchase, duties and taxes(other than those subsequently recoverable), conversion cost and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to completion and applicable selling expenses.

**18 Post-employment benefits and short-term employee benefits:**

**Defined contribution plan:**

Contribution to Provident Fund in India and other defined contribution plans in the other entities of the Group are in the nature of defined contribution plan and are made to a recognised fund. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

(i) Provident fund:

The Holding Company makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognised as an expense in the period in which it falls due. Contributions to defined contribution pension scheme are recognised as an expense in the period which the related service is performed.

(ii) Other funds:

The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

**Defined benefit Plan:**

Under the Group's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The defined benefit funds maintained by the Group are as below:

(i) Gratuity:

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. The Group estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality.

Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

(ii) Leave salary - compensated absences :

The Group also extends defined benefit plans in the form of compensated absences to employees. Provision for compensated absences is made on actuarial valuation basis.

**19 Taxation:**

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income are also disclosed under the same head. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the respective entity's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax liabilities are generally recognised in full, although Ind AS 12 'Income Taxes'specifieslimited exemptions. As a result of these exemptions the Group does not recognise deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit and loss, except where they relate to items that are recognised in other comprehensive income (such as the re-measurement of defined benefit plans) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**20 Contingent liabilities and provisions:**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote. The Group does not recognise contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the consolidated financial statements.

**21 Cash and cash equivalents:**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**22 Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

**23 Asset held for sale:**

Non-current assets and disposals groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sales is highly probable. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**24 Property, plant and equipment and capital work-in-progress** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Carrying amounts of: | | |
| Land ( Leasehold ) | 1,596,256 | 1,619,223 |
| Building | 15,415,485 | 18,112,374 |
| Plant & Machinery | 19,868,908 | 22,187,407 |
| Furniture and Fixtures | 41,769,623 | 32,554,713 |
| Office & Other Equipments | 11,295,537 | 12,760,885 |
| Computers | 2,937,958 | 5,178,909 |
| Electric Installation | 8,043,179 | 9,590,374 |
| Vehicles | 2,267,086 | 2,240,903 |
| | **103,194,032** | **104,244,787** |
| Capital work-in-progress | 3,953,699 | 16,631,456 |
| | **107,147,731** | **120,876,243** |

**Other intangible assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Carrying amounts of: | | |
| Software | 733,563 | 634,678 |
| | **733,563** | **634,678** |
| Intangible assets under development | 2,078,378 | 2,078,378 |
| | **2,811,941** | **2,713,056** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Refer to footnote in Schedule 21 for information on Property, plant and equipment pledged as security by the Company.**

**Property , Plant & Equipment :**

| | Land (Leasehold) | Building | Plant and Machinery | Furniture and Fixtures | Office & Other Equipments | Computers | Electric Installation | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | | | | |
| **Cost or Deemed Cost** | | | | | | | | | |
| **Balance at March 31, 2018** | **1,642,190** | **38,472,991** | **297,328,244** | **59,396,148** | **22,141,343** | **19,196,275** | **19,845,811** | **3,930,851** | **461,953,853** |
| Additions | - | - | 987,507 | 15,351,698 | 363,649 | 87,099 | - | 542,407 | 17,332,360 |
| Disposals | - | - | - | - | - | - | - | 926,932 | 926,932 |
| **Balance at March 31, 2019** | **1,642,190** | **38,472,991** | **298,315,751** | **74,747,846** | **22,504,992** | **19,283,374** | **19,845,811** | **3,546,326** | **478,359,281** |
| **Accumulated depreciation and impairment** | | | | | | | | | |
| **Balance at March 31, 2018** | **22,967** | **20,360,617** | **275,140,837** | **26,841,435** | **9,380,459** | **14,017,366** | **10,255,437** | **1,689,948** | **357,709,066** |
| Depreciation expenses for the year | 22,967 | 2,696,889 | 3,306,006 | 6,136,787 | 1,828,997 | 2,328,050 | 1,547,195 | 459,717 | 18,326,608 |
| Depreciation ajustment for the year | - | - | - | - | - | - | - | (870,425) | (870,425) |
| **Balance at March 31, 2019** | **45,934** | **23,057,506** | **278,446,843** | **32,978,222** | **11,209,455** | **16,345,416** | **11,802,632** | **1,279,240** | **375,165,249** |
| **Carrying amount** | | | | | | | | | |
| Balance at March 31, 2018 | 1,619,223 | 18,112,374 | 22,187,407 | 32,554,713 | 12,760,885 | 5,178,909 | 9,590,374 | 2,240,903 | 104,244,787 |
| Balance at March 31, 2019 | 1,596,256 | 15,415,485 | 19,868,908 | 41,769,623 | 11,295,537 | 2,937,958 | 8,043,179 | 2,267,086 | 103,194,032 |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Other Intangible Assets**

| | Software | Trademark | Total |
|---|---|---|---|
| **Gross Block** | | | |
| **Cost or Deemed Cost** | | | |
| **Balance at March 31, 2018** | **3,798,057** | **300,000** | **4,098,057** |
| Additions | 650,000 | - | 650,000 |
| Disposals | - | - | - |
| **Balance at March 31, 2019** | **4,448,057** | **300,000** | **5,398,057** |
| **Accumulated depreciation and impairment** | | | **Total** |
| **Balance at March 31, 2018** | **3,163,379** | **300,000** | **3,463,379** |
| Depreciation expenses for the year | 551,115 | - | 551,115 |
| **Balance at March 31, 2019** | **3,714,494** | **300,000** | **4,014,494** |
| **Carrying amount** | | | **Total** |
| Balance at March 31, 2018 | 634,678 | - | 634,678 |
| Balance at March 31, 2019 | **733,563** | **-** | **733,563** |

**25 Loans**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Non- Current** | | |
| **Unsecured, considered Good** | | |
| Security Deposits | 81,873,809 | 85,596,433 |
| Capital Advances | 2,791,810 | 2,791,810 |
| **Total** | **84,665,619** | **88,388,243** |
| **Current** | | |
| Loans & Advances to Employees | 165,042 | 240,695 |
| **Total** | **165,042** | **240,695** |

**26 Other Non Current Financial Assets**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured, considered Good** | | |
| **Fixed Deposit with Banks** | 266,064 | 2,204,173 |
| Bank deposits with original maturity for more than 12 months | | |
| **Total** | **266,064** | **2,204,173** |

**27 Deferred Tax Assets/(Liabilities)**

The following is the analysis of deferred tax assets presented in the balance sheet:

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Deferred tax assets | 1,750,421 | 2,165,159 |
| **Total** | **1,750,421** | **2,165,159** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Deferred tax Assets** | | |
| Related to Other Current Liabilities | - | - |
| Related to Short term provisions | 698,590 | - |
| Related to Plant, Property & Equipment | 917,087 | 458,435 |
| Related to Other Current assets | - | 266,065 |
| Related to Amortisation of Right Issue Expenses | - | - |
| Related to Provision for bad & doubtful debt ( ECL Method ) | 21,643 | 21,680 |
| Related to Actuarial (Gain ) / Loss | 270,471 | 119,846 |
| Other Adjustments | - | - |
| Related to Amortisation on Fully convertible debentures | - | 1,299,134 |
| **Total** | **1,907,792** | **2,165,160** |

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Deferred tax Liabilities** | | |
| Related to Other Current Liabilities | 23,498 | - |
| Related to Plant, Property & Equipment | - | - |
| Related to other Current assets | - | - |
| Related to Reversal of Deferred Tax on Right issue expenses | - | - |
| Related to Actuarial (Gain ) / Loss | - | - |
| **Total** | **23,498** | **-** |
| **Deffered Tax Liability on OCI** | **(133,873)** | **-** |
| **Net deferred tax (liability) / asset** | **1,750,421** | **2,165,159** |

**28 Other Assets** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Non- Current** | | |
| **Unsecured, Considered Good** | | |
| Prepaid Security Deposit | 338,991 | 394,867 |
| Other Security Deposits | 50,000 | 180,000 |
| **Total** | **388,991.00** | **574,867.00** |
| **Current** | | |
| **Unsecured, Considered Good** | | |
| **Others** | | |
| Receivable in Cash or Kind | 11,170,492 | 7,339,135 |
| **Balances with government authorities** | | |
| Central Excise and Customs | 613,906 | 613,906 |
| GST receivable | 8,331,972 | 5,552,220 |
| Sales tax Refund and Set-off | 8,805,108 | 8,289,408 |
| Advance to Suppliers | 8,551,949 | 4,432,364 |
| Prepaid Expenses | 1,735,584 | 592,868 |
| **Total** | **39,209,010** | **26,819,901** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**29 Inventories**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | |
| - Raw materials | 18,130,312 | 12,264,893 |
| - Work-in-progress | 17,682,363 | 19,141,090 |
| - Finished goods | 310,405,550 | 334,750,185 |
| - Stock-in-trade | - | - |
| - Stores and spares | 4,320,502 | 4,440,897 |
| - Fuel & Oil | 266,508 | 254,362 |
| **Total** | **350,805,235** | **370,851,427** |

