



## NOTICE FOR THE TWENTY SECOND ANNUAL GENERAL MEETING:

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Friday the 6th September, 2013, at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Laji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account of the Company for the year ended 31st March, 2013 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. A. Indusekhar Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. Sushil Kumar Kasliwal who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on the portion of the Equity Shares held by the public for the year ended 31st March, 2013.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors  
For **SUDITI INDUSTRIES LIMITED**  
H. Gopalkrishnan  
Company Secretary & V.P. Finance

Place : Mumbai  
Dated : 29/05/2013

### 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 2012-13, the Board has recommended a dividend at the rate of Rs.0.50 per Equity Share of the company, exclusively on the portion of the equity capital held by the public as on 31<sup>st</sup> March 2013.
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.

3. The relevant details in respect of Item No.2 & 3 pursuant to clause 49 of the Listing agreements with the Stock Exchanges are annexed hereto.
4. The Register of members and the Share Transfer Books of the Company will remain closed from Saturday the 31st August, 2013, to Friday the 6th September, 2013 (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 Clause 49 of the Listing Agreement)

Name of Director	Shri A. Indu Sekhar Rao	Shri Sushil kumar kasliwal
Date of Birth	05.10.1931	24.08.1950
Date of Appointment	26.04.1996	16.06.2003
Expertise in specific Functional areas	Shri A.I.S. Rao has a wide range of experience in Textile Industry and occupied various positions in different organizations. He has served Government of India as Joint Textile Commissioner. Further, he had also served as Director (P&D) in the textile Commissioner's Office. Apart from this, he had also worked as head of the textile technology division of SASMIRA. During the tenure of professional life, he had also served Finlay Group of Mills in various positions.	Shri S.S.Kasliwal has a wide range of experience in the textile industry span over a period of more than 2 decades particularly in the field of processing, dyeing, and finishing of manmade fabrics.
Qualifications	a) Bachelor of Textiles (B. Text) from Bombay University. b) Master of Textiles (M. Text) from Bombay University. c) Graduate in Industrial Management (M.I.M) from B.I.M. London. d) S.Q.C. & N.P.C. short term courses. e) Fellow of Institution of Engineers India (F.I.E.)	Technically qualified with a Diploma in Man Made Textile Chemistry (DMTC)
Directorships held in other companies (Excluding Foreign Companies)	NIL	NIL
Committee position held in other companies	NIL	NIL
No. of Shares held	NIL	NIL

## Twenty-Second Annual Report 2012 - 2013

### DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date.

### Financial Results: (Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2013	Previous Year Ended 31.03.2012
Export Sales	28.66	32.57
Local Sales	5352.07	4168.17
Other Income	21.44	64.92
Profit before Interest and Depreciation	294.46	235.95
Finance Cost	123.85	77.66
Profit after Finance Cost	170.61	158.29
Depreciation	99.00	77.98
Profit / (Loss) before Tax	71.61	80.31
Provision for Tax	13.52	14.96
Profit / (Loss) after Tax before extra ordinary items	58.09	65.35
Extra Ordinary Items (Net)	-	-
Net Profit	58.09	65.35
Add: Brought forward from the previous year	745.75	729.91
Transfer to General Reserve	-	-
Amount available for appropriation	803.84	795.26
Proposed Dividend	20.57	42.60
Tax on Proposed Dividend	3.34	6.91
Balance carried to Balance Sheet	779.93	745.75

### Dividend:

Considering the need to maintain a balanced approach towards the growth of the company and the aspirations of the stakeholders, the promoters have in writing waived their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2012-13. In view of this, the Board is pleased to recommend a dividend for the year under review at the rate of Rs.0.50 per Equity Share on the paid up share capital of the company as on 31<sup>st</sup> March 2013, only on the portion of the equity capital held by the public.

### Operations:

The company has registered substantial improvement in the overall performance during the year under review in comparison to previous year. The company has achieved an increase of over 28% in the sales figures in comparison to previous year. However the growth in the sales is lower than anticipated due to lower than projected sales recorded by the retail division. In view of this the company had to absorb the loss generated by the Retail business activities which ultimately affected the overall profit recorded by the company.

The economic conditions in the country and across the globe continue to remain a matter of concern for the industry. Because of economic crisis in many parts of Europe, the demand for the consumer goods remain subdued. In the domestic market the situation has started deteriorating and the optimism prevailed in the last few years have started receding in the current year as the country registered economic growth much below the projected level. However the situation has still not slipped out of control and the country is expected to do much better in the current fiscal year. The company is anticipating a positive development in the demand for garments and fabrics with better price structure.

The company continues to expand the Retail business by adding new outlets through Large Format Stores (LFS) like Reliance/Lifestyle etc. In addition to these outlets, the company has opened some exclusive outlets in various cities on its own or through franchisees. The company proposes to add some more counters in the LFS formats and an additional at least 15 exclusive retail outlets in different parts of the country. The "Riot" brand name taken by the company would be now fully acquired and used exclusively by the company for its Retail business activities. Apart from this the company is also taking some immediate measures to streamline the activities of the Buying agency division to expand the scope of business for the company. Further regarding the pending EPCG License matter, the company is actively following up the matter with DGFT office to resolve the issue at the earliest.

### Export Sales:

The market conditions continued to remain depressed for clothing and other apparels in the European market and other parts of the world. Therefore the company during the year under review focused maximum in the local market. Hence there were no significant exports of garments and fabrics during the year under review. However the company made some efforts in the neighboring countries like Sri Lanka, Bangladesh to explore the possibilities of regular supply of fabrics to the garment manufacturers of these countries. The company was able to make some progress which resulted in the supply of some consignments to Bangladesh. The company is now taking some effective measures to ensure regular supply of finished fabrics to garment manufacturers of Bangladesh and Sri Lanka. Apart from this the company has now made some preliminary studies to assess the possibility of arranging the supply of garments through countries like Myanmar. The various options and possibilities are now assessed and a detailed critical review would be made of all these alternatives before taking any final decision. Further the company is observing some noticeable changes in the global market because of some recovery in the US economy. The company has now initiated some actions to start the exports business particularly in these markets as these markets offer potential for supply of garments in huge volume. Ultimately the company intends to supply at least 50% of its capacity in the overseas markets to ensure the sales of more value added garments and apparels. Alongside the company is actively pursuing its efforts to align with some big reputed brands in the overseas market to ensure the export in large volume.

The company continues to maintain the market development programme by taking active participation in various international Fairs/exhibitions to demonstrate the capacity to manufacture quality fabrics and garments. This has been followed with the objective of identifying some new potential customers as well as developing new markets in these regions. As the global markets are now slowly opening up for Indian textile goods in terms of better unit value realization and volume, the company has added various products like printed garments and fabrics to attract high end customers. This will help the company to get better rates and attractive margins to undertake volume based business on regular basis. In view of these, the company has drawn up plans to increase its exports business in sizable volume in the future.

### FIFA 2014 (Foot Ball World Cup - Brazil):

As a part of expansion of the Retail business activities, the company is undertaking a major market development programme from 2014. To meet this objective the company has taken the license rights for India - For apparels for FIFA 2014 (Football World Cup in Brazil). This will provide a great opportunity for the company to establish the brand name in the market and boost the sale of garments in the domestic market.

### Expansion:

As a part of the expansion cum modernization plan, the company



has now completed the execution of the printing project at the existing factory unit at Navi Mumbai. The company has started the commercial production during the year under review and this is expected to give better product range in printing varieties with value addition to enhance the profitability of the existing processing unit. Apart from this the second garment unit at Bhiwandi has also started commercial production during the year under review. The production is expected to be stabilized during the current year. As per the a detailed plan of capital expenditure drawn for the next two years which includes expansion of Retail business activities, and construction/acquisition of new administrative block to centralize all administrative and back office operations, the company has achieved significant progress in the implementation of this plan during the year under review.

**Rights Issue:**

During the year under review the company issued shares to the existing shareholders on rights basis. The issue was opened for subscription on 20th. September 2012 and closed on 4th October 2012. Further the company has completed all the formalities and procedures related to the Rights issue of shares and filed necessary application with Securities and Exchange Board of India (SEBI) for issue of No Objection Certificate for the release of Security deposit kept with the Bombay Stock Exchange Ltd. After the Right Issue the paid up capital of the company has increased from Rs.852 lakhs to Rs.1667.43 lakhs. The proceeds received from the Rights issue are spent on the projects envisaged in the offer document and the surplus funds which is yet to be spent on the specified capital expenditure are deployed towards the working capital needs of the company as stated in the offer document. These funds will be utilized as and when the need for the capital expenditure arises.

**Industrial Relations:**

Industrial relations with the employees at the Company's plant at MIDC, TTC Industrial Area, Pawne Village, Navi Mumbai and Bhiwandi as well in the other locations continue to remain healthy and cordial.

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

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

Granted		Accepted		Rejected	
No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)
48	278700	18	219500	30	59200

The vesting of the options to each and every employee who have accepted the options shall take place during March/ April 2014.

**Personnel:**

The statement showing the requisite information in compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 is not furnished herewith, as there are no employees covered by that section.

**Deposits:**

The Company has not accepted any deposits within the meaning of Section 58A of Companies Act, 1956 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 217 (1) (e) of the Companies Act, 1956 is given in the Annexure forming part of this report.

**Directors:**

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri. Sushil kumar Kasliwal and Shri. Indusekhar Rao Directors, would retire by rotation, and being eligible, offers themselves for re-appointment.

**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 or loss of the Company for that period;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the annual accounts on a 'going concern' basis.

**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 Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

**Cost Audit:**

The Company has appointed M/s. Talati & Associates (Prof.V.J.Talati - Reg.No. M-2203), Cost Accountants as the Cost Auditor to audit the cost records maintained by the Company for the year 2012-13. This is as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company.

**Auditors:**

M/s. Chaturvedi & Co, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**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 contribution towards the operations of the Company.

For and on behalf of the Board of Directors

Place : Mumbai **PAWAN AGARWAL**  
Date : 29.05.2013 CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE I**

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March 2013.

**A) Conservation of Energy:**

- a) Energy Conservation measures taken: -

Energy conservation is very important and crucial for the development of the country. The company attaches significant importance to all the energy conservation measures. Timely review and evaluation of all energy conservation measures are made to ensure that systems and methods followed are very effective. The Company

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takes all the necessary steps to understand and adopt the latest developments in the field of energy conservation activities. The company has created awareness among all the departments and sections of the employees working in the organization, to ensure that energy resources are utilized in a more appropriate and economical way.

Some of the important energy conservation measures implemented/developed during the year under review by the Company are listed below:

- 1) The company has continued the installation of Auto dosing controllers on other specified dyeing machines also to reduce the process time considerably, thereby enabling the company to save energy.
  - 2) The company ensures that there is proper balance and synergy in the process quantity and capacity of the machines. The objective is to avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
  - 3) The energy consumption pattern of each and every important machine related to production is recorded to study, monitor and control the usage as well as to develop a proper program to reduce energy consumption on a sustainable basis.
  - 4) In addition to this, there is proper adherence to preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal has helped the Company to regulate the usage of energy in a more economical way thereby reducing the wastage significantly.
- b) Additional Investment and proposals being implemented for reduction in the Consumption of energy: -
- 1) There is a plan to install the programmable logic controllers on all the remaining machines to cut down energy consumption and wastage.
  - 2) Replacement of high-energy consumption equipments with energy saver equipments are made whenever any fresh investment on machinery is approved.
- c) Impact of measures taken at a) & b) above for reduction of energy consumption and Consequent impact on the cost of production of goods: -
- 1) Significant reduction in the wastage of energy resources and better utilization of energy resources thereby achieving economy in the cost of operations.
  - 2) The company is able to economize the cost of production, improve quality standards and productivity. Further, these measures also help the Company to maintain competitiveness both in the domestic and International market.

### B) Technology Absorption:

#### a) Research & Development:

1. Specific area in which R&D is carried out by the Company:
  - a) Efforts are made to develop better recipe with the objective of economizing the cost of production as well as to ensure improved finishing and feel of the fabric.
  - b) Company is actively involved in the development of new products and product ranges which are more of import substitutes with added features.
2. Benefits derived as a result of the above R&D:
  - a) Supports the company's efforts to remain competitive in terms of cost and quality in the market. The Company is able to establish reputation in the market for strict quality standards with wide product range.
3. Future Plan of Action:
  - a) The Company intends to develop some specific new products and product ranges exclusively designed for some specified uses.
  - b) The Company continuously monitors various

developments in the industry and accordingly carries out the R&D activities particularly in the utilization of input materials, better processing methods, and reduction in wastage levels as well as to comply with all environmental regulations.

