

DIRECTORS' REPORT

To,
 The Members,
 Your Directors have pleasure in presenting their 37th Annual Report on the business and operations of the Company and Audited Statement of Accounts for the year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS

The Board's Report is prepared based on the stand alone financial statements of the Company.

(Rs. in Lakhs)

Sr No.	Particulars	2018-19	2017 - 18
1.	i. Net Sales/ Income	1905.81	1930.59
	ii. Other Income	45.89	31.90
	Total	1951.70	1962.49
2.	Total Expenditure		
	i) Cost of material consumed	791.62	656.80
	ii) Purchase of stock	222.49	570.90
	iii) Changes in inventories	(44.50)	(78.41)
	iv) Employee benefit Expenses	94.27	87.20
	v) Financial cost	24.61	21.91
	vi) Depreciation & Amortization Expense	41.75	47.26
	vii) Other Expenditure	476.11	384.04
	Total	1606.36	1689.70
3.	Profit Before Tax	345.34	272.78
4.	Provision for taxation		
	i) Current Tax	(92.40)	(81.12)
	ii) Deferred Tax	(0.57)	14.32
	iii) Earlier years Tax	-	-
5.	Profit After Tax	252.37	205.98
6.	Other Comprehensive Income	(20.56)	(3.68)
7.	Amount Available for Appropriation	231.81	202.30
8.	Appropriations:		
	Proposed Dividend	(77.00)	(70.00)
	Dividend Distribution Tax	(0.14)	(14.25)
	Transferred to General Reserve	(153.76)	(115.00)
9.	Balance carried to Balance Sheet	5.67	4.76
10.	Basic and diluted EPS	0.33	0.29

2. DIVIDEND

We are pleased to inform that the Board of Directors has recommended dividend of Re. 0.11 per equity share of Re. 1/- each (i.e. 11 % of face value) aggregating Rs. 77,00,000 (excluding dividend distribution tax as applicable) for the year ended on 31st March, 2019.

3. RESERVES

The Board of Directors has decided to transfer Rs. 25,500,000 to the General reserve.

4. OPERATIONS

During the period under review the profit after tax (PAT) stood at Rs. 252.36 Lakhs (Previous Year Rs. 205.98 Lakhs), there is an

increase of 22.52% as compared to the last financial year. The performance for the coming year is expected to improve upon, from the last year if right macroeconomic indicators are achieved in the future.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state that—

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The Directors had 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;
- The Directors had prepared the annual accounts on a going concern basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Report in form MGT-9, as required under Section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, are included in this Report as **Annexure-I** and forms an integral part of this report.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto is disclosed in Form No. AOC-2 as Annexure II.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENTS/ RESIGNATIONS DURING THE YEAR : NIL

9. PARTICULARS OF EMPLOYEES

- The information required pursuant to Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure III to the Directors Report.

- Particulars of employees drawing remuneration in excess of limits prescribed under Section 134 (3)(q) read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

There are no employees drawing remuneration exceeding Rupees One crore and two Lakhs per annum if employed throughout the financial year or Rupees Eight Lakh and Fifty Thousand per month if employed for part of the financial year or draws remuneration in excess of Managing Director or Whole time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

- The Details of Top 10 employees together with remuneration drawn by them is annexed as Annexure III to the Directors Report

10. NUMBER OF MEETINGS OF BOARD

Sr. No	Particulars	No. of meetings held
1.	Board Meetings	Four
2.	Audit Committee meetings	Four
3.	Independent Directors Meeting	One

11. FORMAL ANNUAL EVALUATION

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and working of its Committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, its structure and composition, establishment and delegation of responsibilities to various Committees. Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management of the Company. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. 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 Board as a whole.

12. DECLARATION BY INDEPENDENT DIRECTORS

Declarations by the Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been received by the Company.

13. REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of directors, Key Managerial Personnel and Senior Management of the Company. The said policy is also uploaded on the website of the Company; i.e. www.swastivinayaka.com

14. STATUTORY AUDITORS

At the Annual General Meeting held on September 26, 2015, M/s. Sanjay Raja Jain & Co., Chartered Accountants, (FRN 120132W), Mumbai, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2020.

In accordance with Companies (Amendment) Act 2017, the provision with regard to ratification of appointment of Auditors at every Annual General Meeting prescribed under the first proviso to sub-section (1) of section 139 of the Companies Act, 2013 is omitted from the financial year 2018-19 onwards.

The report given by the Auditors on the financial statements of the Company is a part of the Annual Report.

The Auditors have not expressed a qualified opinion in their Audit Report for Financial Year ended 31st March, 2019

15. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s. Sandeep Dar and Co., Practicing Company Secretaries have been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as **Annexure IV** to this report. The report is self-explanatory and Company has initiated steps to comply with various non-compliances as per the provisions of various statute mentioned under the Secretarial Audit Report.

16. COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SECTION 148 (1) OF COMPANIES ACT, 2013 :

Your Company Confirms that maintenance of Cost Records as specified by Central Government under Section 148(1) of Companies Act, 2013 is not applicable to your Company.

17. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company www.swastivinayaka.com.