**Mode of valuation:**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, consumables, stores,spares and packing materials:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress:

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Finished goods are valued on standard cost basis that approximates to actual cost.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Traded goods are valued at standard cost that approximates to actual cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**30 Other investments**

**Current**

(Amount in Rs.)

| | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Qty. | Amount in Rs. | Qty. | Amount in Rs. |
| **Quoted Investments (all fully paid)** | | | | |
| **(a) Investments in Equity Instruments** | | | | |
| IDBI Bank Limited | 2,880 | 134,352 | 2,880 | 208,080 |
| [2880 (Including Bonus Shares issues of 1080 shares)] | | | | |
| **Total Aggregate Quoted Investments (A)** | **2,880** | **134,352** | **2,880** | **208,080** |

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Aggregate Book Value of quoted investments** | 134,352 | 208,080 |

**Investment in equity shares are recognised at fair value through profit and loss.**

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**31 Trade Receivables** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Current** | | |
| **Secured** | | |
| (a) Considered good | 75,517,144 | 136,644,252 |
| **Unsecured** | | |
| (a) Considered good | 397,910,663 | 177,378,769 |
| (b) Receivables which have significant increase in credit risk | 10,358,200 | 11,757,517 |
| **Allowance for expected credit loss** | | |
| (a) Receivables which have significant increase in credit risk | (1,140,387) | (65,571) |
| **Credit impaired** | - | - |
| **Total** | **482,645,621** | **325,714,967** |

**Note :** Allowance for bad & doubtful debts is created in accordance ‘expected credit loss’ model prescribed under Ind AS 109. Trade receivables are non-interest bearing and credit period generally falls in the range of 30 to 90 days terms.

**32 Cash and Cash Equivalents** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balances with Banks | 1,818,024 | 1,484,433 |
| Cash on hand | 964,867 | 469,933 |
| **Others :** | | |
| a) Earmarked balances with banks (Dividend accounts) | 2,930,832 | 2,714,094 |
| **Total** | **5,713,723** | **4,668,460** |

Note : The Unpaid dividend amount will be transferred to Investor Education & Protection Fund as & when due.

**33 Current tax assets** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Current tax assets** | | |
| Income Tax (Net of provisions) | 8,994,788 | 298,268 |
| Advance Tax paid | 10,000,000 | - |
| MAT Credit Entitlement | - | - |
| **Total** | **18,994,788** | **298,268** |

**34 Equity share capital** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Equity share capital | 169,820,230 | 167,632,330 |
| **Total** | **169,820,230** | **167,632,330** |
| **Authorised Share Capital** | | |
| 25,000,000 Fully paid equity shares of Rs.10/- each | 250,000,000 | 250,000,000 |
| Issued, subscribed & Paid Up | | |
| 1,69,82,023 Fully paid equity shares of Rs.10/- each (as at March 31, 2019 ) ; 1,67,63,233 of 10 each as at March 31, 2018)" | 169,820,230 | 167,632,330 |
| **Total** | **169,820,230** | **167,632,330** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Fully paid equity shares**

| | Number of shares in | Share capital (Amount) |
|---|---|---|
| **Balance at March 31, 2018** | **16,763,233** | **167,632,330** |
| Changes in equity share capital during the year | 218,790 | 2,187,900 |
| **Balance at March 31, 2019** | **16,982,023** | **169,820,230** |

**Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.**

**Details of shares held by each shareholder holding more than 5% shares**

| | As at March 31, 2018 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number of shares held | % holding of equity shares | Number of shares held | % holding of equity shares |
| **Fully paid equity shares** | | | | |
| Pawan Kishorilal Agarwal | 11,279,991 | 66.420 | 11,462,343 | 68.378 |

The company has only one class of shares i.e. Equity Shares having a face value of Rs. 10 each. The equity shareholders are entitled to dividend only if dividend in a particular financial year is recommended by the Board of Directors and approved by the members at the annual general meeting of that year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by share holders.

The Board of Directors has recommended a dividend of Rs.0.20 per share exclusively on the portion of the share capital held by the public as on the record date to be announced. The promoters have waived their entitlement of receiving the dividend in order to support the business activities of the company. The proposed dividend is subject to the approval by Shareholders at the ensuing Annual General Meeting and has not been recorded as a liability as at 31st March 2019 in accordance with Indian Accounting Standard (Ind AS)-10 "Events after the Reporting Period". The Dividend, if approved, would result in a cash outflow of approximately Rs.12,81,000/- including Corporation Dividend Tax.

**Shares reserved for issue under options**

960000 shares were reserved for issue under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual General Meeting held on 2nd September, 2011. In the year 2013, the Company has granted options to 48 employees aggregating to 278700 options. Out of this, 18 employees accepted the grant aggregating to 219500 options. Thirty employees did not accept 59200 options granted to them. The unaccepted options are ploughed back in the pool for further allocation. During 2018-19, another 30% of the options so granted to one remaining Employee have been vested which is in line with the Company's ESOP scheme and these options are not exercised upto the end of the current year by the Employee.

Further the Compensation Committee had further granted 13000 options to 20 Employees in their meeting held in the month of February 2017. In addition to this the Company on the successful completion of 25 years of its operations decided to reward its Employees additional option to mark the Silver Jubilee celebrations of the Company. Accordingly the Compensation Committee has granted additional 1,11,605 options to 38 Employees both Senior and Junior level Employees. In total in the month of February 2017, the Company has granted additional 1,24,605 options to 38 Employees and all Employees have accepted their grant. In view of Special Resolution passed by members in their 25th Annual General Meeting, all the options granted shall vest after one year from the grant date. During the year, all the options granted under the above scheme were vested and the same is exercised in the current year.

There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2019).

**35 Other Equity**

**(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Retained earnings | 175,230,950 | 142,888,920 |
| Securities premium reserve | 14,692,968 | 2,003,148 |
| Share option outstanding account | 2,583,508 | 9,051,587 |
| Other items of other comprehensive income | 368,660 | 1,147,766 |
| **Total** | **192,876,086** | **155,091,421** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

The details are as follows:-

| Retained earnings | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 142,888,920 | 117,419,807 |
| Add: Profit During the year | 39,101,987 | 33,846,848 |
| Impact on Account of Deferred Tax | - | - |
| IndAS Adjustments ( P.Y ) | - | 2,264,245 |
| Adjustment of Profit/Loss of Subsidiary | (5,930,936) | (1,783,496) |
| Adjustment of Capital Reserve of Subsidiary | - | (2,601,302) |
| Share of Loss in Joint Venture | 457,508 | (3,416,938) |
| Dividend Paid | (1,069,000) | (2,360,000) |
| Dividend distribution tax paid | (217,529) | (480,244) |
| **Balance at end of year** | **175,230,950** | **142,888,920** |

| Securities premium | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 2,003,148 | 2,003,148 |
| **Add:** Transfers during the year | 12,689,820 | - |
| **Balance at end of year** | **14,692,968** | **2,003,148** |

| Share option outstanding account | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 9,051,587 | 2,992,241 |
| Add: Transfers during the year | (6,468,079) | 6,059,346 |
| **Balance at end of year** | **2,583,508** | **9,051,587** |

| Other items of other comprehensive income | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Balance at the beginning of year | 1,147,766 | 1,398,095 |
| Add: Additions during the year | (779,106) | (250,329) |
| **Balance at end of year** | **368,660** | **1,147,766** |

**Description of nature & purpose of each reserve:**

**Retained Earnings:** Created from Profit/loss of the Company, as adjusted for distribution to owners, transfers to other reserves etc.

**Securities Premium:** Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Share option outstanding account:** Created for recording the grant date fair value of options issued to employees under the Employees stock option schemes & is adjusted on exercise/forfeiture of options.

**Other items of other comprehensive income:** Created for transferring the re-measurements gains & losses on defined benefit plans.

**36 Non-current borrowings** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| (i).Fully Convertible debentures | 43,719,847 | 41,070,732 |
| **Secured** | | |
| (ii). Term loans | | |
| - From banks | - | - |
| **Total non-current borrowings** | **43,719,847** | **41,070,732** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Summary of borrowing arrangements**

**(i) Fully Convertible debentures:**

During the year 2017-18, Company has issued 3 Fully Convertible debentures of Face value of Rs. 1,50,00,000/- each to H.T. Media Limited.