#### Expenditure on R&D (Rs. in lakhs)

The company usually carries out all the R&D activities side by side with the normal production activities. Hence, the aggregate expenditure in R&D both in the nature of capital and revenue is not very significant.

#### b) Technology absorption, adoption, & innovation

No major developments are recorded in the company during the year in respect of technology absorption, adoption or innovation. However the Company continues to keep a close watch on all significant technological development and initiates necessary action wherever the need arises for the same. As a matter of policy, the existing units are always upgraded with latest superior technology machineries. The company also promotes any study intended to develop new combination of chemicals, colors, etc. in collaboration with vendors. To remain competitive in the industry, the Company needs to upgrade regularly its quality standards, processing techniques etc. as per the changing needs and trends in the global market. The Company closely monitors the developments in these areas and timely induction/absorption of these technologies are made to maintain the competitive strength in the market.

Regarding the imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the same are not applicable.

#### C) Foreign Exchange Earnings and Outgo: -

The figure of earnings and expenditure in foreign currency during the period under report are as under:

Particulars	(Rs. in Lakhs)	
	Current Year (2012-13)	Previous Year (2011-12)
Total Foreign Exchange used	14.03	16.05
Total Foreign Exchange earned (FOB Value)	28.67	32.14

#### Form - A (See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

#### A) Power and Fuel Consumption: -

	Current Year (2012-13)	Previous Year (2011-12)
<b>1. Electricity</b>		
Units (KWH)	3958818	365235
Total Amount (Rs.)	27551540	22399117
Average Rate	6.96	6.13
<b>2. Diesel Oil</b>		
Quantity (Lt.)	21845	30613
Total Amount (Rs.)	1081121	1356431
Average Rate (Rs./Lt.)	49.49	44.31
<b>3. Steam Coal</b>		
Quantity (Kgs)	5256253	5594185
Total Amount (Rs.)	29068665	30554399
Average Rate (Rs. /Kgs.)	5.53	5.46

#### B) Consumption per unit production:

Electricity (Unit/Kg.)	1.17	1.20
Diesel Oil (Lt. /Kg.)	0.006	0.010
Steam Coal (Kg/Kg)	1.55	1.84

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 29.05.2013

**PAWAN AGARWAL**  
CHAIRMAN & MANAGING DIRECTOR



**Corporate Governance:**

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

Based on the norms laid down by the Board the company strictly adhere and practice the corporate governance policies and procedures within the overall framework of rules and regulations. The company strives hard to follow the best ethical, professional, and legal standards in all the transactions. The standard of business conduct are based on the commitment made by the management to follow fair transparent, honest and equitable business practices, respect the confidentiality entrusted, obey the law of land and rules, honest and accurate reporting to stakeholders. The Company always emphasizes the importance of best Board practices, transparent disclosures, and Shareholders empowerment for creating Shareholders wealth.

**Board of Directors:**

The Company has constituted the Board after considering the various provisions of the Companies Act including amendments from time to time and the listing requirement of the Bombay Stock Exchange Ltd. The details of the same 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.

**Composition of Board of Directors:**

The Board consists of a combination of Executive and Non-Executive Directors as well as Independent Directors with necessary expertise from different fields.

Name of Directors	Executive or Non-Executive	Independent	Total No. of Directorships (including SIL)	No. of other Outside Committee Membership	No. of other Outside Committee Chairperson
Pawan Agarwal	Executive	No	1	--	--
A.Indusekhar Rao	Non-Executive	Yes	1	--	--
Vivek Gangwal	Non-Executive	Yes	1	--	--
Sushilkumar Kasliwal	Non-Executive	Yes	1	--	--

**Note:** Number of Directorship/Memberships held in other companies excludes Directorships/Memberships in Private Limited Companies, Foreign Companies, companies under section 25 of the Companies Act, 1956, membership of managing committees of various chambers/bodies and alternate Directorships.

**Responsibilities and role of Independent Directors:**

The Board takes responsibility for wide range of activities including those laid down by various statutes & provisions with a greater emphasis on providing strategic direction to the Company towards achieving its goal. The Independent directors make significant contribution in the implementation of Corporate Governance policies and practices. They take active part in the deliberations and play important role particularly in the functioning of various committees as they enrich the Board with their vast experience and knowledge.

**Board Meetings:**

The Board Meetings are usually held once in every quarter to review the quarterly results and 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 and also in accordance with the regulations of Clause 49 of Listing Agreement. The Board is apprised and informed of all important matters relating to the business of the Company including those listed in Annexure-1A of clause 49 of the listing agreement. 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.

Six Board Meetings were held during the year from 1st April 2012 to 31st March 2013, i.e. on 29th May 2012, 13th July, 2012, 10th August, 2012, 16th October, 2012, 7th November, 2012, & 7th February 2013. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Pawan Agarwal	6	Yes
Shri A.Indu Sekhar Rao	6	No
Shri Sushilkumar Kasliwal	2	Yes
Shri Vivek Gangwal	6	Yes

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

During the year under review, no new Director has been inducted to the Board. Shri. A.Indusekhar Rao and Shri. Sushilkumar Kasliwal, Directors of the Company retires by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

**Board Committee:**

Currently the Board has constituted the following Committees Viz., Audit Committee, Shareholders Grievances Committee, Remuneration Committee and Compensation committee 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.

**Audit Committee:**

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri A. Indu Sekhar Rao and Shri Pawan Agarwal.

- \* Shri. Vivek Gangwal is a Chartered Accountant and an expert in Investment and Securities market operations.
- \* Shri. A.Indu Sekhar Rao is qualified technocrat and expert in Textile Industry.
- \* Shri. Pawan Agarwal is a Commerce Graduate with marketing and commercial expertise in Garment manufacturing and exports

The members of the committee are professionals and also financially literate within the meaning of Sub-clause (ii) explanation 1 of clause 49 II (A) of the listing Agreement. The terms of reference of the Audit Committee cover the matters specified in respect of such committee under clause 49 of the Listing Agreement, as amended from time to time and Section 292A of the Companies Act, 1956.

**Brief Description and terms of reference:**

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommending to the Board, the appointment, re-appointment, and if required, the re-placement or removal of the statutory auditor and the fixation of audit fees;
- 3) Approval of payments to the statutory auditors for any other services rendered by them;
- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
  - b) Significant changes, if any, in accounting policies and practices and reasons for the same;

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- c) Major accounting entries involving estimates based on the exercise of judgments by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft Audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - 5A) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.). The statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - 6) Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems;
  - 7) Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;
  - 8) Discussion with Internal Auditors, Cost Auditors etc., any significant findings and follow up thereon;
  - 9) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - 10) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - 11) To look into the reasons for any substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
  - 12) To review the functioning of the Whistle Blower mechanism, in case the same is existing;
  - 13) Approval of appointment of CFO (i.e., Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc of the candidate;
  - 14) Undertake any other function as is mentioned in the terms of reference of the Audit Committee.

### The Audit Committee also analyses and reviews the following information:

1. Management discussion and analysis Report of financial condition and results of operations;
2. Detailed statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/ letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit reports/Cost Audit observations relating to internal control weaknesses;
5. The appointment, removal and terms of reference of the chief internal auditor/internal audit firm shall be subject to review by the committee.

Audit Committee meetings are regularly attended by Statutory Auditor, Cost 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	No. of Meetings Attended
Shri Vivek Gangwal	4
Shri Indu Sekhar Rao	4
Shri Pawan Agarwal	4

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 21st. Annual General Meeting held on 14th. September 2012.

### Remuneration Committee:

Remuneration committee is constituted with 3 members of the Board. Shri. A.Indu Sekhar Rao is the Chairman of the committee while the other members of the committee are Shri. Vivek Gangwal and Shri. Sushilkumar Kasliwal. The Remuneration Committee reviews and recommends compensation payable to the Executive/ Managing Director. Further the Committee also review the overall compensation structure and policies of the Company including the incentive schemes payable to all the Senior Management personnel with a view to attract, retain and motivate employees. The Committee also ensures that the compensation payable to the Senior Management personnel are consistent, fair and transparent in motivating and rewarding employees appropriately according to their job, role size, performances, contribution, skill and competence. Further the company has also set up a Compensation Committee to administer the SUDITI ESOP PLAN 2011. The Remuneration Committee and Compensation Committee are constituted with the same 3 Directors as its members with Shri. A.Indu Sekhar Rao as the Chairman. The committee has met once during the year under review to finalize the scheme of granting options to employee covered under SUDITI ESOP PLAN 2011.

During the year under review the committee met once in April 2012. The Committee had reviewed the elements of remuneration payable to the Managing Director and suggested to revise the same from the 2012-13 in view of expansion and enhanced business activities.

Name	Attended the Meeting	Status
Shri A. Indu Sekhar Rao	Yes	Chairman
Shri Vivek Gangwal	Yes	Member
Shri Sushilkumar Kasliwal	Yes	Member

### Remuneration Policy:

The compensation policy followed in the company are regularly reviewed with the objective of ensuring that the compensation levels of the Company are in line with industry standards followed in the area. The compensation policy of the company provides for 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 to the Directors during the financial year ended 31st March 2013:

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Pawan Agarwal	1500000	89305	-	-	1589305
2. A.Indu Sekhar Rao	-	-	9000	4500	13500
3. Vivek Gangwal	-	-	9000	4500	13500
4. Sushilkumar Kasliwal	-	-	3000	1000	4000



**Shareholders/Investors Grievance Committee:**

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Indusekhar Rao. The other members are Shri Pawan Agarwal and Shri Vivek Gangwal. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also monitors redressal of Shareholders grievance relating to transfer of shares, non-receipt of Annual Report, dividend etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services. The committee ensures that all transfer/transmission/split/consolidation etc are promptly attended and completed within the stipulated time period.

During the year under review, the committee met 23 times and the details are given below.

Name	No. of Meetings attended During the year	Attended all the Meeting
Shri A.Indu Sekhar Rao	23	Yes
Shri Vivek Gangwal	23	Yes
Shri Anand Agarwal	23	Yes

The Committee also reviews the performance of R&T Agents periodically, which includes 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. Details of Shareholders complaints, compliance officer etc. are separately indicated in the Shareholders information attached herewith and forms part of this report.

**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
21 <sup>st</sup>	2011-12	September 14, 2012 at 4.00 p.m.	Walchand Hirachand Hall, 4th. floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
20 <sup>th</sup>	2010-11	September 02, 2011 at 4.00 p.m.	Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
19 <sup>th</sup>	2009-10	September 03, 2010 at 4.00 p.m.	

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

There was one resolution under special business passed as ordinary resolution in the twenty first and Nineteenth Annual General meeting respectively. Further there was one Special Resolution passed in the 20th Annual General Meeting. Except these resolutions, no other Special Resolutions were passed at the last three Annual General Meetings.

c) Passing of Special Resolutions by Postal Ballot:

There were no Extra Ordinary General Meetings 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:**

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:**

In general there is a proper and regular 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 used as the important means of communications with the Shareholders. Further, Company and its R&T Agents promptly respond to the shareholder's request for any information or enquiry. Annual General Meeting is the principal forum for direct interaction with the Shareholders. The Company attaches significant importance to the role played by Shareholders and therefore promotes 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 and book closures are also published in the newspapers as per the listing requirement. The Annual report contains general shareholder information including inter-alia, shareholding pattern, distribution of shareholding, and information about the share prices during the year at the Bombay Stock Exchange, in accordance with the provisions of the listing agreements. The quarterly and Annual Results etc. are also available in the Company's website.

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 22nd AGM are provided as an annexure to the notice convening the said AGM.

**Disclosures:**

1) Related Party Transaction:

There are no materially significant transactions entered during the year under review by the company, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or their relatives etc. other than the transactions entered into the normal course of business. The necessary disclosures are received from 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 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 mandatory required under clause 49 of the listing agreement and found them materially not significant.

2) 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.

3) 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 strictures 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.

**General Shareholder Information:**

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

## Auditors Certificate on Corporate Governance:

The Company has complied with all the requirements of code of corporate governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai and certificate from Statutory Auditors to this effect is annexed herewith as per the requirement.