18. COMPOSITION OF AUDIT COMMITTEE

Composition of Audit Committee is required under section 177 (8) of the Companies Act, 2013.

The Composition of Audit Committee is as follows:

- Mr. Sanjiv Rungta - Chairman
- Mr. Rakesh Garodia - Member
- Mr. Dinesh Poddar - Member

19. SIGNIFICANT MATERIAL CHANGES

There were no material changes and commitments, which adversely affects 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.

20. RISK MANAGEMENT

The Company is periodically reviewing its risk management perception taking into account overall business environment affecting/ threatening the existence of the Company. Presently, board is of the opinion that such existence of risk is minimal.

21. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal –financial controls are adequate and operating effectively. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

22. DEPOSITS

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 and 76 of Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, the Company has neither given any loan nor provided any guarantees which are governed by the provisions of Section 186 of the Companies Act, 2013. However the Company has invested the funds amounted to Rs. 1.56 crore during the year under review.

24. MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

II. OPPORTUNITIES AND THREATS

India has an abundant availability of raw materials such as cotton, wool, silk, jute etc. It also enjoys a comparative advantage in terms

of skilled man power and in cost of production. 100 per cent FDI (automatic route) is allowed in the Indian Textile Sector. To boost exports, Free Trade with ASEAN is allowed. Huge Investment are being made by Government under Scheme for Integrated Textile Parks (SITP) and Technology Upgradation Fund (TUF) Scheme to encourage more private equity and to train work force.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

To overcome various challenges and a highly competitive business environment, we have taken various initiatives for the development of value added products, to reduce operational costs, exploring new markets and to achieve better margins. However, we will continue to endeavor to increase our exports and we are hopeful of doing so.

IV. OUTLOOK

In order to satisfy the taste of customers in future and focus on cost optimization, we expect the outlook to be satisfactory. Our focus remains on value added products and new product development to cater to the niche segment of the market.

V. RISKS AND CONCERNS

The cotton prices have increased and to a certain extent, the increase has been absorbed in yarn sales. But, due to lower demand, the prices have not increased in finished fabrics, made-ups and garments, which is a matter of concern.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The existing internal controls are adequate and commensurate with the nature, size, complexity of the Business and its Processes. During the year the Company has laid down the framework for ensuring adequate internal controls and to ensure its effectiveness, necessary steps were taken by the Company.

VII. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your Company's total textile sales registered a growth, resulting in revenue from operations being Rs.1905.81 Lakhs for the financial year ended on March 31, 2019 as against Rs. 1930.59 Lakhs in Previous year and Profit after Tax was recorded at Rs. 252.37 Lakhs in the current year as against Rs. 205.98 Lakhs in the previous year.

25. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace as required under the Act.

The following is a summary of sexual harassment complaint received or disposed of during the year 2018-19.

- No. of Complaint received: NIL
- No. of Complaint disposed off: NIL.

Further the Company has constituted the Internal Complaints Committee under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the composition of Committee is as follows:

Sr. No.	Name of Member	Position held in IC Committee
1.	Sneha Samel	Presiding Officer
2.	Ujjwala P. Raut	Member
3.	Bhupen Lohia	Member
4.	Rajesh Raut	Member

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF COMPANIES (ACCOUNTS) RULES, 2014

A) CONSERVATION OF ENERGY:

- The steps taken or impact on conservation of energy** - Energy conservation continues to receive priority attention at all levels by regular monitoring of all equipments and devices which consume electricity.
- The steps taken by the company for utilizing alternate sources of energy** - Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- The capital investment on energy conservation equipments** - Since Company is having adequate equipment, no capital investment on energy conservation equipments is made during the year.

B) TECHNOLOGY ABSORPTION:

- The efforts made towards technology absorption** - Not Applicable
- The benefits derived like product improvement, cost reduction, product development or import substitution** - Not Applicable
- In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year)** - Not Applicable.
 - The details of technology imported** - Not Applicable
 - The year of import** - Not Applicable
 - Whether the technology been fully absorbed** - Not Applicable
 - If not fully absorbed, areas where absorption has not taken place and the reasons thereof** - Not Applicable
- The expenditure incurred on Research and Development** - At present the Company does not have separate division for carrying out research and development work. No expenditure has therefore been earmarked for this activity.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and foreign exchange outgo amounted to Rs. 383.16 Lakhs during the year under review.

27. 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

No significant or material orders were passed by the regulators or courts or Tribunals which impact the going concern status and Company's operations in future.

28. SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI) :

The Company has complied with Secretarial Standard Issued by Institute of Company Secretaries of India (ICSI).

29. ACKNOWLEDGEMENT

We record our gratitude to the Banks and others for their assistance and co-operation during the year. We also wish to place on record our appreciation for the dedicated services of the employees of the Company. We are equally thankful to our esteemed investors for their co-operation extended to and confidence reposed in the management.

Registered Office:
J- 15, M.I.D.C., Tarapur,
Boisar, Dist. Palghar,
Maharashtra – 401506.

By Order of the Board
Swasti Vinayaka Synthetics Limited

Date: 26th July, 2019
Place: Mumbai

Rajesh Poddar
(DIN: 00164011)
Chairman & Managing Director