The terms of the issue are :

1. The Equity shares issued on conversion shall rank pari passu with the Existing Equity Shares of the company.
2. The FCDs shall be converted into Equity shares at the end of 18 months from date of such allotment.
3. The FCDs shall be unsecured.
4. Pricing of Equity shares - Frequently Trade Shares: The FCDs shall be converted into Equity shares of face value of Rs. 10/- each at a price which is higher of the following:
   (a) Rs. 80/- per Equity share.
   (b) Price arrived at in accordance with the ICDR Regulations. ("Conversion Price")

   The objects of the Preferential issue:
   (i) The object of the issue is to meet funding requirements towards brand building through advertising in the print & non-print media.
   (ii) To meet issue expenses
   (iii) General corporated purposes

As per IND AS 109 - Financial Instruments, the Fully convertible debentures issued during the previous year are convertible into Equity shares as per terms stated above and are reflected at fair value on the basis of present value calculated at the time of the issue of the instrument and proportionately appropriated on the date of Balance Sheet.

The below amount of expenditure would be incurred over the period of Contract as per the agreement between the parties.

| **Details of utilisation** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Gross proceeds received | 45,000,000 | 45,000,000 |
| Amount utilised till the end of the year | 2,602,800 | 2,097,576 |
| **Unutilised amount at the end of the year** | **42,397,200** | **42,902,424** |

The Audit Committee and the Board of Directors of the Company noted the utilisation of the FCD's for the year ended 31st March, 2019.

**37 Other non-current liabilities**

**(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Security Deposits | 20,192,205 | 26,170,651 |
| **Total** | **20,192,205** | **26,170,651** |

**38 Current borrowings**

**(Amount in Rs.)**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| a). Loans repayable on demand | | |
| - from Commercial Banks | 342,610,452 | 230,709,279 |
| - from others | 41,923,281 | 61,617,449 |
| **Total** | **384,533,733** | **292,326,728** |

Loans of Commercial Banks includes the borrowings from Axis Bank Limited and Punjab National Bank upto 31/01/2019 as the same is closed and taken over by The South Indian Bank Limited from that date. Rate of interest charged for the working capital borrowing in respect of Axis Bank Limited is MCLR + 1.5% p.a., (Punjab National Bank is MCLR + 2.65% p.a. upto 31/01/2019) & The South Indian Bank Limited is MCLR + 0.55% p.a. Working capital loan is secured by hypothecation of inventories and book debts. The loan is collaterally secured by Land & Building and Plant & machinery located at Pawne village Turbhe, Navi Mumbai and also personal guarantee executed by Chairman Shri Pawan Agarwal in favour of both the Banks.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**39 Trade payables** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Micro Enterprises & Small Enterprises | 39,373,878 | 3,514,843 |
| Others | 185,548,279 | 207,530,914 |
| **Total** | **224,922,157** | **211,045,757** |

According to information available with the management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the Company has amounts due to Micro, Small and Medium Enterprises under the said Act as follows :

| | | | |
|---|---|---|---|
| i) | Principal amount remaining unpaid | 39,373,878 | 3,514,843 |
| ii) | Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year. | - | - |
| iii) | The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| iv) | The amount of interest due accrued and remaining unpaid at the end of each accounting year. | 265312 | - |
| v) | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

**40 Other financial liabilities** **(Amount in Rs.)**

| | | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| | **Non- Current** | | |
| a | Employee Benefits Payable | 9,136,214 | 12,012,349 |
| b | Outstanding Expenses | 12,315,845 | 9,774,777 |
| c | Unpaid Dividend | 2,930,580 | 2,713,842 |
| | **Total** | **24,382,639** | **24,500,968** |

Note: There are no amounts that have become due for payment to the Investor Education and Protection Fund as required under Section 125 of the Companies Act, 2013 as at the year end. However an amount of Rs.371857/- has been reported to MCA (ROC) under the rules of the Investor Education and Protection Fund which will be transferred in the year 2019-20.

**41 Provisions** **(Amount in Rs.)**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Non-current** | | |
| Defined benefit liability (net) | 3,671,283 | 3,011,530 |
| Other long term employee obligations | 1,473,170 | 1,565,699 |
| **Total** | **5,144,453** | **4,577,229** |
| **Current** | | |
| Defined benefit liability (net) | 4,916 | 1,897 |
| Other long term employee obligations | 663,352 | 591,847 |
| **Total** | **668,268** | **593,744** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**42 Other current liabilities**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| TDS Payable | 2,626,988 | 1,904,997 |
| Professional Tax Payable | 48,250 | 56,350 |
| Income tax payable | 17,516,070 | 11,694,311 |
| Advance to employee | - | 24,499 |
| Advances from Customers | 3,260,647 | 1,495,851 |
| Provident fund | 427,030 | 476,278 |
| ESIC | 102,121 | 126,655 |
| Sales tax | 87,118 | 87,118 |
| GST Payable | 627,011 | - |
| Deferred Revenue | 1,280,153 | 3,851,909 |
| Share of loss from JV | 2,459,429 | 2,916,937 |
| **Total** | **28,434,817** | **22,634,905** |

As per IND AS 109 - " Financial Instruments" Deferred Revenue is created with respect to Fully convertible debentures issued during the previous year.

**43 Revenue from operations**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a) Sale of products | 1,117,708,315 | 1,037,587,537 |
| (b) Other operating revenues | 903,765 | 809,156 |
| | **1,118,612,080** | **1,038,396,693** |

**44 Other Income**

(Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| (a). Interest Income | | |
| - Bank deposits | 192,978 | 144,401 |
| | **192,978** | **144,401** |
| (b). Other non-operating income | | |
| - Others (aggregate of Miscellaneous items) | 4,768,218 | 1,761,550 |
| | **4,768,218** | **1,761,550** |
| **(a + b)** | **4,961,196** | **1,905,951** |

(Amount in Rs.)

| **45 Cost of Materials consumed** | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Opening stock | 12,264,893 | 11,804,602 |
| Add: Purchases | 644,094,676 | 600,853,515 |
| Less: Closing stock | 18,130,312 | 12,264,893 |
| | **638,229,257** | **600,393,224** |
| **Raw Material and packaging material consumed:** | | |
| Chemicals | 37,905,991 | 37,864,968 |
| Dyes | 23,796,352 | 18,599,164 |
| Yarn & Fabric | 505,669,549 | 402,295,583 |
| Other Raw Materials | 70,857,366 | 141,633,509 |
| | **638,229,257** | **600,393,224** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

(Amount in Rs.)

**46 Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

| | | |
|---|---|---|
| **Inventories at the end of the year:** | | |
| Finished goods | 310,405,550 | 334,750,185 |
| Work-in-progress | 17,682,363 | 19,141,090 |
| Stock-in-trade | - | - |
| | **328,087,914** | **353,891,275** |
| **Inventories at the beginning of the year:** | | |
| Finished goods | 334,750,185 | 293,785,746 |
| Work-in-progress | 19,141,090 | 17,592,221 |
| Stock-in-trade | - | - |
| | **353,891,275** | **311,377,967** |
| | **25,803,361** | **(42,513,308)** |

**47 Employee enefits expenses**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Salaries and Wages | 64,924,702 | 80,485,904 |
| Contribution to provident and other funds | 3,546,834 | 3,936,439 |
| Staff Welfare Expenses | 4,463,907 | 4,724,056 |
| Expense on employee stock option (ESOP) scheme | 6,699,580 | 6,059,346 |
| | **79,635,023** | **95,205,744** |

**48 Finance Costs**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Interest costs :-** | | |
| Interest on borrowings | 35,349,022 | 31,276,449 |
| Interest on Trade payables | 1,794,253 | 2,211,732 |
| Interest on Income Tax | 759,261 | - |
| Interest on MSME | 265,312 | |
| Interest on Vehicle Loan | 77,166 | - |
| Other interest expense | 76,734 | 29 |
| **Total interest expense for financial liabilities not classified as at FVTPL** | **38,321,748** | **33,488,210** |

**49 Depreciation and amortisation expense**

| | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Depreciation of property, plant and equipment | 18,303,641 | 15,086,172 |
| Amortisation of intangible assets | 551,115 | 574,864 |
| **Total depreciation and amortisation expenses** | **18,854,756** | **15,661,036** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**50 Other expenses** (Amount in Rs.)