Further compliance report from Practicing Company Secretary M/s. ND & Associates is also annexed herewith in respect of compliance of various provisions, rules & regulations of Companies Act 1956 including the amendments up to this date, listing rules and regulations, SEBI requirements etc.

## Risk Management:

The Company has in place a method to inform the Board and the Audit committee about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through the means of a properly defined framework.

## CEO/CFO Certification:

Shri. Pawan Agarwal Chairman & Managing Director and CEO/CFO has submitted necessary certificate to the Board stating the particulars specified under said clause 49 and reviewed by the Audit Committee.

## DECLARATION & CERTIFICATION BY THE MANAGING DIRECTOR AND CEO/CFO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I Shri. Pawan Agarwal, Chairman & Managing Director of Suditi Industries Ltd., to the best of my knowledge and belief certify that:

- a. I have reviewed the financial statement and cash flow statement for the year ended 31st March, 2013 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. I 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 violative of the Company's Code of Conduct.
- c. I am 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 I have disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operation of such internal controls, if any, of which I am aware and the steps that I have taken or propose to take to rectify these deficiencies.
- d. I 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. I affirm that I have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).
- f. I further confirm that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the Directors and Senior Management for the financial year ended 31st March 2013, as approved by the Board.

## SUDITI INDUSTRIES LIMITED

Place : Mumbai  
Date : 29.05.2013

PAWAN AGARWAL  
CMD & CEO/CFO

## NON-MANDATORY REQUIREMENTS

1. The Company has constituted a Remuneration Committee and the details are already provided in the Corporate Governance Report.
2. 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 training programme is given.
3. 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.
4. 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 subject to retire by rotation every alternate year.
5. Mechanism for evaluating Non-Executive Board Members.

Presently, the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Board Members.
6. Whistle Blower Policy.

Company complies with the requirements and no personnel have been denied access to the Audit Committee.
7. Audit Qualifications - Nil.

## Management Discussion and Analysis Report:

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

## Overview:

The Indian economy is estimated to have registered a growth rate of 5.0 per cent in 2012-13 in terms of gross domestic product at factor cost at constant 2004-05 prices, following a growth of 6.2 per cent in 2011-12. Growth in 2011-12 and 2012-13 is on the lower side, in the context of the decadal average of 7.9 per cent during 2003-04 to 2012-13. This is attributable mainly to weakening industrial growth in the context of tight monetary policy followed by the Reserve Bank of India (RBI) through most of 2011-12, and continued uncertainty in the global economy. The impact of tight monetary policy has been reflected in the quarterly growth rates of GDP. The slowdown in the economy, particularly in the industry sector has entailed a lower-than budgeted growth in government revenues. However, measures undertaken as part of mid-course correction have helped in improving the expenditure outcome in 2012-13. Growth of exports for most of the current year remained in negative territory, and with imports picking up in recent months, the trade deficit increased to US\$ 147 billion during April-December 2012. The current account deficit (CAD) at 4.6 per cent of GDP in the first half of 2012-13 is a cause for concern. The widening of the trade and current account deficits has been accompanied by a decline in the value of the Rupee since April 2013. With widespread reform measures initiated in recent months and the global economy poised for a moderate recovery in 2013-14, the Indian economy is expected to witness an improved outlook in 2013-14.

As per the IIP, industrial output growth rate was 0.7 per cent during April-December 2012 as compared to 3.7 per cent in the same period of the previous year. Combination of global and domestic factors has led to deceleration in the industrial output during the current year. Current data, however, indicate that deceleration in industrial growth may have bottomed out. With improved business sentiments and investor perception and a partial rebound in industrial activity in other developing countries, industrial growth is expected to improve in the next financial year. The Long term outlook for the





textile sector is very encouraging and the entire textile and apparel industry in India is expected to grow by 11 per cent to touch Rs.10.32 trillion (US\$ 209.5 billion) by 2020.

### Significant Financial Events of the Year:

The Company has recorded profit of Rs.71.62 lakhs before tax in comparison to Rs.80.31 lakhs pertaining to corresponding previous year. However there is substantial improvement in the sales turnover in comparison to previous year. The decline in the profit is on account of absorption of losses from the Retail business and the new projects like printing of fabrics, new garment unit at Bhiwandi apart from lower export sales. As the growth outlook for the industry is very promising, the company has taken timely expansion measures in the process house, garment unit as well as in the retail business. The company has also completed the Rights Issue programme in the month of October 2012 to fund these projects. In addition to this the company has also availed term loan to supplement the fund requirement of the printing project. These projects are expected to widen the range of product mix as well as enhance the capacity and profitability levels. Considering all these factors, the board has maintained the dividend @ Rs.0.50 per equity share of Rs.10 each to be paid proportionately only to the shareholders (under public category) other than promoters and the persons acting in concert with them.

The production performance of the process house and the garment unit are very satisfactory in spite of various problems. The Printing unit and the second Garment unit at Bhiwandi are in the process of stabilizing their operations. Similarly the retail division has now around 90 outlets in different formats. The outlets are likely to double in the current year barring any unforeseen circumstance. Apart from this the company has also stepped up the advertisement campaign to increase the awareness of the brand and its qualities and for this purpose the company has taken the license rights to use the brand name on apparels for FIFA 2014 (Football World Cup in Brazil). The company has acquired the brand "RIOT" taken from the associate company on permanent basis instead of on assignment basis.

### Opportunities & Threats:

India is the world's second largest producer of textiles and clothing after China. The textile and clothing industry forms a major part of India's manufacturing sector and has contributed enormously to the country's impressive economic development in recent years. India is also recognized as one of the so-called BRIC countries, which are forecast to provide much of the impetus behind global economic growth over the next few years. Furthermore, India has a huge and growing domestic market which is expected to be worth US\$140 bn in 2020 as the population increases in size and consumers become wealthier. This huge growth could provide significant opportunities for foreign exporters to India and potential foreign investors in the country, as well as for the Indian textile and clothing industry itself.

The textile industry has been doing extremely well during the last few years in terms of production & export and has been investing heavily in expansion and modernization of capacity.

India has been experiencing strong performance in the textile industry, across different segments of the value chain, from raw materials to garments. Domestic production has been growing, as well as exports. The Indian textile sector is provided with huge opportunities and has a unique position in the global market because of these factors: a) High operational efficiency in spinning and weaving. b) Low-cost skilled labour. c) Large and growing domestic market. d) Easy availability of raw materials. e) State-of-the-art design capabilities. f) Well-established network of related and supporting industries. g) Sophisticated machines of higher speed and production capability. h) Fully developed textile value chain extending from fibre to fabric to garment exports. i) Favorable demand conditions. j) Expertise in Management with business background. k) Presence of qualified technical personnel. l) Availability of testing facilities. m) Growth in the development and application of textile in various other fields such as technical textiles.

Another important aspect with respect to India is the supportive policy regime, increased plan expenditure and generous incentives for investment and modernization. This has helped many units to embark upon an expansion plan as well as modernization to become more competitive and offer wide range of products to the overseas buyers. The budget also provides support for technology upgradation, tackling pollution and boosting competitiveness to the Indian textile sector. Key support schemes included in the Indian budget are: 1) continuation of the Technology Upgradation Fund (TUF) Scheme. 2) Scheme for Integrated Textile Parks (SITP). 3) reduction in the base custom duty for imported textile machinery and parts from 7.5% to 5.0%. 4) extending optional route for central excise duty for the fibers to finished goods value-chain.

On the one side the textile industry is blessed with the best opportunities, whereas on the other side it is open to various threats capable of destabilizing the industry completely. The Industry is now exposed to unhealthy competition from other countries. Even within the country the competition is very unhealthy and the units are resorting to various practices to remain afloat in the market. Some of the threats to the growth are originated within the industry because of various factors such as: a) Fragmented structure with the dominance of the small scale sector. b) High power costs. c) Rising interest rates and transaction costs. d) Unfriendly labour laws. e) Logistical disadvantages in terms of shipping costs and time pose serious threats to its growth. f) Foreign investments are not coming in as the overall factors influencing the industry are not investment friendly. g) Preferential tariff regimes for close competitors in certain major markets. h) Economic liberalization within the country. i) Ineffective integration of various sectors. j) High cost of meeting strict environmental standards. Apart from these factors, there are other threats like unstable and fluctuating cotton prices, slow adaptation to changing trends and fashions, lack of domestic capital and absence of appetite of domestic industries to invest in the quantities envisaged for 12% growth target.

The company keeps a close watch on all these developments to ensure that these factors do not have any adverse impact on the performance of the unit. Looking into all these factors the company has taken some important steps like development of the Retail business to enhance the scope of existing business activities, printing unit to gain value addition and the expansion of the garment unit by adding the second unit at Bhiwandi. Since Textile sector is given significant importances in the country, sustained measures are taken to speed up the growth of the textile sector particularly garments and apparels. The company proposes to scale up its garment and fabric production with more product ranges to meet the requirements of reputed brand from the domestic and international markets. As the country is gaining important position in the global textile market and transforming into a global manufacturing hub, the company is well placed to take substantial advantage of this opportunity because of consistency maintained in the quality levels and wide product range.

### Industry Structure & Development:

India is one of the few countries which have a presence across the entire value chain of the Textile and Apparel Industry. Textile, a versatile basic necessity turns into a luxury brand having a long value chain, where some are direct actors of the chain and others are non value chain actors, which are also equally important. The industry is vertically-integrated across the value chain and extends from fibre to fabric to garments. At the same time, it is a highly-fragmented sector, and comprises of many small-scale, non-integrated spinning, weaving, processing and cloth manufacturing enterprises. The organized units are mostly independent and small scale in nature unlike the composite units that undertake all activities together. The textile industry of India operates largely in the form of clusters - mostly natural clusters - with roughly 70 textile clusters producing 80% of the country's total textiles.

India is today recognized as one of the best sourcing destinations

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for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colors and finish. Manufacturers here are ready to innovate, be flexible on quantities, have hands-on approach to quality control and keep the integrity on deadlines. As the world's second largest producer of textile and garments, India's garments exports is around 4% in the global market for textile garments & apparels. The Industry proudly supports 8 million people and second largest provider of employment in the country. India has the potential to increase its export share in world trade from the current 4.5 per cent to 8 per cent to reach \$80 billion by 2020. There is need for collaborative and aggressive entrepreneurship, increasing scale through mergers and acquisitions, divestments and bringing forth positive outlook for the industry to attract the best managerial and operational talent to provide further impetus for growth within the industry. The government has provided a new lease of hope with the introduction of enhanced subsidy allocation for modernization of the textiles industry to 15,404 crores from earlier sanction of 8,000 crores for the current Plan ending 2012. Under the restructured scheme, 5 per cent interest subsidy and 10 per cent capital sops would be provided on brand new looms. Large garmenting companies should integrate backwards till the weaving stage. This will enable them to emerge as bulk suppliers to global companies. Companies manufacturing high-fashion short-run products may however choose to operate as individually run units. They should focus on strengthening their design and fashion capabilities. Depending on the risk appetite, some companies may focus on building and distributing their own brands globally. It is a high margin, high risk business.

The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing options, trial rooms for clothing products, return and exchange policies and competitive prices. This has created a rapidly growing opportunity for organized, modern retail formats to emerge in recent years and grow at a fast pace. Speed has become the important factor in today's world. The seasonal cycle is much shorter, so the value chain has to be seamless from end-to-end. Faster lead times and lower costs in the apparel industry are only possible if all the technologies mesh seamlessly with one another. When it comes to solutions to reduce time-to-market and improve agility, a lot of focus is being directed at the design and product development processes. 3D digital or virtual images can help eliminate delays and errors caused by different time zones and languages, as well as minimize the number of physical samples that need to be submitted - along with accompanying courier charges - and reduce product development time. Further the cloud-based applications such as Automarker, Autocost and iSize etc. and the latest step has been to extend this to a complete Fashion Cloud platform where companies can share development and production data quickly, securely and in real-time. There are new features for saving data and automatically synchronizing files, so that everyone has the same information. Then there is PLM or product lifecycle management, which is used to connect internal and external teams, enabling them to engage collaboratively and in real time, therefore pushing more work out into the supply chain. Further the "preconfigured solutions that enable companies to realize value more efficiently and reduce implementation time

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The retail industry in India is currently growing at a great pace and is expected to go up to US\$ 833 billion by the year 2013. It is further expected to reach US\$ 1.3 trillion by the year 2018 at a CAGR of 10%. This provides immense opportunity for the company to enhance the size of the operations.

The Company is closely monitoring the developments and changes in the structure of the industry and has already taken necessary measures to safeguard the interest of the company. Accordingly the company is now in the process of expansion of the Retail business. But at the same time the company has taken some important steps to increase the product range also by adding printing division in the fabric processing unit. The company has made arrangements to supply wide product range to all its customers

which includes embroidery items, printed garments and development of any 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. There is adequate flexibility available in the manufacturing facilities so as to enable the company to adapt swiftly to the fast changing trends and fashions in the market.

### Performance:

Overall there is substantial improvement in the sales for the year under review in comparison to the last year. However the performance of the Retail division needs substantial improvement to generate profits from the business. Similarly the export sales are also on the lower side due to recessionary conditions in the European markets. Since the domestic market is very attractive both in terms of volume and prices, the company could partly offset the shortfall in the exports and record some overall improvement in the business. However during the year under review the company could not register higher profits because of the incidence of higher finance cost and loss generated from the new retail business activities.

	(Rs.in Lakhs)		
	2012-13	2011-12	Percentage Change
Local Sales	5352.07	4168.17	28.40
Export Sales	28.66	32.57	(12.00)
Other Income	21.44	64.92	(66.97)
Total:	5402.17	4265.66	26.64

The Company has taken some substantial measures to improve the profitability levels of retail division as well as to enhance the product range in the fabric and garment sales. The company has set up the printing project to bring value addition to the present product mix and a second garment unit at Bhiwandi to increase the volume of the garment business. The network of retail stores have also increased in various different formats and substantial additions are planned in the current year also. In view of this the company is hopeful of improving the Retail business in the current year.

### Earnings per share:

The Company's earning per share for 2012-13 is Rs. 0.47 against Rs.0.77 per share during 2011-12

### Fixed Assets/Investments:

The Company continues to hold investment of 2880 Nos. of equity shares of IDBI Bank Ltd., in the demat form.

### Current Assets:

In view of the enhancing the scope of the company's business activities there are some changes in the current assets and current liability levels and the current ratio position as on 31st March 2013 is 1.35.

### Human Resources:

The company understands the importance of the human resources and their role in the growth of any organization. The company has in place a Productivity based incentive scheme, in-house training and orientation programme as they are very helpful in improving the productivity. The company has also introduced stock option 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 were healthy and cordial.

### Risk and Concerns:

The textile industry has been doing extremely well during the last few years in terms of production & export and has been investing heavily in expansion and modernization of capacity. India has been experiencing strong performance in the textile industry, across different segments of the value chain, from raw materials to garments. However the situation started deteriorating because of slowdown in the economic situation and rising cost of production. Because of this demand remained sluggish across the textile value chain in 2012. Order sizes reduced for apparel exporters resulting in a fall in volumes. However, rupee realizations increased partially due to rupee depreciation against the USD and Euro which



resulted in moderate growth in revenues. The year was also marked by stability and restoration of operating margins for textile players across the value chain led by steady cotton prices, and the consequent positive impact on liquidity. Investment activity slowed down across the value chain in 2012 due to uncertain demand and volatile raw material prices which led to elongated working capital cycle as the funds tied up in inventories. This has caused serious concerns in the minds of the entrepreneurs in the textile sector and the appetite to take risk has come down substantially. Each and every unit started to shift their focus towards covering up the risks in the business rather than expanding their scope of the business.

Cotton production and government policy in terms of minimum support prices and export incentives for cotton can push up the cotton prices. The prices of the manmade filaments/fibers depend upon the international crude prices. These prices are now highly volatile due to various international factors, and unstable oil prices coupled with sharp depreciation in rupee can derail the growth plan for the economy as well as for industry.

Further the countries are now increasingly resorting to protectionist measures for safeguarding their domestic industries from surging imports. In addition to this, the subsidies/government support in competing countries is against the spirit of free trade and affects the prospects of our industry in the global market. The competition is becoming severe and unhealthy for the industry and is becoming a matter of concern not only for the industry but also for the government.

Another important risk in the industry is usually associated with safety of the workmen. The company has taken precautionary measures to avoid any scale of injury to the workmen and has also identified areas where the scope of reducing the manual handling is possible to safeguard the persons performing the task. Plant safety procedures and measures are advised to workers in order to ensure safety in the high risk areas. Apart from this the availability of skilled workmen is also causing concern to the company. Therefore the company has taken some effective measures to counter this problem by inducting and training the workforce in house as per the requirement of the company particularly in the garment unit.

Apart from this there are other types of risk like credit risk on account of credit sales. Operational risks covers mainly systems, processes and people. Strategic risks are associated with the environment from where it is operating, and the risks associated with technological innovations & changes, supply of imported machinery, imbalanced product mix are causing great concern to the industry.

There is an effective risk management system in place in the company. Accordingly the risks are identified on a regular basis and evaluation of the same is made. The risks management systems and procedures are also placed before the board and board committees for deliberations. Certain policies and procedures are already in place to address some of the risks like financial risks, operational risks and hazard risks. The company keeps a close watch of all these developments which has bearing on the company's goals and adequate steps are taken to ensure that maximum level of insulation is provided to the company against these risks.

**Internal Controls & Systems:**

There is an effective internal control and systems in place to review all the functions and procedures. These Internal Controls and Systems are subject to regular evaluation to ensure its effectiveness and this enriches the Company's efforts to check any major revenue leakage or wastage of resources. Systems and procedures are regularly reviewed by Internal Auditors through checking, inspection and verification. The Internal Audit department makes 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 for ensuring adherence to policies, systems, and recommendations for improvement. The Audit Committee also reviews the recommendation and suggestions placed before them and necessary actions are initiated as per the Audit Action Plan.

**Outlook:**

India has the potential to increase its export share in world trade from the current 4.5 per cent to 8 per cent to reach \$80 billion by 2020. The high growth of Indian exports is possible due to increased sourcing shift from developed countries to Asia and India's strengths as a suitable alternative to China for global buyers. Investments to the tune of Rs.3.50 lakh crores (approx \$68 billion) across the textile supply chain will be required by 2020 to tap the potential market created due to the growth of the industry and the investment required in the garment sector by 2020 is approx \$14 billion and for processing it is approx \$19 billion. The growth drivers of the industry, as predicted, shall be innovation across product, design, and brand, channel and also business processes. However in the short run the outlook for cotton textiles remains negative-to-stable and the outlook for synthetic textiles remains negative for 2013 due to reversal of substitution demand and oversupply in domestic partially-oriented yarn, pressurizing selling prices and margins of synthetic textile companies. With the anticipated growth of the economy from 2014 the industry can achieve the target set for 2020 and this offers immense opportunity for the company to grow substantially both in volume and profitability. The budget also provides support for the development and growth of the Indian textile sector by introducing various support schemes.

**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 factors.

For and on behalf of the Board of Directors  
**For SUDITI INDUSTRIES LIMITED**  
 PAWAN AGARWAL  
 CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai  
 Dated : 29.05.2013

**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.

Unit No.3:  
 Shree Rajlaxmi Commercial Complex at Kalher Village,  
 Agra Road, Tal: Bhiwandi, Dist: Thane.

**Annual General Meeting:**  
 22nd. A.G.M.

**Date and Time:**  
 6th September, 2013 - 3.30 p.m.

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

## Twenty-Second Annual Report 2012 - 2013

### 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 : First week of May (In case of un-audited results)  
End of May (Audited Results)

### Date of Book closure:

31.08.2013 to 06.09.2013 (both days inclusive)

### Dividend payment:

Rs.0.50 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 Bombay Stock Exchange Ltd. (BSE),

### Listing fees:

The annual Listing fee for the financial year 2013-14 has been paid to The Bombay Stock Exchange Ltd.

### Delisting:

Delisted from Ahmadabad Stock Exchange and applied for delisting of shares from Delhi & Calcutta Stock Exchanges.

### 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 to dematerialize their holdings immediately.

### 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. (Refer Investor Grievances Report)

### Unclaimed Dividend:

Unclaimed dividend (not due for transfer to IEPF) as on 31st March 2013 is Rs.379007. However there is no unclaimed Dividend account due and pending for transfer to IEPF.

### Market Price Data:

Source (Website - bseindia.com)

The Stock Exchange, Mumbai.			
Month	Low (Rs.)	High (Rs.)	Monthly Volume
April 2012	7.90	8.40	41200
May 2012	8.00	8.40	6600
June 2012	8.00	8.40	3800
July 2012	7.61	10.48	97560
August 2012	7.63	9.06	75548
September,2012	5.91	9.20	405748
October, 20112	8.04	10.27	125283
November, 2012	7.00	8.79	17099
December, 2012	6.30	8.42	42649
January, 2013	6.65	8.50	29336
February, 2013	6.66	8.88	14275
March, 2013	8.50	10.96	313798

### Stock Code:

Bombay Stock Exchange Ltd. (521113)

### The ISIN Number is:

INE691D01012 (NSDL & CDSL)

### Share Transfer Agent:

M/s. Sharex Dynamic (India) Pvt. Ltd.  
Unit-1, Luthra Ind. Premises, Safed Pool,  
Andheri Kurla Road, Andheri (East),  
Mumbai - 400 072.

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

(Source-R&T Agents)



Distribution of shareholding as on 29th May, 2013:

Category From To	No. of Cases	% of cases	Amount	% of Amt.
Upto 5000	10395	95.01	13642340	8.18
5001 – 10000	269	2.46	2197940	1.32
10001 – 20000	100	0.91	1599910	0.96
20001 – 30000	65	0.59	1634100	0.98
30001 – 40000	16	0.15	552360	0.33
40001 – 50000	18	0.16	843480	0.51
50001 – 100000	27	0.25	2175150	1.30
100001 and above	51	0.47	144097750	86.42
<b>Total:</b>	<b>10941</b>	<b>100.00</b>	<b>166743030</b>	<b>100.00</b>
Physical Mode	8451	77.24	17153600	10.29
Electronic Mode	2490	22.76	149589430	89.71
<b>Total:</b>	<b>10941</b>	<b>100.00</b>	<b>166743030</b>	<b>100.00</b>

Shareholding Pattern as on 29th May, 2013:

Categories	No. of folios	No. of Shares	Percentage (%)
Foreign Collaborators	-	-	-
Foreign Promoters	-	-	-
Non-Resident Indians	521	167646	1.005
Nationalized Banks	5	1200	0.007
Other Bodies Corporate	90	287518	1.724
Directors	1	10272100	61.604
Company Promoters	14	2209400	13.251
Individuals / Others	10307	3734168	22.395
Overseas Corporate Bodies	-	-	-
Clearing Members	3	2271	0.014
<b>Grand Total:</b>	<b>10941</b>	<b>16674303</b>	<b>100.00</b>

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.
- Shree Rajlaxmi Commercial Complex at Kalher Village, Agra Road, Tal: Bhiwandi, Dist: Thane.

### 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 or Mr. Deepak Naik (Tel: 67368600/10, 67368620/15)/ at the Company's Secretarial Dept. at C-253/254, MIDC, TTC Indl.Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.