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Stores & Spares Consumable | 18,171,609 | 23,171,779 |
| Consumption Of Packing Materials | 6,148,278 | 9,236,806 |
| Sub Contracting | 94,619,903 | 103,062,085 |
| Power & Fuel | 67,134,533 | 63,249,451 |
| Cam charges | 258,894 | 906,365 |
| Water | 8,678,472 | 8,626,830 |
| Rent Including Lease Rentals | 6,217,238 | 7,341,022 |
| Repair & Maintenance: | | |
| Building | 207,524 | 579,843 |
| Machinery | 3,563,483 | 3,822,097 |
| Others | 4,159,095 | 5,748,617 |
| Insurance | 1,278,176 | 1,230,585 |
| Rates & Taxes | 659,355 | 4,479,953 |
| Communication | 1,465,939 | 1,430,165 |
| Travelling & Conveyance | 3,840,444 | 5,235,243 |
| Printing & Stationery | 1,540,965 | 1,713,094 |
| Sales Commission | 1,162,346 | 2,135,876 |
| Pilferage & Shortage | - | 1,000,054 |
| Royalty | 11,138,152 | 11,340,406 |
| Legal & Professional | 8,584,985 | 11,587,112 |
| Statutory Auditors Remuneration* | 755,000 | 667,500 |
| Transportation Charges | 9,359,801 | 10,294,591 |
| Bank Charges, Commission & Others | 960,631 | 1,342,818 |
| Advertisement Expenses | 2,027,313 | 2,013,946 |
| Motor Car Expenses | 1,518,220 | 1,450,962 |
| Security Charges | 3,234,312 | 3,247,839 |
| Registrar & Transfer Expenses | 296,637 | 173,999 |
| Subsricption & Membership | 56,108 | 60,171 |
| Establishment Management Fees (Garment) | 8,100,000 | - |
| Prior Period Expenses | 68,810 | - |
| Sundry Balance w/off | 67,648 | 313,798 |
| Amortisation of Land | 22,967 | 22,967 |
| Provision of Bad debt as per ECL Method | 77,798 | 1,489 |
| Preliminery Expenses - W/Off | - | - |
| Pre Operative Expenses- Others | - | - |
| Bad & Doubtful Debts | 958,444 | |
| Miscellaneous Expenses | 3,902,677 | 3,589,454 |
| Loss on sale of Motor Car | 20,517 | - |
| Prepaid Expenses - Security Deposit | 55,876 | 51,833 |
| GST Expenses | 119,804 | 223,675 |
| Business Promotion Expense | 1,315,378 | 1,003,367 |
| **Total** | **271,747,328** | **290,355,791** |

*** Statutory Auditors Remuneration**

| | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| a) For audit | 605,000 | 542,500 |
| b) For taxation matters | 125,000 | 100,000 |
| **Total** | **755,000** | **667,500** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**51 Financial Risk Management Objectives & Policy**

The Company's Financial Risk Management is an integral part of how to plan and execute its Business Strategies. The Company's Financial Risk Management Policy is set by the Board. The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate, risk and commodity risk etc.), credit risk and liquidity risk.

**1) Market Risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may results from change in the price of a financial instrument. The value of a financial instrument may change as result of change in the interest rates, foreign currency exchange rates, equity prices and other market changes may affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments and deposits, foreign currency receivables, payables and loans and borrowings. Market risk comprises mainly two types of risk:"Interest rate risk & currency risk. The Company has a moderate risk management system monitored by Risk Management Committee to inform Board Members about risk management and minimization procedures.

**a) Foreign Currency Risk**

The Company is not having any significant foreign transactions; hence the company is not prone to foreign currency risks as on the date of balancesheet.

**b) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The following Table showns the blend of Company's Fixed & Floating Rate borrowings in Indian Rupee:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Loans in Rupees** | | |
| a) Fixed Rate | 51,580,260 | 61,617,449 |
| b) Floating Rate | 332,953,472 | 230,709,279 |
| **Total** | **384,533,733** | **292,326,728** |

The Company regularly scans the Market & Interest Rate Scenario to find appropriate Financial Instruments & negotiates with the Lenders in order to reduce the effect Cost of Funding.

**Interest Rate Sensitivity :**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets affected. With all other variables held constant, the Company's profit / (Loss) before tax is affected through the impact on finance cost with respect to our borrowing, as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Change in basis Points | 25 | 25 |
| Effect on profit / (loss) before tax | (832,384) | (576,773) |
| Change in Basis Points | -25 | -25 |
| Effect on profit / (loss) before tax | 832,384 | 576,773 |

**2) Credit Risk**

Credit Risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from its operating activities (primarily trade receivables). However the Company has taken necessary control measures by ensuring adequate stock or other form of negotiable instruments to minimize the risk exposure.

**Trade Receivable:-** Customer Credit Risk is managed based on Company's established policy, procedures and controls. The Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and aging of trade receivables. Individual credit risk limits are set accordingly.

The credit risk from the organized and bigger buyers is reduced by securing Bank Guarantees/Letter of Credits/part advance payments/post dated cheques. The Outstandings of different parties are reviewed periodically at different level of organization. The outstanding from the trade segment is secured by two tier security – security deposit from the dealer himself, and our business associates who manage the dealers are also responsible for the outstanding from any of the dealers in their respective region. Impairment analysis is performed based on historical data at each reporting period on an individual basis.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Upto 6 Months** | 401865853 | 184917895 |
| **Above 6 months** | 80779768 | 140797073 |
| **Grand Total** | 482645621 | 325714967 |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Financial Instruments and Deposits with Banks:**

The Company considers factors such as track record, size of institution, market reputation and service standards to select the bank with which balances and deposits are maintained. Generally, balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operation.

**3) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The Company relies on a mix of borrowings, and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowings facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

| S. No. | Particulars | Carrying Amt. | Due within 1 year | Due between 1-5 years | Due after 5 years | Total |
|---|---|---|---|---|---|---|
| 1 | As on 31st March, 2019 | | | | | |
| | - Borrowings | 428,253,580 | 384,533,733 | 43,719,847 | - | 428,253,580 |
| | - Trade Payables | 224,922,157 | 224,922,157 | - | - | 224,922,157 |
| | - Other Liabilities* | 73,009,661 | 73,009,661 | - | - | 73,009,661 |
| | **Total** | 726,185,398 | 682,465,551 | 43,719,847 | - | 726,185,398 |
| 2 | As on 31st March, 2018 | | | | | |
| | - Borrowings | 333,397,460 | 333,397,460 | | - | 333,397,460 |
| | - Trade Payables | 211,045,757 | 211,045,757 | - | - | 211,045,757 |
| | - Other Liabilities* | 73,306,524 | 73,306,524 | - | - | 73,306,524 |
| | **Total** | 617,749,741 | 617,749,741 | - | - | 617,749,741 |

* Includes Government dues

**52. Capital Risk Management**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal structure to reduce the cost of capital as well as to maintain proper leverage.

For the purpose of the Company's capital management, capital includes issued capital, securities premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, less cash & cash Equivalents.

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Borrowings | 428,253,580 | 333,397,460 |
| Less: Cash & Cash Equivalents | 5,848,075 | 4,876,540 |
| (Including Current Investments) | | |
| **Net debt** | **434,101,655** | **338,274,000** |
| Equity Share Capital | 169,820,230 | 167,632,330 |
| Other Equity | 192,876,086 | 155,091,421 |
| **Total Capital** | **362,696,316** | **322,723,751** |
| **Capital & Net debt** | **796,797,971** | **660,997,751** |
| **Gearing Ratio** | **54.48%** | **51.18%** |

The Company monitors capital using a gearing ratio, which is Net Debt divided by Total Capital plus Net Debt. Net Debt is calculated as total borrowings including short term and current maturities of long term debt.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**53 Fair Value of Financial Assets & Liabilities**

| | | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|---|
| | | Carrying Amt. | Fair Value | Carrying Amt. | Fair Value |
| **A.** | **Financial Assets** | | | | |
| **(i)** | **At fair value through Profit & Loss** | | | | |
| | Investments | | | | |
| a) | IDBI Shares | 134,352 | 134,352 | 208,080 | 208,080 |
| b) | Trade Receivables | 482,645,621 | 233,623,035 | 325,714,967 | 233,623,035 |
| **Total** | | **482,779,973** | **233,831,115** | **325,923,047** | **233,831,115** |
| **A.** | **Financial Liabilities** | | | | |
| **(i)** | **At Amortised Cost** | | | | |
| | Fully Convertible Debentures | 43,719,847 | 43,719,847 | 41,070,732 | 41,070,732 |
| | **Total** | **43,719,847** | **43,719,847** | **41,070,732** | **41,070,732** |

**Fair Valuation Techniques**

1. Fair Value of Investments in quoted shares are based on the quoted market price at the reporting date.
2. Fair Value of Trade receivables is derived after considering the expected credit losses of these receivables.
3. Fair Value of Fully convertible debntures is calculated after discounting it using the RBI rate as per the reporting date.