**SUDITI INDUSTRIES LIMITED**

**INVESTOR GRIEVANCE REPORT FOR THE PERIOD 29.05.2012 TO 28.05.2013**

**(As submitted by the R&T Agents M/s. Sharex Dynamic (I) Pvt. Ltd. - Mumbai)**

Sl.	Particulars	Receipt	Replied
<b>1.</b>	<b>REQUESTS</b>		
a.	Change/Correction of address	1	1
b.	Receipt of dividend warrants for revalidation	12	12
c.	Correction of name on dividend warrants	-	-
d.	Change/Correction of Bank Mandate	-	-
e.	Receipt of IB for issue of duplicate d/w	-	-
f.	Letter of intimation of Bank Mandate	-	-
g.	Registration of Power of Attorney	-	-
h.	Request for ECS facility	-	-
i.	Loss of securities and request for issue of duplicate Shares	9	9
j.	Receipt of IB and affidavit for issue of duplicate Shares	1	1
k.	Request for stop transfer of securities	-	-
l.	Receipt of damaged/mutilated dividend warrant	-	-
m.	Request for consolidation/split of securities	2	2
n.	Request for issue of duplicate dividend warrant	-	-
o.	Deletion of joint name due to death	-	-
p.	Request for transmission of securities	1	1
q.	Request for transposition of securities	-	-
r.	Receipt of 15G Form for Exemption of Tax	-	-
s.	Specimen sign change/ not mentioned in application.	-	-
t.	Receipt of securities for endorsement as fully paid	-	-
u.	Queries regarding payment of allotment money	-	-
<b>2.</b>	<b>COMPLAINTS</b>		
a.	Non-receipt of Dividend Warrant	2	2
b.	Excess/Short payment of dividend	-	-
c.	Non receipt of Annual Report	1	1
d.	Correspondence/Query relating to NSDL/CSDL operations	-	-
e.	Non receipt of refund order	-	-
f.	Correction of name on securities	-	-
g.	Non receipt of securities/complaint relating to transfer of shares	1	1
<b>3.</b>	<b>Others</b>	-	-
	Total:-	30	30

**COMPLIANCE REPORT**

To the Board of Directors

**SUDITI INDUSTRIES LIMITED**

We have examined the registers, records, books and papers of Suditi Industries Limited (the Company), having its Registered Office at A-2, Shah & Nahar Industrial Estate, Unit No. 23/26, Lower Parel, Mumbai-400013, and having Registration No. (11-63245) and CIN no. L19101MH1991PTC063245 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify, in respect of the aforesaid financial year, that:

- The necessary registers and records have been maintained properly and in accordance with the requirements.
- All the requisite forms, returns and documents have been filed with the Registrar of Companies and other authorities as per the provisions of the Act and Rules there under.
- All the requirements relating to the meeting of Directors, Committees of Directors and Shareholders as well as relating to the minutes of the proceedings thereat have been complied with.
- All appointment / reappointment of Directors including the Managing Director have been made in accordance with the requirements of the Act.
- Due disclosure have been made by the Directors under Section 299 and Section 274(1)(g) of the Companies Act, 1956 and the Company has complied with the requirements in pursuance of the disclosure made by its Directors.
- Certificate of Shares and other securities have been issued and the Transfer and Transmission thereof have been registered as per requirement.
- Certificate of Shares and other securities have been issued and the Transfer and Transmission thereof have been registered as per requirement.
- All necessary approvals of Directors, Shareholders and other authorities as per requirement have been obtained.
- Disclosure requirements as per listing agreements with BSE have been complied with.
- The Company has transferred all unpaid Dividend to Investors Education & Protection Fund and there is no outstanding as on date.
- The Promoters and persons acting in concert have complied with the disclosure requirements as per clause 30 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**For ND & Associates  
Neeta H. Desai**

Place: Mumbai  
Date : 29.05.2013

Company Secretary  
FCS 3262 CP 4741

**CORPORATE GOVERNANCE**

To,

**The Members of SUDITI INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by SUDITI INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from The Registrars and Share Transfer Agents and as per records maintained by the Company which are presented to the Shareholders Grievances Committee, we state that, during the year ended 31<sup>st</sup> March, 2013 no investor grievances were pending for a period exceeding one month.

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

**For CHATURVEDI & CO.**

*Chartered Accountants*

(Registration No.302137E)

(S.N.Chaturvedi)

Place: Mumbai

Partner

Date : May 29, 2013

Membership No. 040479

**INDEPENDENT AUDITORS' REPORT**

**To the Members of SUDITI INDUSTRIES LIMITED**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of **SUDITI INDUSTRIES LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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 fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
  - (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
  - (a) We have 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.



(e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For CHATURVEDI & CO.**  
Chartered Accountants  
(Registration No.302137E)  
(S.N.Chaturvedi)

Place : Mumbai

Date : May 29, 2013

Partner

Membership No. 040479

**ANNEXURE TO THE AUDITORS' REPORT**

**Referred to in paragraph 3 of our Report of even date**

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
- b) All the 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 the nature of its assets. No material discrepancies were noticed on such verification.
- c) As the assets disposed during the year are not very significant, it does not have any bearing on the going concern assumption followed by the company.
- 2) a) The inventory has been physically verified by the management at reasonable intervals during the year.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- 3) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) As regards transactions made in pursuance of contracts or arrangement entered into the registers maintained under Section 301 and exceeding the value of rupees five lac in respect of any party during the year, in our opinion and according to the information and explanation given to us, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) a) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practice in India, in our opinion, there have been occasional delays in depositing Profession Tax, Employees State Insurance and Income Tax. However, there were no dues outstanding at the year end. Other statutory dues as applicable have been deposited in time with the appropriate authorities.
- 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 31<sup>st</sup>, 2013, the following are the particulars of dues that have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Forum where dispute is pending
Central Excise Act, 1944	On account of interpretation of exemption notification of Excise duty for the period		Commissioner (Appeals)
	(a) March, 2002 to November, 2002	33.78	
	(b) December, 2002 to January, 2003	6.34	
	(c) September, 1998 to September, 1999	0.73	
Income Tax	Demand raised for A.Y.2008-09	615.17	Income Tax Tribunal
Sales Tax	Demand raised as per Assessment Order - 1997-98	14.88	Asst. Commissioner, Sales Tax, (Appeals)Mumbai STAT (Appeals)
	1996-97	65.17	
	Revised order for -1998-99	80.23	

- 10) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 11) According to the records examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or Bank as at the Balance Sheet date.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) On the basis of the records examined by us and according to the information and explanation given to us, the Company has availed Term loan -I of Rs. 113 lakhs sanctioned by Indian Overseas Bank (IOB) and the same has been utilized for the purposes it was obtained. Further, Term loan -II amounting to Rs.37.50 lakhs was sanctioned by IOB from which a sum of Rs.4.62 lakhs has been disbursed and utilized for the purposes it was obtained.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- 18) During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) During the period covered under audit, the company has not issued any debentures.
- 20) During the year the Company has raised monies by way of Rights issue of equity shares. We have verified the end use of monies raised by way of Rights issue of equity shares to the existing shareholders and the same has been disclosed in note no. 3(e)
- 21) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For CHATURVEDI & CO.**  
Chartered Accountants  
(Registration No.302137E)  
(S.N.Chaturvedi)

Place : Mumbai

Date : May 29, 2013

Partner

Membership No. 040479

## Twenty-Second Annual Report 2012 - 2013

### BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in Rs.)

	Note	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
(a) Share Capital	3.	166,743,030	85,200,000
(b) Reserves and Surplus	4.	77,992,463	74,574,548
		<b>244,735,493</b>	159,774,548
2. Non-Current Liabilities			
(a) Long-term Borrowings	5.	10,473,563	2,138,145
(b) Other Long-term Liabilities	6.	5,469,287	4,400,000
		<b>15,942,850</b>	6,538,145
3. Current Liabilities			
(a) Short-term Borrowings	7.	105,974,082	73,910,712
(b) Trade Payables	8.	86,812,298	72,775,402
(c) Other Current Liabilities	9.	11,583,012	15,775,595
(d) Short-term Provisions	10.	11,113,680	5,340,749
		<b>215,483,072</b>	167,802,458
Total		<b>476,161,415</b>	334,115,151
<b>II. Assets</b>			
1. Non-Current Assets			
(a) Fixed Assets	11.		
(i) Tangible Assets		91,490,768	74,488,404
(ii) Intangible Assets		697,400	486,965
(iii) Capital Work-in-Progress		33,288,252	852,936
(iv) Intangible Assets Under Development		1,419,388	1,769,388
		<b>126,895,808</b>	77,597,693
(b) Deferred Tax Assets (Net)	12.	17,080,086	17,080,086
(c) Long-term Loans and Advances	13.	40,713,612	24,966,088
		<b>184,689,506</b>	119,643,867
2. Current Assets			
(a) Current Investments	14.	234,000	234,000
(b) Inventories	15.	165,542,189	119,065,092
(c) Trade Receivables	16.	88,299,212	67,229,090
(d) Cash and Bank Balances	17.	2,574,871	1,453,991
(e) Short-term Loans and Advances	18.	25,471,843	18,310,875
(f) Other Current Assets	19.	9,349,794	8,178,236
		<b>291,471,909</b>	214,471,284
Total		<b>476,161,415</b>	334,115,151

Significant Accounting Policies & Notes on financial Statements

1 to 45

The Notes are an integral part of the Financial Statements.

In terms of our report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No.302137E)

**Pawan Agarwal**  
Chairman & Managing Director

**A.Indusekhar Rao**  
Director

**Vivek Gangwal**  
Director

**Sushil Kumar Kasliwal**  
Director

**(S.N.Chaturvedi)**  
Partner  
(Membership No.040479)  
Mumbai, 29<sup>th</sup> May, 2013

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

**Manoj Khemka**  
V.P.Accounts & Commercial

Mumbai, 29<sup>th</sup> May, 2013





**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in Rs. )

	Note	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
<b>I. Revenue</b>			
Revenue from Operations (Gross)	20.	<b>552,985,955</b>	438,529,398
Less: Excise Duty		<b>14,913,390</b>	18,455,981
Revenue from Operations (Net)		<b>538,072,565</b>	420,073,417
<b>II. Other Income</b>			
	21.	<b>2,144,070</b>	6,492,151
<b>III. Total Revenue (I+II)</b>			
		<b>540,216,635</b>	426,565,568
<b>IV. Expenses</b>			
Cost of Materials Consumed	22.	<b>201,239,032</b>	185,639,761
Purchases of Stock-in-Trade		<b>121,035</b>	1,954,201
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23.	<b>(31,529,498)</b>	(31,338,810)
Employee Benefits Expense	24.	<b>58,956,903</b>	47,189,913
Other Expenses	25.	<b>281,982,666</b>	199,526,034
Finance Cost	26.	<b>12,384,628</b>	7,765,949
Depreciation and amortisation expenses		<b>9,900,344</b>	7,797,752
<b>Total Expenses</b>		<b>533,055,110</b>	418,534,800
<b>V. Profit / (Loss) before tax (III-V)</b>			
		<b>7,161,525</b>	8,030,768
<b>VI. Tax Expense</b>			
Current Tax (MAT)		<b>1,365,000</b>	1,540,000
(Less): MAT credit (where applicable)		-	-
Current tax expense relating to prior years		<b>(12,500)</b>	(44,236)
Net current tax expense		<b>1,352,500</b>	1,495,764
Deferred tax		-	1,495,764
<b>VII. Profit and Loss After Tax (V-VI)</b>			
		<b>5,809,025</b>	6,535,004
<b>VIII. Earnings per share (of Rs.10/- each)</b>			
Basic		<b>0.47</b>	0.77
Diluted		<b>0.47</b>	0.77
Number of Shares Used for Computing Earning Per Share			
Basic		<b>16,674,303</b>	8,520,000
Diluted		<b>16,674,303</b>	8,520,000
Significant Accounting Policies & Notes on financial Statements	1 to 45		

The Notes are an integral part of the Financial Statements.  
In terms of our report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No.302137E)

**Pawan Agarwal**  
Chairman & Managing Director

**A.Indusekhar Rao**  
Director

**Vivek Gangwal**  
Director

**Sushil Kumar Kasliwal**  
Director

**(S.N.Chaturvedi)**  
Partner  
(Membership No.040479)  
Mumbai, 29<sup>th</sup> May, 2013

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

**Manoj Khemka**  
V.P.Accounts & Commercial

Mumbai, 29<sup>th</sup> May, 2013

## Twenty-Second Annual Report 2012 - 2013

### Notes forming part of the Financial Statements for the year ended 31st March, 2013

#### 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 has also started business in retail sector.

#### 2. Significant Accounting Policies

##### 1. Basis of Preparation

The financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. The financial statements are prepared to comply in all material aspects with the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

##### 2. The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### 3. Inventories

Inventories are valued at lower of cost and net realisable value. Raw Materials, Stores and spares and Packing Material is determined on cost basis.

Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the company. The cost formula used for determination of cost are on FIFO basis.

##### 4. Cash Flow

The cash flow statement is prepared by the "Indirect Method" set out in Accounting Standard (AS) –3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consists of cash on hand and deposits with banks.

##### 5. Depreciation / Amortisation

(a) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956.

(b) Depreciation on fixed assets added/dropped off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

##### 6. Revenue Recognition

###### (a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from domestic sales is recognised on delivery of products to customers, from the factories and depots of the Company. Revenue from export sales is recognised when the significant risks and rewards of ownership of products are transferred to the customers, which is based upon the terms of the applicable contract. Revenue from sale of goods has been presented both gross and net of excise duty.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The finished goods include Fabrics and Grey cloth which are exempted from Excise duty and Branded Apparels & Garments on which Excise duty is applicable.

###### (b) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

##### 7. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment loss. Cost comprises of purchase/acquisition price, taxes (net of CENVAT and MVAT credit availed), borrowing costs and any directly attributable cost for bringing the asset to its working condition for its intended use.

Assets costing Rs. 5,000 or less are fully depreciated in the year of acquisition.

##### 8. Foreign Currency Transactions

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.

##### 9. Government Grants

Capital grants relating to fixed assets are reduced from the gross value of fixed assets. Other capital grants are credited to capital reserve. Revenue grants are credited in profit and loss account or deducted from related expenses.

##### 10. Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long-term Investments. Current Investments are stated at lower of cost and fair value.



**11. Employee Benefits**

**(i) Short-term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period.

**(ii) Long-term Employee Benefits**

**(a) Defined Contribution Plans**

**Provident Fund**

Provident Fund contributions are made to P.F. authorities administered by the Central Government. P.F. authorities make investment and are settling members claims.

**(b) Defined Benefit Plan**

**Gratuity Plan**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; such benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The appropriate discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

**(iii) Termination benefits are recognised as an expense as and when incurred.**

**(iv) Other Long-term employment benefits**

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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the long term risk free investments as at the balance sheet date.

**(v) Employee Stock Option Scheme:**

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**12. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard (AS) – 16 on "Borrowing Costs" are capitalized as part of the cost of such assets up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

**13. Segment Reporting**

The company is presently engaged in the business of manufacturing and processing of knitted hosiery fabrics and ready made garments. Disclosure relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS) – 17 issued by The Institute of Chartered Accountants of India have been made for a single product and for two geographical segments—local & exports.

**14. Leases**

Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**15. Earning Per Share**

Basic and diluted earnings per share have been computed by dividing net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding for the period in accordance with AS-20, "Earning Per Share" issued by The Institute of Chartered Accountants of India.

**16. Taxes on Income**

Income tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. The deferred tax assets and liabilities are calculated on the accumulated timing difference at the end of an accounting period based on prevailing enacted tax rates. Deferred tax assets are not recognised on un-absorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**17. Expenditure on Research and Development**

Revenue expenditure is recognised as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

**18. Impairment**

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the same is appropriately dealt within the books after determining to the extent of impairment of loss.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

**19. Contingent Liabilities**

Contingent liabilities as defined in Accounting Standard (AS) – 29 on "Provisions, contingent liabilities and contingent assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

## Twenty-Second Annual Report 2012 - 2013

### 20. Custom duty

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

### 21. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

### 3. Share Capital

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
	Amt. in Rs.	Amt. in Rs.
Authorised		
18,000,000 Equity Shares of Rs. 10 each	<b>180,000,000</b>	180,000,000
Issued, Subscribed and Paid-up	166,743,030	85,200,000
1,66,74,303 Equity Shares of Rs. 10 each, fully paid up (Previous year 85,20,000 Equity Shares of Rs. 10 each, fully paid up)	<b>166,743,030</b>	<b>85,200,000</b>

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	No. of Shares	Amt. in Rs.	No. of Shares	Amt. in Rs.
(a) Reconciliation of Number of Shares				
Number of shares outstanding as at the beginning of the year	<b>8,520,000</b>	<b>85,200,000</b>	8,520,000	85,200,000
Add: Shares issued on Rights Basis	<b>8,154,303</b>	<b>81,543,030</b>	-	-
Add: Shares allotted under the Employee Stock Option Plan	-	-	-	-
Number of shares outstanding as at the end of the year	<b>16,674,303</b>	<b>166,743,030</b>	8,520,000	85,200,000

(b) The company has only one class of shares i.e. Equity Shares having a face value of Rs. 10 each. Each shareholder is eligible for one vote per share held.

(c) List of shareholders holding more than 5% shares as at the Balance Sheet date

Name of the Shareholder	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	No. of shares	% of holding	No. of shares	% of holding
Pawan Kishorilal Agarwal	<b>10,272,100</b>	<b>61.604</b>	1,581,800	18.566
Kishorilal Agarwal	<b>780,000</b>	<b>4.678</b>	780,000	9.155
Anand Agarwal	<b>536,500</b>	<b>3.218</b>	536,500	6.297
Govind Agarwal	-	-	880,000	10.329

(d) Shares reserved for issue under options

960000 shares are to be issued under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual General Meeting held on 2nd, September, 2011. During the year the Company has granted options to 48 employees aggregating to 278700 options. Out of this, 8 employees accepted the grant aggregating to 219500 options. Thirty employees did not accept the options aggregating to 59200 options granted to them. The unaccepted options are ploughed back in the pool for further allocation.

(e) Rights Issue

During the year the company had made the offer to the existing shareholders on Rights basis to acquire one share for every share held by them on the record date. Accordingly issue was open for subscription on 20th September, 2012 and closed on 4th October, 2012. The Company allotted 81,54,303 shares on 16th October, 2012 to the shareholders who have subscribed to the issue. After the right issue the capital of the company is increased to 1,66,74,303 shares of Rs.10 each amounting to Rs.16,67,43,030. The shares issued under Rights issues were listed on 18th October, 2012 with the Bombay Stock Exchange Ltd with due permission for trading from 22nd October, 2012.

These newly allotted shares rank pari passu in all respect with the existing equity shares of the Company. Out of the net Rights issue proceeds, an aggregate sum of Rs.4,78,79,457 have been utilised towards objects of the issue upto March 31, 2013. Pending utilisation, the balance proceeds have been temporarily used to reduce the exposure of working capital borrowings from banks, which will be redrawn as and when necessary to meet the obligations as per the object of the issue.

(f) Shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2013)

There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2013)



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	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
8. Trade Payables				
Micro and Small Enterprises*	8,028,118		7,048,708	
Others	78,784,180		65,726,694	
		<u>86,812,298</u>		<u>72,775,402</u>
* Micro and Small Enterprises				
i. Principal Amount Remaining unpaid		8,028,118		7,048,708
ii. Interest		Nil		Nil
iii. Total of a & b		8,028,118		7,048,708
iv. Interest in term of sec 16		Nil		Nil
v. Interest due & payable for the period of delay in payment		Nil		Nil
vi. Interest accrued & remaining unpaid		Nil		Nil
vii. Interest due & payable even in succeeding years		Nil		Nil

Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding for more than 45 days at the Balance Sheet date. This information has been determined on the basis of information available with the company and has been relied upon by the auditors.

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
9. Other Current Liabilities				
Other payables				
ESIC	157,714		133,193	
Provident fund	323,650		313,318	
Salary & remuneration	3,841,441		2,946,313	
TDS	1,043,413		653,821	
Excise Payable	1,035,006		-	
Service Tax	228,357		-	
Gratuity	51,425		162,827	
Professional tax	558,149		40,250	
Security Deposits	50,000		1,000,000	
Dividend Payable	2,057,600		4,260,000	
Unpaid Dividend	379,007		-	
Advances from customers	1,857,250		6,265,873	
		<u>11,583,012</u>		<u>15,775,595</u>

There are no amounts that have become due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

10. Short-term Provisions				
Provision for employee benefits				
Bonus payable	2,408,135		796,890	
Leave salary	3,226,698		2,402,532	
	5,634,833		3,199,422	
Provision others				
Provision for expenses	5,478,847		2,141,327	
		<u>11,113,680</u>		<u>5,340,749</u>



11. Fixed Assets

(Amount in Rs.)

Sr. No.	Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 01.04.2012	Additions	Deduction/ Adjustments	As at 31.03.2013	As at 01.04.2012	For the Period	Deduction/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>											
1	Land (Leasehold)	1,642,190	-	-	1,642,190	-	-	-	-	1,642,190	1,642,190
2	Building	20,162,744	-	-	20,162,744	9,635,309	673,436	-	10,308,745	9,853,999	10,527,435
3	Plant & Machinery	276,077,325	17,704,745	-	293,782,070	239,317,153	5,664,129	-	244,981,282	48,800,788	36,760,172
4	Furniture & Fixtures	16,187,921	7,014,666	-	23,202,587	6,628,119	993,876	-	7,621,995	15,580,592	9,559,802
5	Office & Other Equip.	5,168,945	559,047	-	5,727,992	2,589,788	255,618	-	2,845,406	2,882,586	2,579,157
6	Computers	10,364,667	439,480	-	10,804,147	4,203,117	1,441,729	-	5,644,846	5,159,301	6,161,550
7	Electrical Installation	9,912,210	1,180,987	-	11,093,197	5,543,052	511,334	-	6,054,386	5,038,811	4,369,158
8	Vehicles	3,753,091	-	-	3,753,091	864,151	356,439	-	1,220,590	2,532,501	2,888,940
		<b>343,269,093</b>	<b>26,898,925</b>	<b>-</b>	<b>370,168,018</b>	<b>268,780,689</b>	<b>9,896,561</b>	<b>-</b>	<b>278,677,250</b>	<b>91,490,768</b>	<b>74,488,404</b>
<b>Intangible Assets</b>											
1	Software	673,536	214,218	-	887,754	186,571	3,783	-	190,354	697,400	486,965
		<b>343,942,629</b>	<b>27,113,143</b>	<b>-</b>	<b>371,055,772</b>	<b>268,967,260</b>	<b>9,900,344</b>	<b>-</b>	<b>278,867,604</b>	<b>92,188,168</b>	<b>74,975,369</b>
	Previous Year	327,481,584	17,827,510	1,366,465	343,942,629	261,169,508	7,797,752	-	268,967,260	74,975,369	66,312,076
Capital Work In Progress										<b>33,288,252</b>	<b>852,936</b>
<b>Intangible Assets Under Development</b>										<b>1,419,388</b>	<b>1,769,388</b>

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
<b>12 Deferred tax (liability) / asset</b>				
<u>Tax effect of items constituting deferred tax liability</u>				
On difference between book balance and tax balance of fixed assets	<b>6,038,985</b>		4,768,699	
On expenditure deferred in the books but allowable for tax purposes	<b>250,062</b>		549,588	
		<b>6,289,047</b>		5,318,287
<u>Tax effect of items constituting deferred tax assets</u>				
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	<b>748,480</b>		180,175	
Unabsorbed depreciation carried forward	<b>23,206,643</b>		25,147,511	
Brought forward business losses	-		-	
Tax effect of items constituting deferred tax assets		<b>23,955,123</b>		25,327,686
<b>Net deferred tax (liability) / asset</b>		<b>17,666,076</b>		<b>20,009,399</b>

In terms of Accounting Standard 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the Company has computed Net Deferred Tax Asset for the F.Y. 2012-2013 amounting to Rs.176.67 lakhs (previous year Rs.200.09 lakhs). The Management does not consider it appropriate to account for the Net Deferred Tax Asset due to uncertainty of future profits. Hence, the previous outstanding balance (Rs. 170.80 lakhs) in the account has been continued for the current year.