**54 Other Comprehensive Income (OCI )**

The disaggregation of changes to OCI by each type of reserves in equity is shown below

| | Retained Earnings | |
|---|---|---|
| | As at March 31, 2019 | As at March 31, 2018 |
| Remeasurement gains/(Losses) on defined benefit plans | (727,523) | (214,348) |
| Tax Impact on Remeasurement gains/(Losses) on defined benefit plans | 207,462 | 90,995 |
| Impact on account of Transfer from Deferred Revenue relating to Fully convertible debentures | (77,359) | 77,359 |
| | **(597,420)** | **(45,994)** |

**55 Share-based payments**

**Description of share based payments arrangements**

The Company instituted the Employee Stock Option Plan – ESOP 2011 to grant equity based incentives to its eligible employees in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOP-2011 ("The Scheme") had been approved by the Board of Directors of the Company at their meeting held on 30th Sept, 2011 and by the shareholders of the Company by way of special resolution passed at their Annual General Meeting held on 2nd Sept 2011, to grant 9,60,000 options, representing one share at par for each option upon exercise by the employee of the Company determined by the Board/Compensation Committee. The Scheme covers grant of options to the specified permanent eligible employees of the Company and also to non-executive directors of the Company including independent directors. During the year ended 31 January, 2013, the Company granted initial stock options to certain employees of the Company.

**A. Suditi Employee Stock Option Plan 2011 (SUDITI ESOP 2011)**

Pursuant to the Scheme, the Compensation Committee had given its approval to grant 350800 options at par to specified eligible employees of the Company in the year January 2013. Further the Company has also granted another 124605 options to the eligible Employees in 15th February 2017. The Company has the following share-based payment arrangements for employees.

**Movements during the year**

The following table illustrates the number and fair price of, and changes in, share options during the year. Excise price is fixed at face value of ₹10/- each.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

| Particulars | 31-Mar-19 | | | | 31-Mar-18 | | | |
|---|---|---|---|---|---|---|---|---|
| | Grant of Options I | | Grant of Options II | | Grant of Options I | | Grant of Options II | |
| | Number | Fair price | Number | Fair price | Number | Fair price | Number | Fair price |
| Outstanding at the beginning of the year | 125110 | | 115780 | | 143270 | 52.30 | 124605 | 52.30 |
| Options exercised during the year | 115510 | - | 103280 | - | - | - | - | - |
| Expired/lapsed during the year | - | - | 12500 | 52.30 | 18160 | 52.30 | 8825 | 52.30 |
| Outstanding at the end of the year | 9600 | - | - | - | 125110 | - | 115780 | - |
| Exercisable at the end of the year | 9600 | - | - | - | 115510 | - | 115780 | - |

The fair values of options granted under the plan were determined using Black-Scholes pricing module that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

| Particulars | 31-Mar-19 | | 31-Mar-18 | |
|---|---|---|---|---|
| | Options vested | Options vested and unexercised | Options vested and exercised | Options to be vested |
| Number of options | 9,600 | 9,600 | 0 | 231,290 |
| Fair value on grant date (₹) | Nil | First grant ₹7.68<br>Second grant ₹60.46 | Nil | First grant ₹7.68<br>Second grant ₹60.46 |
| Share price at grant date (₹) | Nil | First grant ₹7.68<br>Second grant ₹68.40 | Nil | First grant ₹7.68<br>Second grant ₹68.40 |
| Fair value at exercise date (₹) | Nil | Nil | Nil | Nil |
| Exercise price (₹) | Nil | 10 | Nil | 10 |
| Expected volatility | 3.15% | 3.15% | 3.15% | 3.15% |
| Expected life | 3 years | 3 years | 3 years | 3 years |
| Expected dividends | 5% | 5% | 5% | 5% |
| Risk-free interest rate (based on government bonds) | 7.42% | 7.42% | 7.42% | 7.42% |

Note: In the case of First grant since the market price was lower than the Exercise price (face value), fair value calculations on grant date are not separately computed.

**Particulars of Scheme**

| Name of scheme | Suditi Employee Stock Option Plan 2011 |
|---|---|
| Vesting conditions | First grant of 350800 options made on 31/01/2013 and the second grant of 124605 options made on 15/02/2017. The schedule of the vesting is as follows: |

| Graded vesting schedule | Percentage of options granted — Grant of Options I | II |
|---|---|---|
| 1st Anniversary of the Grant Date | 10% | 100% |
| 2nd Anniversary of the Grant Date | 15% | N.A. |
| 3rd Anniversary of the Grant Date | 20% | N.A. |
| 4th Anniversary of the Grant Date | 25% | N.A. |
| 5th Anniversary of the Grant Date | 30% | N.A. |

| | | |
|---|---|---|
| Exercise period | Stock options can be exercised within a period of 5 years from the date of vesting. | |
| Number of share options | 240,890 | |
| Exercise price | 10 | |
| Method of settlement | Equity | |
| Fair value on the grant date | First grant | ₹7.68 |
| | Second grant | ₹60.46 |
| Remaining life as on 31 March 2018 | 2 year | |
| Remaining life as on 31 March 2017 | 3 year | |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**Details of share options exercised during the year:**

The following share options were exercised during the Financial Year 2018-19:

| Options series | Number Exercised | Share Price at Exercise date | Exercise date |
|---|---|---|---|
| Granted on 31/01/2013 | 218,790 | ₹27.85 | 16/04/2018 |

| | | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | Unit | Quantity | Amt. in Rs. | Quantity | Amt. in Rs. |
| 56 | **Cost of Material Consumed** | | | | | |
| | Chemicals | | | 37,905,991 | | 37,864,968 |
| | Dyes | | | 23,796,352 | | 18,599,164 |
| | Yarn & Fabric | Kgs | 1,159,851 | 502,883,037 | 998,837 | 344,044,193 |
| | | Pcs | 2,964 | 8,995,606 | - | - |
| | Garment | Pcs | 18,223 | 32,446,908 | 113,036 | 102,415,028 |
| | Other Raw Materials | | | 77,620,951 | | 97,469,873 |
| | Stores & Spares | | | 18,171,609 | | 23,171,779 |
| | Packing Materials | | | 6,145,337 | | 9,236,806 |
| | | | | **707,965,790** | | **632,801,811** |

| | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|
| | % | Amt. in Rs. | % | Amt. in Rs. |
| Imported | 0.14 | 961,443 | 0.11 | 671,675 |
| Indigenous | 99.86 | 707,004,347 | 99.89 | 632,130,136 |
| | **100.00** | **707,965,790** | **100.00** | **632,801,811** |

Notes:

(a) The above details of consumption consists of Raw materials which are consumed directly for manufacture of finished products and also other items which are indirectly related to manufacture of finished products, i.e. stores, spares and packing materials.

| | | | As at 1st April, 2018 | | As at 1st April, 2017 | |
|---|---|---|---|---|---|---|
| | | Unit | Quantity | Amt. in Rs. | Quantity | Amt. in Rs. |
| 57 | **Opening Stock** | | | | | |
| | 1. Yarn | Kgs | 24,840 | 5,679,879 | 21,945 | 5,293,937 |
| | 2. Grey fabric | Kgs | 9,155 | 2,031,796 | 7,196 | 1,724,348 |
| | 3. Chemicals | | | 1,477,153 | | 1,792,547 |
| | 4. Stores, Spares & Other items | | | 5,479,009 | | 5,801,919 |
| | 5. Packing Materials | | | 952,934 | | 660,517 |
| | 6. Dyes | | | 1,339,382 | | 1,576,014 |
| | 7. Stock in trade | Kgs | - | - | - | - |
| | | Pcs | - | - | - | - |
| | 8. Work in Progress | Kgs | 45,035 | 14,985,876 | 492,989 | 3,034,621 |
| | | Pcs | 430,641 | 4,155,214 | 70,886 | 14,557,600 |
| | 9. Finished Goods | | | | | |
| | Finished Fabric | Kgs | 155,621 | 64,196,106 | 293,561 | 132,046,431 |
| | Finished Garments | Pcs | 504,149 | 270,554,078 | 367,749 | 161,739,315 |
| | | | | **370,851,427** | | **328,227,250** |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

| | | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | **Unit** | **Quantity** | **Amt. in Rs.** | **Quantity** | **Amt. in Rs.** |
| **58** | **Closing Stock** | | | | | |
| 1. | Yarn | Kgs | 43,633 | 10,156,139 | 24,840 | 5,679,879 |
| 2. | Grey fabric | Kgs | 14,656 | 3,552,117 | 9,155 | 2,031,796 |
| 3. | Chemicals | | | 1,615,699 | | 1,477,153 |
| 4. | Stores, Spares & Other items | | | 4,750,825 | | 5,479,009 |
| 5. | Packing Materials | | | 837,056 | | 952,934 |
| 6. | Dyes | | | 1,805,485 | | 1,339,382 |
| 7. | Stock in trade | Kgs | - | 0 | - | - |
| | | Pcs | - | 0 | - | - |
| 8. | Work in Progress | Kgs | 37,321 | 13,430,086 | 45,035 | 14,985,876 |
| | | Pcs | 475,339 | 4,252,277 | 430,641 | 4,155,214 |
| 9. | Finished Goods | | | | | |
| | Finished Fabric | Kgs | 189,943 | 69,346,181 | 155,621 | 64,196,106 |
| | Finished Garments | Pcs | 424,359 | 241,059,370 | 504,149 | 270,554,078 |
| | | | | **350,805,235** | | **370,851,427** |

| | | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | **Unit** | **Quantity** | **Amt. in Rs.** | **Quantity** | **Amt. in Rs.** |
| **59** | **Sales** | | | | | |
| 1. | Processed Fabric | Kgs | 4,831,892 | 777,627,787 | 3,139,290 | 576,719,980 |
| | | Pcs | 2,964 | 9,074,931 | - | - |
| 2. | Ready Made Garments | Pcs | 554,697 | 95,964,238 | 891,226 | 184,854,800 |
| 3. | Garments & Apparels (Retail Division) | Pcs | 738,412 | 259,978,517 | 622,483 | 275,084,278 |
| 4. | Trading Sales - Fabric & Others | Mtrs | - | - | - | - |
| | | | | **1,142,645,472** | | **1,036,659,058** |
| **60** | **Purchases of Stock-in-Trade** | | | | | |
| 1. | Purchases - Fabric & Others | Mtrs | - | - | - | - |
| **61** | **CIF Value of Imports** | | | | | |
| | Components and Spare Parts | | | 961,443 | | 671,675 |
| | Capital Goods | | | 967,985 | | - |
| **62** | **Expenditure in Foreign Currency** | | | | | |
| | Travelling | | | 39,531 | | 285,325 |
| | Others | | | - | | - |
| **63** | **Earnings in Foreign Exchange** | | | | | |
| | FOB Value of Exports | | | 1,728,297 | | - |

**64 Forward Contracts and Unhedged Foreign Currency Outstanding Balances**

The company has not executed any forward contract for hedging exchange rate risk; the outstanding unhedged foreign currency balances as on 31st March, 2019 are as under:

(a) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

| | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| Particulars | Amount in Foreign Currency | Amount in Rupees | Amount in Foreign Currency | Amount in Rupees |
| Receivables | | | | |
| US Dollar | - | - | - | - |
| Payables # | - | - | - | - |

# There is no amount payable in foreign currency outstanding as on 31st March, 2019.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**65 Employee Benefits**

**Gratuity:**

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate ( particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

The company has classified various employee benefits as under:

(A) Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss for the year:

| | | For the year ended 31st March, 2019 Amt. in Rs. | For the year ended 31st March, 2018 Amt. in Rs. |
|---|---|---|---|
| (i) | Contribution to Provident Fund | 2,407,546 | 2,714,299 |
| (ii) | Contribution to Employees' State Insurance Scheme | 820,014 | 1,022,348 |

(B) Defined Benefit Plan

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

| | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Leave Encashment | Gratuity | Leave Encashment | Gratuity |
| (a) | Discount Rate | 7.45% | 7.45% | 7.65% | 7.65% |
| (b) | Salary increase | 5.00% | 5.00% | 5.00% | 5.00% |

| | | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|---|
| | | | Leave Encashment Amt. in Rs. | Gratuity Amt. in Rs. | Leave Encashment Amt. in Rs. | Gratuity Amt. in Rs. |
| (i) | Changes in the Present Value of Obligation | | | | | |
| | (a) | Opening Present Value of Obligation | 2,157,546 | 7,752,000 | 2,779,847 | 6,692,241 |
| | (b) | Interest Cost | 129,981 | 567,808 | 147,649 | 454,035 |
| | (c) | Past Service Cost | - | - | - | 79,091 |
| | (d) | Current Service Cost | 300,178 | 1,144,457 | 10,088 | 933,493 |
| | (e) | Benefits Paid | (100,235) | (1,183,732) | (177,728) | (684,209) |
| | (f) | Actuarial (Gain)/Loss | (350,948) | 754,652 | (602,310) | 277,349 |
| | (g) | Closing Present Value of Obligation | 2,136,522 | 9,035,185 | 2,157,546 | 7,752,000 |
| (ii) | Changes in the Fair Value of Plan Assets | | | | | |
| | (a) | Opening Fair Value of Plan Assets | - | 4,809,438 | - | 3,980,467 |
| | (b) | Expected Return on Plan Assets | - | 367,922 | - | 284,603 |
| | (c) | Actuarial Gain/(Loss) | - | 27,129 | - | 63,001 |
| | (d) | Employers' Contributions | - | 1,338,229 | - | 1,165,576 |
| | (e) | Benefits Paid | - | (1,183,732) | - | (684,209) |
| | (f) | Closing Fair Value of Plan Assets | - | 5,358,986 | - | 4,809,438 |
| (iii) | Amount recognised in the Balance Sheet | | | | | |
| | (a) | Present Value of Obligation as at the year end | 2,136,522 | 9,035,185 | 2,157,546 | 7,752,000 |
| | (b) | Fair Value of Plan Assets as at the year end | - | 5,358,986 | - | 4,809,438 |
| | (c) | (Asset)/Liability recognised in the Balance Sheet | 2,136,522 | 3,676,199 | 2,157,546 | 2,942,562 |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

| | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|
| | Leave Encashment | Gratuity | Leave Encashment | Gratuity |
| | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. |
| (iv) Expenses recognised in the Statement of Profit and Loss | | | | |
| (a) Current Service Cost | 300,178 | 1,144,457 | 10,088 | 933,493 |
| (b) Past Service Cost | - | - | - | 79,091 |
| (c) Interest Cost | 129,981 | 567,808 | 147,649 | 454,035 |
| (d) Expected Return on Plan Assets | - | (367,922) | - | (284,603) |
| (e) Net Actuarial (Gain)/Loss | (350,948) | - | (602,310) | - |
| Total Expenses recognised in the Statement of Profit and Loss | **79,211** | **1,344,343** | **(444,573)** | **1,182,016** |
| (v) Amount recognised in other Comprehensive Income | | | | |
| (a) Current Service Cost | - | 254,707 | - | 248,758 |
| (b) Past Service Cost | - | - | - | - |
| (c) Interest Cost | - | 39,312 | - | 36,119 |
| (d) Expected Return on Plan Assets | - | - | - | - |
| (e) Net Actuarial (Gain)/Loss | - | (244,695) | - | (275,199) |
| Total Expenses recognised in other Comprehensive Income | - | 49,324 | - | 9,678 |

NOTE:

i. Leave Encashment liability is determined by an independent actuary and relevant provisions are made in the books of account. The payment towards the liabilty is made by the company as and when the employee becomes eligible to claim the encashment.

ii. The liability towards gratuity is determined by an independent actuary and the relevant amounts towards gratuity liability is paid by the company to the "Suditi Employees Group Gratuity Trust". The said Trust administers the scheme.

**66 Related Party Disclosures**

**The Disclosures of Transaction with the related parties as defined in the Accounting Standard are as follows:**

**Name of Related Parties & their Relationship**

**1) Key Management Personnel**

1. Mr. Pawan Agarwal - Chairman

a1 Relatives of Key Management Personnel:

1. Mr. Rajendra Agarwal (Brother)
2. Mrs. Pramila Agarwal (Sister-in-law of Pawan Agarwal)
3. Mrs. Shalini Agarwal (Wife of Pawan Agarwal)
4. Mrs. Archana Agarwal (Wife of Rajendra Agarwal)
5. Mr. Harsh Agarwal (Son of Pawan Agarwal)
6. Mr. Tanay Agarwal (Son of Pawan Agarwal)
7. Mr. Tanuj Agarwal (Son of Pawan Agarwal)

a2. Enterprises under Common control of the Promoters

1. BLR Knits Pvt. Ltd.
2. Intime Knits Pvt. Ltd.
3. Black Gold Leasing Pvt. Ltd.
4. R. Piyarellal Pvt. Ltd.
5. Suditi Design Studio Ltd.
6. Suditi Sports Apparels Ltd.
7. SAA & Suditi Retail Pvt. Ltd.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**b. Mr. Rajagopal Raja Chinraj - Wholetime Director**

b1. Relatives of Key Management Personnel:

1. Mrs. Anita Chinraj (Wife of Rajagopal Raja Chinraj)

b2. Enterprises under Common control of the Wholetime Director

1. Chendur Dress Manufacturers Pvt. Ltd.
2. Chendur Enterprises
3. Chendur Inc.
4. Ve Laxmi Exim LLP

**2 Terms and conditions of transactions with related parties**

The sales to and purchase from related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**3 Disclosure of transactions between the company and related parties**

| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| a) Key Management Personnel - Remuneration | | |
| 1. Mr. Pawan Agarwal | 1,400,000 | 2,599,824 |
| 2. Mr. Rajagopal Raja Chinraj | 1,663,187 | - |
| | **3,063,187** | **2,599,824** |

Mr. Rajagopal Raja Chinraj has been inducted as Wholetime Director w.e.f. 01/06/2018 and accordingly the details are furnished from the date of his appointment.