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
<b>13. Long-term Loans and Advances</b>				
(Unsecured, Considered Good unless otherwise stated)				
Capital Advances	<b>2,791,810</b>		2,791,810	
Security Deposits	<b>36,390,687</b>		21,573,144	
		<b>39,182,497</b>		24,364,954
Other Loans and Advances		<b>1,531,115</b>		601,134
		<b>40,713,612</b>		<b>24,966,088</b>

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	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
14. Current Investments				
Investments Equity Shares of IDBI Bank Ltd (Quoted) [2880 (Including Bonus Shares issues of 1080 shares)] (Aggregate Market Value Rs. 2,31,120/- P.Y. Rs.3,01,536/-)	234,000		234,000	
		<u>234,000</u>		<u>234,000</u>
15. Inventories				
(At lower of cost and net realisable value)				
Raw Materials	43,578,359		25,774,428	
Work in Progress	5,738,593		8,840,513	
Finished Goods	109,975,670		74,256,618	
Stock In Trade	826,703		1,914,337	
Stores and Spares	5,252,721		7,836,670	
Fuel & Oil	170,143		442,526	
		<u>165,542,189</u>		<u>119,065,092</u>
16. Trade Receivables				
Outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, Considered Good	24,731,160		21,463,340	
Less: Provision for Doubtful Debts	-		-	
		<u>24,731,160</u>		<u>21,463,340</u>
Others				
Unsecured, Considered Good	63,568,052		45,765,750	
		<u>63,568,052</u>		<u>45,765,750</u>
		<u>88,299,212</u>		<u>67,229,090</u>
17. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with Banks				
Current Accounts	1,119,926		592,935	
Deposit Accounts	-		-	
	<u>1,119,926</u>		<u>592,935</u>	
Cash on Hand	1,454,945		861,056	
		<u>2,574,871</u>		<u>1,453,991</u>
18. Short-term Loans and Advances				
(Unsecured, Considered Good)				
Loans and advances to employees	917,016		1,154,231	
Prepaid expenses	593,993		296,952	
Balances with government authorities				
Central Excise and Customs	513,861		2,471,633	
Service Tax	-		30,133	
Sales tax Refund and Set-off	5,890,500		4,154,420	
Income Tax (Net)	14,568,061		9,381,289	
Loans and advances to Others	-		121,278	
Advances to Suppliers	2,988,412		700,939	
		<u>25,471,843</u>		<u>18,310,875</u>
19. Other Current Assets				
Others				
Receivable in Cash or Kind	9,349,794		8,178,236	
		<u>9,349,794</u>		<u>8,178,236</u>





	For the year ended 31 <sup>st</sup> March, 2013		For the year ended 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
20. Revenue from Operations				
Sale of products (Refer Note (i) below)	<b>542,947,648</b>		430,255,890	
Sale of services (Refer Note (ii) below)	<b>129,462</b>		32,696	
Other operating revenues (Refer Note (iii) below)	<b>9,908,845</b>		8,240,812	
		<b>552,985,955</b>		438,529,398
Revenue from Operations (Gross)		<b>552,985,955</b>		438,529,398
Less: Excise Duty		<b>14,913,390</b>		18,455,981
Revenue from Operations (Net)		<b>538,072,565</b>		420,073,417
Notes:				
(i) Sale of products:				
<u>Manufactured Goods</u>				
Knitted Fabrics	<b>307,258,314</b>		257,603,989	
Garments & Apparels	<b>235,539,179</b>		172,609,782	
	<b>542,797,493</b>		430,213,771	
<u>Traded Goods</u>				
Trading Goods	<b>150,155</b>	<b>542,947,648</b>	42,119	430,255,890
(ii) Sale of services:				
Commission	<b>129,462</b>	<b>129,462</b>	32,696	32,696
(iii) Other operating revenues:				
Scrap Sales	<b>9,788,581</b>		8,118,797	
Duty Drawback	<b>120,264</b>	<b>9,908,845</b>	122,015	8,240,812
21. Other Income				
Interest Income from Banks				
on Deposits	<b>162,179</b>		179,467	
Interest on Income Tax Refund	-		41,548	
Interest on loans and advances	-		134,753	
Interest on overdue trade receivables	-		58,229	
Other Interest	-		6,572	
	<b>162,179</b>		420,569	
Dividend Income	<b>10,080</b>		10,080	
Other Income	<b>1,971,811</b>		6,061,502	
		<b>2,144,070</b>		6,492,151
22. Cost of Materials consumed				
Opening stock	<b>25,774,428</b>		41,168,937	
Add: Purchases	<b>219,042,963</b>		170,245,252	
Less: Closing stock	<b>43,578,359</b>		25,774,428	
		<b>201,239,032</b>		185,639,761
Material consumed:				
Chemicals	<b>37,293,405</b>		35,860,544	
Dyes	<b>20,792,855</b>		17,814,893	
Yarn & Fabric	<b>129,147,779</b>		113,608,580	
Other Raw Materials	<b>14,004,993</b>		18,355,744	
		<b>201,239,032</b>		185,639,761

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	For the year ended 31 <sup>st</sup> March, 2013		For the year ended 31 <sup>st</sup> March, 2012	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
<b>23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>				
Inventories at the end of the year:				
Finished goods	109,975,670		74,256,618	
Work-in-progress	5,738,593		8,840,513	
Stock-in-trade	826,703		1,914,337	
		116,540,966		85,011,468
Inventories at the beginning of the year:				
Finished goods	74,256,618		51,379,481	
Work-in-progress	8,840,513		2,293,177	
Stock-in-trade	1,914,337	85,011,468	-	53,672,658
		<u>(31,529,498)</u>		<u>(31,338,810)</u>
<b>24. Employee Benefits Expense</b>				
Salaries and wages	52,398,868		41,747,277	
Contributions to provident and other funds	3,014,952		2,054,584	
Expense on employee stock option (ESOP) scheme	-		285,075	
Staff welfare expenses	3,543,083		3,102,977	
		<u>58,956,903</u>		<u>47,189,913</u>
<b>25. Other Expenses</b>				
Stores & Spares Consumable	19,788,506		16,150,258	
Consumption Of Packing Materials	8,554,658		6,902,191	
Sub Contracting	61,879,986		48,368,672	
Power & Fuel	59,177,323		55,325,523	
Water	6,904,952		6,780,173	
Rent Including Lease Rentals	19,301,312		10,043,736	
Repair & Maintenance:				
Building	683,330		1,528,252	
Machinery	3,004,537		1,972,607	
Others	3,849,678		3,130,263	
Insurance	456,401		948,085	
Garment Division Expenses	43,292		2,026,276	
Rates & Taxes	9,202,618		3,798,722	
Communication	2,825,946		2,096,434	
Travelling & Conveyance	5,058,274		6,807,915	
Printing & Stationery	1,051,560		1,150,557	
Freight & Forwarding	-		100,085	
Sales Commission	3,164,827		2,336,974	
Business Promotion Expenses	1,044,968		5,302,600	
Discount on Sales	53,676,111		-	
Donations & Contributions	1,000		1,501	
Legal & Professional	4,875,778		5,189,369	
Statutory Auditors Remuneration	280,900		280,900	
Transportation Charges	5,502,064		5,029,240	
Bank Charges, Commission & Others	506,825		4,411,917	
Advertisement Expenses	1,379,548		1,411,913	
Motor Car Expenses	1,857,972		1,583,823	
Security Charges	3,198,773		2,545,205	
Registrar & Transfer Expenses	240,319		74,120	
Subscription & Membership	40,201		55,561	
Sundry Balance W/Off	93,204		79,179	
Prior Period Expenses	688,208		303,398	
Amortisation of Share issue expenses	382,779		-	
Miscellaneous Expenses	3,266,816		3,790,585	
		<u>281,982,666</u>		<u>199,526,034</u>



	For the year ended 31 <sup>st</sup> March, 2013	For the year ended 31 <sup>st</sup> March, 2012
26. Finance Costs		
Interest Expenses on:		
Borrowings	12,116,716	7,468,913
Trade Payables	267,891	278,837
Others		
Interest on delayed / deferred payment of income tax	-	18,199
Interest on delayed payment of Excise duty	21	-
	<b>12,384,628</b>	<b>7,765,949</b>
27. Auditors' Remuneration		
Statutory Audit Fees	252,810	252,810
Tax Audit Fees	28,090	28,090
Other Services	136,516	116,513
	<b>417,416</b>	<b>397,413</b>
28. Proposed Dividend		
Proposed Dividend (Amt. in Rs.)	2,057,350	4,260,000
Number of shares outstanding as at the end of the year	16,674,303	8,520,000
Dividend per Share (Rs. per Equity Share of Rs. 10 each)	0.50	0.50

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Board of Directors has recommended a Dividend of Rs.0.50 per share exclusively on the share capital held by the public for the year ended 31st March, 2013. The promoters have waived their entitlement of receiving dividend in order to support the business activities of the company.

**29. Employees' Stock Option Plan 2011**

The Company instituted the Employee Stock Option Plan – ESOP 2011 to grant equity based incentives to its eligible employees. The ESOP-2011 ("The Scheme") had been approved by the Board of Directors of the Company at their meeting held on 30th June, 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. Pursuant to the Scheme, the Compensation Committee has on 31st December, 2012 granted 278700 options at par to specified eligible employees of the Company as per SEBI Guidelines.

The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. Under the terms of the Scheme, the total options are dividend on certain prescribed basis spread over a period of 5 years and accordingly the same will vest in the employee every year. The Option grantee must exercise all vested options within a period of five years from the date of granting. Once the options vest as per the Scheme, they would be exercisable by the Option Grantee at any time and the shares arising on exercise of such options shall be subject to a lock-in period of 1 year from the date of allotment.

The movement in the options granted to the Employee during the year is set out below:-

Particulars	Grant of Options
Date of Grant	1/31/2013
Market price on date of grant of the options (per share)	Rs.7.68
Exercise Price	Rs.10/-
Vesting Period	Vesting Period
Options Granted (Nos.)	278700
Option Lapsed (Nos.)	59200
Options Forfeited (No.)	-
Options Exercised	Nil
Options Expired	Nil
Options Outstanding at end of the period (Nos.)	219500
Options exercisable at the end of the period	Nil

The Company has granted options to the employees at par of Rs.10/- being face value and within the Guidelines issued by SEBI in this regard. In view of this, there being no intrinsic value (being the excess of the market price of share under ESOS over the exercise of the option) on the date of grant, the Company is not required to incorporate the accounting value of option as per SEBI Guidelines.

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	Unit	For the Year ended 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
		Quantity	Amt. in Rs.	Quantity	Amt. in Rs.
<b>30. Consumption of Raw, Stores &amp; Spares and Packing Materials</b>					
Chemicals			37,293,405		35,860,544
Dyes			20,792,855		17,814,893
Yarn & Fabric	Kgs	577,206	129,147,779	565,977	113,608,580
Other Raw Materials			14,004,993		18,355,744
Stores & Spares			19,788,506		16,150,258
Packing Materials			8,554,658		6,902,191
			<u>229,582,196</u>		<u>208,692,210</u>
			<b>Year ended 31<sup>st</sup> March, 2013</b>		<b>Year ended 31<sup>st</sup> March, 2012</b>
			% Amt. in Rs.		% Amt. in Rs.
Imported		0.47	1,071,056	0.50	1,041,723
Indigenous		99.53	228,511,140	99.50	207,650,487
		<u>100.00</u>	<u>229,582,196</u>	<u>100.00</u>	<u>208,692,210</u>

Notes:

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

	Unit	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
		Quantity	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
<b>31. Opening Stock</b>					
1. Yarn	Kgs	26,641	5,495,274	93,496	14,016,126
2. Grey fabric	Kgs	67,570	16,545,976	99,548	23,919,395
3. Chemicals			1,480,341		1,758,689
4. Stores, Spares & Other items			7,969,892		6,191,959
5. Packing Materials			1,026,060		1,120,930
6. Dyes			1,536,081		1,247,325
7. Stock in trade	Pcs	7,112	1,914,337	-	-
8. Work in Progress	Kgs	19,324	6,169,518	9,265	2,293,177
	Pcs	60,934	2,670,995	-	-
9. Finished Goods					
Finished Fabric	Kgs	32,898	8,245,862	32,201	10,565,736
Finished Garments	Pcs	300,200	66,010,756	318,361	40,813,745
			<u>119,065,092</u>		<u>101,927,082</u>
			<b>For the Year ended 31<sup>st</sup> March, 2013</b>		<b>For the Year ended 31<sup>st</sup> March, 2012</b>
			Quantity Amt. in Rs.		Quantity Amt. in Rs.
<b>32. Sales*</b>					
1. Processed Fabric	Kgs	3,166,009	307,258,315	2,976,547	256,703,754
2. Ready Made Garments	Pcs	1,104,370	126,035,778	903,718	125,175,928
3. Garments & Apparels (Retail Division)	Pcs	113,621	94,590,010	62,427	29,878,108
4. Trading Sales			150,155		42,119
			<u>528,034,258</u>		<u>411,799,909</u>
* Sales figures are net off excise liabilities.					
<b>33. Purchases of Stock-in-Trade</b>					
1. Purchases - Footwears		-	-	7,200	1,938,006
2. Purchases - Items related with hospitality			121,035		16,195
			<u>121,035</u>		<u>1,954,201</u>



		As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
		Quantity	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
34. Closing Stock*					
1. Yarn	Kgs	33,252	7,410,607	26,641	5,495,274
2. Grey fabric	Kgs	120,160	32,992,295	67,570	16,545,976
3. Chemicals			1,458,464		1,480,341
4. Stores, Spares & Other items			5,488,275		7,969,892
5. Packing Materials			733,435		1,026,060
6. Dyes			918,147		1,536,081
7. Stock in trade (Footwears)	Pcs	4,731	826,703	7,112	1,914,337
8. Work in Progress	Kgs	13,836	3,442,477	19,324	6,169,518
	pcs	58,076	2,296,116	60,934	2,670,995
9. Finished Goods					
Finished Fabric	Kgs	54,313	15,874,574	32,898	8,245,862
Finished Garments	Pcs	392,311	94,101,096	300,200	66,010,756
			<u>165,542,189</u>		<u>119,065,092</u>
			<b>For the Year ended 31<sup>st</sup> March, 2013</b>		<b>For the Year ended 31<sup>st</sup> March, 2012</b>
			<b>Quantity</b>		<b>Amt. in Rs.</b>

35. CIF Value of Imports					
Components and Spare Parts			1,071,056		1,041,723
Capital Goods			-		140,557
36. Expenditure in Foreign Currency					
Travelling			16,440		268,650
Others			-		776,225
37. Earnings in Foreign Exchange					
FOB Value of Exports			2,865,730		3,256,532
38. 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, 2013 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:

Particulars	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Amount in Foreign Currency	Amt. in Rupees	Amount in Foreign Currency	Amt. in Rupees
Receivables				
US Dollar	23,281.93	1,256,208	34,429.00	1,645,856
Euro	-	-	1,001	72,159
Payables #				

# There is no amount payable in foreign currency outstanding as on 31st March, 2013.

39. Employee Benefits

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 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>
(i) Contribution to Provident Fund	1,522,260	1,505,263
(ii) Contribution to Employees' State Insurance Scheme	1,055,117	826,119
(B) Defined Benefit Plan		

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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 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
(a) Discount Rate (per annum)	8.10%	8.10%	8.65%	8.65%
(b) Rate of increase in Compensation Levels	5.00%	5.00%	5.00%	5.00%
(c) Rate of Return on Plan Assets	N.A	N.A	0.00%	8.50%
	For the Year ended 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
	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	2,402,532	2,286,703	1,830,770	1,937,870
(b) Interest Cost	279,646	226,545	216,043	172,987
(c) Past Service Cost	-	-	-	-
(d) Current Service Cost	830,372	332,309	891,545	320,548
(e) Benefits Paid	-	(145,569)	(207,234)	(323,215)
(f) Actuarial (Gain)/Loss	(285,852)	1,149,087	(328,592)	178,513
(g) Closing Present Value of Obligation	3,226,698	3,849,075	2,402,532	2,286,703
(ii) Changes in the Fair Value of Plan Assets				
(a) Opening Fair Value of Plan Assets	-	2,123,876	-	996,012
(b) Expected Return on Plan Assets	-	220,981	-	127,379
(c) Actuarial Gain/(Loss)	-	(5,732)	-	(4,652)
(d) Employers' Contributions	-	1,097,370	-	1,328,352
(e) Benefits Paid	-	(145,569)	-	(323,215)
(f) Closing Fair Value of Plan Assets	-	3,290,926	-	2,123,876
	For the Year ended 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
		Gratuity Amt. in Rs.		Gratuity Amt. in Rs.
(iii) Amount recognised in the Balance Sheet				
(a) Present Value of Obligation as at the year end		3,849,075		2,286,703
(b) Fair Value of Plan Assets as at the year end		3,290,926		2,123,876
(c) (Asset)/Liability recognised in the Balance Sheet		558,149		162,827
	For the Year ended 31 <sup>st</sup> March, 2013		For the Year ended 31 <sup>st</sup> March, 2012	
	Leave Encashment Amt. in Rs.	Gratuity Amt. in Rs.	Leave Encashment Amt. in Rs.	Gratuity Amt. in Rs.
(iv) Expenses recognised in the Statement of Profit and Loss				
(a) Current Service Cost	830,372	332,309	891,545	320,548
(b) Past Service Cost	-	-	-	-
(c) Interest Cost	279,646	226,545	216,043	172,987
(d) Expected Return on Plan Assets	-	(220,981)	-	(127,379)
(e) Net Actuarial (Gain)/Loss	(285,852)	1,154,819	(328,592)	183,165
Total Expenses recognised in the Statement of Profit and Loss	824,166	1,492,692	778,996	549,321

### NOTE:

- Leave Encashment liability is determined by an independent actuary and relevant provisions are made in the books of account. The payment towards the liability is made by the company as and when the employee becomes eligible to claim the encashment.
- 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.



	For the Year ended 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
	Amt. in Rs.	Amt. in Rs.
40. Segment Information		
(A) Information in respect of Primary Segments Refer Note (a) below		
(B) Information in respect of Secondary Segments		
(I) Segment Revenue		
India	535,206,835	416,816,885
Other Countries	2,865,730	3,256,532
(Net of Excise)	<u>538,072,565</u>	<u>420,073,417</u>
(II) Carrying Amount of Segment Assets		
India	371,055,772	343,942,629
Other Countries	-	-
	<u>371,055,772</u>	<u>343,942,629</u>
(III) Capital Expenditure		
India	27,113,143	17,827,510
Other Countries	-	-
	<u>27,113,143</u>	<u>17,827,510</u>

Notes:

- (a) The primary reporting of the company is based on the business segment. The company has no substantial amount of business in other segment except manufacturing of knitted hosiery fabrics and readymade garments. During the year the company has provided service through buying house agency and received commission of Rs. 129462 only.
- (b) Secondary segment reporting is based on the geographical location of customers. Revenue is segregated in to two segments namely India and Other Countries for the purpose of reporting geographical segments.
- (c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 2.
- (d) In the opinion of the Company it is not practicable to provide segmentwise disclosure relating to the Capital Employed as it cannot be bifurcated between segments considering the nature of production facilities which are common and combined for all the segments.

41. Related Party Disclosures

Related parties with whom the company had transactions during the year

a) Key Management Personnel

1. Mr.Pawan Agarwal - Chairman and Managing Director
2. Relatives of Key Management Personnel:
  1. Mr.Kishorilal Agarwal (Father)
  2. Mr.Anand Agarwal (Brother)
  3. Mr.Rajendra Agarwal (Brother)
  4. Mrs.Pramila Agarwal (Wife of Anand Agarwal)
  5. Mrs.Shalini Agarwal (Wife of Pawan Agarwal)

b) Enterprises under Common control of the Promoters

1. BLR Knits Pvt. Ltd.
2. Intime Knits Pvt. Ltd.
3. Black Gold Leasing Pvt. Ltd.

Disclosure of transactions between the company and related parties

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	<u>For the Year ended 31<sup>st</sup> March, 2013</u>	<u>For the Year ended 31<sup>st</sup> March, 2012</u>
	Amt. in Rs.	Amt. in Rs.
a) Key Management Personnel - Remuneration		
1. Mr.Pawan Agarwal	<b>1,579,945</b>	858,256
	<u><b>1,579,945</b></u>	<u>858,256</u>
b) Enterprises under Common control of the Promoters		
a) Sale of Goods		
1. Intime Knits Pvt. Ltd.	32,813,925	20,738,404
2. BLR Knits Pvt. Ltd.	6,489,778	-
b) Purchase of Goods		
1. Intime Knits Pvt. Ltd.	474,215	1,965,605
c) Payment for Services Rendered		
1. Intime Knits Pvt. Ltd.	200,000	180,000
2. Black Gold Leasing Pvt. Ltd.	4,849,440	4,267,347
d) Balance Outstanding as at the year end		
1. BLR Knits Pvt. Ltd. (Receivable)	54,301	-
2. Intime Knits Pvt. Ltd. (Net Receivable)	12,600,122	3,383,068
3. Black Gold Leasing Pvt. Ltd. (Deposits Payables)	22,381,466	12,381,466

### 42. 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.

	<u>For the Year ended 31<sup>st</sup> March, 2013</u>	<u>For the Year ended 31<sup>st</sup> March, 2012</u>
	Amt. in Rs.	Amt. in Rs.
(a) Lease payments recognised in the Statement of Profit and Loss	<b>19,301,312</b>	10,043,736
(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	<b>3 - 9 year</b>	3 - 9 year
(Renewal of lease terms after first 3 years)		
ii) Incremental / Escalation rate after every 3 years term	<b>12% - 15%</b>	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	<b>5,110,939</b>	9,612,852
(ii) Later than one year and not later than five years	<b>13,571,637</b>	22,113,864
(iii) Later than five years	-	-
	<u><b>18,682,576</b></u>	<u>31,726,716</u>

### 43. 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:





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### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
<b>A. Cash flow from operating activities</b>				
Net Profit before Tax		71.62		80.31
Adjustments for -				
Depreciation and Amortisation Expense	99.00		77.98	
Amortisation of Rights Issue Expenses	3.83		-	
Interest Income	(1.62)		(4.21)	
Interest Expense	123.85		77.66	
Dividend Received	(0.10)		(0.10)	
		<u>224.96</u>		<u>151.33</u>
Operating profit before working capital changes		296.58		231.64
Adjustments for -				
Trade and Other Receivables	(442.20)		(158.65)	
Inventories	(464.77)		(171.38)	
Trade and Other Payables	166.87		36.26	
		<u>(740.10)</u>		<u>(293.77)</u>
Cash generated from operations		(443.52)		(62.13)
Direct Taxes paid (net of refund of taxes)		(13.53)		(14.96)
Net cash from operating activities		(457.05)		(77.09)
<b>B. Cash flow from investing activities</b>				
Purchases of Fixed Assets	(591.98)		(173.14)	
Sale of Fixed Assets	-		-	
Dividend Received	0.10		0.10	
Interest received	1.62		4.21	
Net cash used in investing activities		(590.26)		(168.83)
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of Share Capital	815.43		-	
Proceeds from Long-term Borrowings	83.35		21.38	
Repayment of Long-term Borrowings	-		-	
Proceeds from Short-term Borrowings	320.63		323.78	
Dividend paid	(20.57)		(42.60)	
Expenses in connection with the Rights Issue	(13.13)		(5.01)	
Tax paid on Dividend	(3.34)		(6.91)	
Interest paid	(123.85)		(77.66)	
Net cash used in financing activities		1,058.52		212.98
Net increase/(decrease) in cash and cash equivalents		<u>11.21</u>		<u>(32.94)</u>
Cash and Cash Equivalents - Opening Balance		14.54		47.48
Cash and Cash Equivalents - Closing Balance [Refer Note 2 below]		25.75		14.54

**Notes:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
- Previous year figures have been regrouped where necessary.

In terms of our report of even date

For **Chaturvedi & Co.**  
Chartered Accountants  
(Firm Registration No.302137E)

**(S.N.Chaturvedi)**  
Partner  
(Membership No.040479)  
Mumbai, 29<sup>th</sup> May, 2013

For and on behalf of the Board

**Pawan Agarwal**  
Chairman & Managing Director

**Vivek Gangwal**  
Director

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

Mumbai, 29<sup>th</sup> May, 2013

**A.Indusekhar Rao**  
Director

**Sushil Kumar Kasliwal**  
Director

**Manoj Khemka**  
V.P.Accounts & Commercial



# SUDITI INDUSTRIES LIMITED

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

## PROXY FORM

Folio No.: \_\_\_\_\_/DP ID No.\* \_\_\_\_\_ & Client No.\* \_\_\_\_\_ No. of Shares held \_\_\_\_\_

\* Applicable for members holding shares in electronic form.

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a Member / Members of the above name Company hereby

appoint \_\_\_\_\_ of \_\_\_\_\_ in

the district of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held on Friday the 6<sup>th</sup> September, 2013 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013 Signature \_\_\_\_\_

Affix  
1 Rupee  
Revenue  
Stamp

Note : The proxy form should be deposited at the Registered Office of the Company forty-eight hours before the meeting.

# SUDITI INDUSTRIES LIMITED

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

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Twenty Second Annual General Meeting - September 6, 2013

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the company on Friday the 6<sup>th</sup> September, 2013, at 3.30 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Lalji Naranji Memorial Indian Merchant's Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020.

Full Name of Member (In Block Letters) \_\_\_\_\_

Folio No.: \_\_\_\_\_/DP ID No.\* \_\_\_\_\_ & Client No.\* \_\_\_\_\_ No. of Shares held \_\_\_\_\_

\* Applicable for members holding shares in electronic form.

Full name of Proxy (In block letters) \_\_\_\_\_

Member's/ Proxy Signature \_\_\_\_\_