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**b) Transactions with related parties:**

**Suditi Industries Limited**

| Description | | | Joint Ventures | | Relatives of KMPs | | Entities in which a director or his/her relative is a member or director | |
|---|---|---|---|---|---|---|---|---|
| | | | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 |
| a) | **Sale of Goods/Related Services** | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | 30422548 | 56956264 |
| | 2 | BLR Knits Pvt. Ltd. | | | | | - | 13792 |
| | 3 | SAA & Suditi Retail Pvt. Ltd. | 10320206 | 108029 | | | | |
| b) | **Purchase of Goods** | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | 995692 | 288169 |
| | 2 | R. Piyarellal Pvt. Ltd. | | | | | 16375361 | - |
| | 3 | Chendur Dress Manufacturers Pvt. Ltd. | | | | | 1161224 | - |
| | 4 | SAA & Suditi Retail Pvt. Ltd. | 6048250 | - | | | | |
| c) | **Payment for Services Received** | | | | | | | |
| | 1 | Black Gold Leasing Pvt. Ltd. | | | | | 19714049 | 9320003 |
| | 2 | R. Piyarellal Pvt. Ltd. | | | | | 985796 | 1780829 |
| | 3 | Chendur Dress Manufacturers Pvt. Ltd. | | | | | 3796324 | - |
| | 4 | Chendur Enterprises | | | | | 552782 | - |
| | 5 | Chendur Inc. | | | | | 546690 | - |
| | 6 | Ve Laxmi Exim LLP | | | | | 712800 | - |
| | 7 | SAA & Suditi Retail Pvt. Ltd. | 38395 | - | | | | |
| | 8 | Mr. Harsh Pawan Agarwal | | | 235713 | - | | |
| d) | **Balance Outstanding as at the year end** | | | | | | | |
| | 1 | BLR Knits Pvt. Ltd. (Receivable) | | | | | - | 207452 |
| | 2 | Intime Knits Pvt. Ltd. (Net Receivable) | | | | | 6576396 | 1940584 |
| | 3 | Intime Knits Pvt. Ltd. (Net Payable) | | | | | 469780 | 628633 |
| | 4 | Black Gold Leasing Pvt. Ltd. (Deposits Receivable) | | | | | 30381466 | 30381466 |
| | 5 | Black Gold Leasing Pvt. Ltd. (Payable) | | | | | 688953 | 985368 |
| | 6 | R. Piyarellal Pvt. Ltd. (Payable) | | | | | 2271478 | 1689360 |
| | 7 | SAA & Suditi Retail Pvt. Ltd. (Receivable) | 4962466 | 701265 | | | | |
| | 8 | Chendur Dress Manufacturers Pvt. Ltd. (Payable) | | | | | 1688573 | - |
| | 9 | Chendur Enterprises (Payable) | | | | | 50413 | - |
| | 10 | Chendur Inc. (Payable) | | | | | 49980 | - |
| | 11 | Ve Laxmi Exim LLP (Payable) | | | | | 64800 | - |

## Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019

**Related parties of Subsidaries**

**Suditi Design Studio Ltd.**

| Description | | | Joint Ventures | | Relatives of KMPs | | Entities in which a director or his/her relative is a member or director | |
|---|---|---|---|---|---|---|---|---|
| | | | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 |
| a) | **Sale of Goods/Related Services** | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | 10284908 | - |
| | 2 | SAA & Suditi Retail Pvt. Ltd. | | | | | 1863156 | - |
| b) | **Purchase of Goods** | | | | | | | |
| | 1 | SAA & Suditi Retail Pvt. Ltd. | | | | | 53760 | - |
| c) | **Payment for Services Received** | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. | | | | | 67947 | - |
| | 2 | R. Piyarellal Pvt. Ltd. | | | | | 1793 | - |
| | 3 | SAA & Suditi Retail Pvt. Ltd. | | | | | 15420 | - |
| d) | **Balance Outstanding as at the year end** | | | | | | | |
| | 1 | Intime Knits Pvt. Ltd. (Net Payable) | | | | | 200860 | - |
| | 2 | Black Gold Leasing Pvt. Ltd. (Payable) | | | | | 19595463 | 35260463 |
| | 3 | SAA & Suditi Retail Pvt. Ltd. (Receivable) | | | | | 977457 | - |

**Suditi Sports Apparel Ltd.**

| Description | | Joint Ventures | | Relatives of KMPs | | Entities in which a director or his/her relative is a member or director | |
|---|---|---|---|---|---|---|---|
| | | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 | For year ended March 2019 | For year ended March 2018 |
| a) | **Sale of Goods/Related Services** | | | | | | |
| | NIL | | | | | | |
| b) | **Purchase of Goods** | | | | | | |
| | NIL | | | | | | |
| c) | **Payment for Services Received** | | | | | | |
| | NIL | | | | | | |
| d) | **Balance Outstanding as at the year end** | | | | | | |
| | NIL | | | | | | |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

**67** Leases

(I) Disclosures for Finance Leases

The company has not entered into any finance lease arrangement during the year.

(II) Disclosures for Operating Leases

Disclosures in respect of Premises taken on lease.

| | | For the year ended 31st March, 2019 Amt. in Rs. | | For the year ended 31st March, 2018 Amt. in Rs. |
|---|---|---|---|---|
| (a) Lease payments recognised in the Statement of Profit and Loss | | 4,586,194 | | 2,590,680 |
| (b) Significant leasing arrangements | | | | |
| The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc. | | | | |
| i) Terms of Leases | | 3 - 9 year | | 3 - 9 year |
| (Renewal of lease terms after first 3 years) | | | | |
| ii) Incremental / Escalation rate after every 3 years term | | 12% - 15% | | 12% - 15% |
| ii) Terms of cancellation | | | | |
| (By issuing notice varying from 1-3 months subject to locking period or on expiry of the term of agreement) | | | | |
| (c) Future minimum lease payments under non cancellable agreements | | | | |
| (i) Not later than one year | | - | | - |
| (ii) Later than one year and not later than five years | | - | | - |
| (iii) Later than five years | - | - | - | - |

**68** **Earnings per Share**

Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. Diluted earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares that have been converted in to equity shares during the year are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion and from the date of conversion, the resulting equity shares are included in computing both basic and diluted earnings per share. Earnings per Share has been computed as under:

| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| Profit for the year (Amt. in Rs.) | 32,774,483 | 28,365,977 |
| Weighted average number of Shares for Basic Earnings per Share | 16,982,023 | 16,763,233 |
| Add: Effect of Dilutive Potential Shares (Share Warrants) | - | - |
| Add: Effect of Dilutive Potential Shares (Employee Stock Options) | 9,600 | 240,890 |
| Add: Effect of Dilutive Fully Convertible Debentures | 0 | 562,500 |
| Weighted average number of Shares for Diluted Earnings per Share | 16,991,623 | 17,566,623 |
| Earnings per Share (Rs. per Equity Share of Rs. 10 each) | | |
| Basic | 1.93 | 1.69 |
| Diluted | 1.93 | 1.69 |

**Summary of significant accounting policies and other explanatory information on the Consolidated Financial Statement for the year ended 31st March, 2019**

| | | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|---|
| | | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. | Amt. in Rs. |
| **69** | **Contingent Liabilities** | | | | |
| (a) | Claims against the company not acknowledged as debts | | | | |
| | (i) Sales tax/ CST / VAT matters | 45,975,503 | | 44,518,890 | |
| | (ii) Excise matters | - | | - | |
| | (iii) Income tax matters | - | | - | |
| | | | **45,975,503** | | **44,518,890** |

Note:

(i) Future cash outflows in respect of (a)(i) above is determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters. Accordingly, no provision in the accounts has been made as management is confident that these matters would be decided in the company's favour.

(ii) The aforesaid amount referred to in (a)(i) above is inclusive of interest and other penalties/levies.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous year Rs. Nil).

**70 Segment Reporting**

The business activities of the Company predominantly fall within a single reportable business segment i.e. manufacture and sale of hosiery fabrics and garments in India. There are no seperately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker.

**71 Events after the reporting date**

No adjusting or significant non-adjusting events have occurred between the reporting date (31st March, 2019) and the report release date (30th May, 2019) except for the proposed dividend as disclosed in Note 17.

**72** The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

Signatures to Notes 1 to 72

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date attached

**For Chaturvedi & Partners**
Chartered Accountants
(Firm Registration No.307068E)

**Khyati Shah**
Partner
(Membership No.117510)
Mumbai, 30th May, 2019

For and on behalf of the Board of Directors

**Pawan Agarwal**
Chairman
DIN: 00808731

**Vivek Gangwal**
Director
DIN: 01079807

**Rajagopal Raja Chinraj**
Executive Director & CEO
DIN: 00158832

**Sanjula Sanghai**
Director
DIN: 00049344

**H.Gopalkrishnan**
Company Secretary
Mumbai, 30th May, 2019

**Manoj Khemka**
Chief Financial Officer

**Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.**

| Name of the entity in the | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| **Parent:** | | | | | | | | |
| Suditi Industries Limited | 102.82% | 375,971,480 | 115.70% | 39,101,987 | 130.41% | (779,106) | 118.58% | 38,322,881 |
| **Subsidiaries:** | | | | | | | | |
| Indian: | | | | | | | | |
| 1. Suditi Sports Apparel Limited | 0.03% | 101,742 | -0.09% | (31,503) | - | - | (0.00) | (31,503) |
| 2. Suditi Design Studio Limited | -0.39% | (1,413,371) | -18.21% | (6156089) | -30.41% | 181,686 | -18.49% | -5,974,403 |
| Foreign: | | | | | | | | |
| Minority Interests in all subsidiaries | 0.00% | 4,103 | -0.22% | (74,971) | - | - | - | - |
| **Associates** | | | | | | | | |
| (Investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| 1. | - | - | - | - | | | | |
| 2. | - | - | - | - | | | | |
| 3. | - | - | - | - | | | | |
| Foreign: | | | | | | | | |
| 1. | - | - | - | - | | | | |
| 2. | - | - | - | - | | | | |
| 3. | - | - | - | - | | | | |
| Joint Ventures | | | | | | | | |
| (as per proportionate consolidation/ investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| 1. SAA & Suditi Retail Pvt. Ltd. | - | - | 0.01 | 457,508 | - | - | - | - |
| 2. | - | - | - | - | | | | |
| 3. | - | - | - | - | | | | |
| Foreign: | | | | | | | | |
| 1. | - | - | - | - | | | | |
| 2. | - | - | - | - | | | | |
| 3. | - | - | - | - | | | | |
| Eliminations | -2.46% | (9,000,000) | 1.48% | 500,000 | | | | |
| | **100.00%** | **365,663,953** | **100.00%** | **33,796,932** | **100.00%** | **(597,420)** | **100.00%** | **32,316,975** |

| | |
|---|---|
| **SUDITI INDUSTRIES LIMITED**<br>**CIN:** L19101MH1991PLC063245<br>**Registered Office:** A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Parel, Mumbai - 400 013.<br>**Factory & Admn. Office:** C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawne Village, Navi Mumbai - 400 703.<br>**Tel:** 67368600/10 **Fax:** 27683465<br>**E-mail:** cs@suditi.in **Website:** www.suditi.in | **Form No.MGT-11**<br>**Proxy Form**<br>[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014] |

Name of the member(s):
Registered address:
Email ID:
Folio No,/Client ID:
DP ID:

I/We, being the member(s) of ______________________ shares of the above name company, hereby appoint:

1. Name ______________________ Address ______________________
   E-mail ID ______________________ Signature ______________________ or falling him
2. Name ______________________ Address ______________________
   E-mail ID ______________________ Signature ______________________ or falling him
3. Name ______________________ Address ______________________
   E-mail ID ______________________ Signature ______________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Eighth Annual General Meeting of the Company, to 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Nos. | Resolutions | Optional | |
|---|---|---|---|
| **Ordinary Business** | | For | Against |
| 1. | Adoption of Financial Statements and Directors' Report for the year ended 31st March, 2019. | | |
| 2. | Approval of dividend on the portion of the Equity Shares held by the public for the year ended 31st March, 2019. | | |
| 3. | Re-appointment of Shri Pawan Agarwal (DIN No: 00808731) as a Director, who retires by rotation and, being eligible, offers himself for re-appointment. | | |
| 4. | To ratify the appointment of M/s. Chaturvedi & Partners, Chartered Accountants as Statutory Auditors and fixing their remuneration. | | |
| **Special Business** | | | |
| 5. | Appointment of Shri Vivek Gangwal (DIN No: 01079807) as an Independent Director. | | |
| 6. | Authorization to the Board to undertake certain Related Party Transactions. | | |

Signed this ______________ day of ______________ 2019

Signature of shareholder(s): ______________ Signature of Proxy holder(s): ______________

Please Affix Revenue Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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## ATTENDANCE SLIP

**SUDITI INDUSTRIES LIMITED**
**CIN:** L19101MH1991PLC063245
**Registered Office:** A-2, Shah & Nahar Indl. Estate,
Unit No.23/26, Lower Parel, Mumbai - 400 013.
**Factory & Admn. Office:** C-253/254, MIDC,
TTC Industrial Area, Turbhe, Pawne Village,
Navi Mumbai - 400 703.
**Tel:** 67368600/10 **Fax:** 27683465
**E-mail:** cs@suditi.in **Website:** www.suditi.in

Name of the Shareholder/Proxy: ______________________

Registered address: ______________________

Email ID: ______________________

Folio No,/Client ID: ______________________ DP ID: ______________________

I hereby record my presence at the Twenty Eighth Annual General Meeting held at Walchand Hirachand Hall, 4th Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 on Monday the 30th September 2019 at 3.30 p.m.

______________________
Signature of the Shareholder/Proxy

**Note:** Please complete this Attendance Slip and hand it over at the Entrance of the Meeting Hall. Shareholders may kindly note that no Gift will be distributed at the AGM.

**ROUTE MAP TO VENUE OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF SUDITI INDUSTRIES LIMITED**

| | | |
|---|---|---|
| **VENUE** | : | WALCHAND HIRACHAND HALL, 4TH FLOOR, LALJI NARANJI MEMORIAL INDIAN MERCHANTS' CHAMBER BUILDING TRUST (IMC BLDG.), CHURCHGATE, MUMBAI - 400 020. |
| **DATE** | : | 30TH SEPTEMBER, 2019 |
| **DAY& TIME** | : | MONDAY, 3.30 P.M. |
| **LAND MARK** | : | NEAR CHURCHGATE STATION (WEST SIDE) |

# KYC FORM

To
**Sharex Dynamic (India) Pvt. Ltd.**
C 101, 247 Park, LBS Magr, Vikhroli (West),
Mumai - 400 083.
Unit: **Suditi Industries Limited**

Date:
Folio No:
No. of Equity Shares:

Dear Sir/Madam,

We refer to the current KYC status as provided by you in the below table:

| Name of the shareholder (s) | PAN | Bank details | Specimen Signature | Email ID | Mobile No. | Nominee Details |
|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Based on the above data, we are forwarding herewith the required supporting documents by ticking in the appropriate checkbox below for all the fields where the status is shown as 'Required' in the above table.

A For registering PAN of the Registered and/or joint shareholders (as applicable)

☐ Registered shareholder ☐ Joint holder 1 ☐ Joint holder 2 ☐ Joint holder 3 (self-attested copy for all shareholders attached)

B For registering Bank details of the Registered shareholder

☐ Aadhar/Passport/utility bill ☐ Original cancelled cheque leaf ☐ Bank Passbook/Bank Statement

C For registering the Specimen Signature of Registered and/or joint shareholders (as applicable)

☐ Affidavit ☐ Banker verification ☐ Original cancelled cheque leaf ☐ Bank Passbook/Bank Statement (for all shareholders attached)

D For Updating email id: ____________________________________

E Mobile No: ☐☐☐☐☐☐☐☐☐☐

F For registering the Nominee details by the Registered shareholder
Form SH-13 (Nomination registration form attached)

**Note:-** For residents of Sikkim instead of PAN provide Aadhar Card/Voters Card/Driving License/Passport or any other identity proof issued by Govt.

I/We hereby state that the above mentioned details are true and correct and we consent towards updating the particulars based on the self-attested copies of the documents enclosed with this letter by attesting my/our signature(s) to it.

Sign:_________________ Sign:_________________ Sign:_________________ Sign: _________________
Registered holder Joint holder 1 Joint holder 2 Joint holder 3

## NOTES

BOOK POST

BRANDS

Riot indianink NUSH

(Joint Venture )

If undelivered please return to:

**SUDITI INDUSTRIES LTD.**

Factory & Admin Office : C-3 B, MIDC, T.T.C. Industrial Area
Pawne Village, Behind Savita Chemicals
Navi Mumbai 400 705.
Tel.: +91 22 67368600/10
Email : admin@suditi.in  Website : www.suditi.in