



**Suditi Industries Ltd.**

# 23<sup>rd</sup> ANNUAL REPORT 2013 - 2014

OFFICIAL APPAREL LICENSEE



**FIFA WORLD CUP  
Brasil**



## BOARD OF DIRECTORS

**Mr. Pawan Agarwal**  
(Chairman & Managing Director)

**Mr. Sushil Kumar Kasliwal**

**Mr. Vivek Gangwal**

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

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

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

**Factory & Admn.Office**  
C-253/254, MIDC, TTC Industrial Area, Turbhe,  
Pawane Village, Navi Mumbai 400 705.

## Works

**Unit No.1**  
C-253/254, M.I.D.C., T.T.C. Indl. Area,  
Pawane Village, Navi Mumbai 400 705.

**Unit No. 2**  
C-3/B, M.I.D.C., T.T.C. Indl. Area,  
Navi Mumbai 400 705.

## Auditors

Chaturvedi & Co.  
81, Mittal Chambers,  
228 Nariman Point, Mumbai 400 021

## Legal Advisor

**Mr. A. Ramkrishna**  
75, Laxmi insurance Bldg., 4th Floor,  
Sir P.M. Road, Fort, Mumbai 400 001.

## Bankers

**Indian Overseas Bank**  
**HDFC Bank Ltd.**

## Registrar & Share Transfer Agents

**Sharex Dynamic (India) Pvt.Ltd.**  
Unit-1 , Luthra Indl.premises, Safed Pool,  
Andheri kurla Rd., Andheri (E),

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## TWENTY THIRD ANNUAL GENERAL MEETING

Friday the 12th September, 2014, at  
3.30 p.m. at Walchand Hirachand Hall,  
4th Floor, Lalji Naranji Memorial Indian Merchants'  
Chamber Building Trust (**IMC Bldg.**),  
Churchgate, Mumbai - 400020

As a measure of economy, copies of the  
Annual Report will not be distributed at the  
Annual General Meeting. Shareholders are  
requested to kindly bring their copies to  
to meeting



## NOTICE FOR THE TWENTY THIRD ANNUAL GENERAL MEETING:

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Friday the 12<sup>th</sup> September, 2014 at 3.30 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai – 400 020 to transact the following business:-

### ORDINARY BUSINESS:

- 1 To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2014 and the Reports of the Directors and Auditors thereon:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014, and the Profit & Loss Accounts for the year ended on that date, together with the Directors Report with Annexure, the complete corporate governance report and the Auditors Reports thereon, as placed before the meeting be and the same are hereby received, approved and adopted."

- 2 To declare dividend on the portion of the Equity Shares held by the public for the year ended 31<sup>st</sup> March, 2014:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that a dividend at the rate of Rs.0.50 per share be and is hereby declared only on the paid up equity shares of the company held by the shareholders exclusively under public category and that the aforesaid dividend be distributed to those shareholders other than promoters and promoters group, and whose names appear on the register of members of the company as per the book closure dates announced by the company for this purpose, including the records of beneficiaries in the CDSL/NSDL or to their mandates."

- 3 Appointment of Auditors:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, M/s. Chaturvedi & Co., Chartered Accountants (ICAI Firm Registration No.302137E) be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Twenty Sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

- 4 Ratify the payment of remuneration of Cost Auditors:

To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Rules framed thereunder, as amended from time to time and such other permissions as may be necessary, the Members hereby ratify the remuneration of Rs.25000/- plus service tax, out-of-pocket, travelling and living expenses payable to M/s. NNT & Co. (R100911), Cost Accountants, as approved by the Board of Directors on their appointment as Cost Auditors of the Company with power to the Board to increase the same upto a maximum of 20% as and when the need arises depending upon the volume of work, to conduct audit of the Cost records pertaining to "Textiles" and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

### SPECIAL BUSINESS:

- 5 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Shri. Vivek Gangwal, who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years up to 31<sup>st</sup> March, 2019."

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

- 6 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Shri. Sushil Kumar Kasliwal, who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years up to 31<sup>st</sup> March, 2019."

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

- 7 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT in supersession of the earlier resolution(s) and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company, be and hereby are authorized to borrow from time to time such sum or sums of money as it may consider fit for the purpose of the business of the Company notwithstanding that the money to be borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) together with the money already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs.200 Crores at any time."

## Twenty-Third Annual Report 2013 - 2014

- "RESOLVED FURTHER THAT Shri Pawan Agarwal Chairman and Managing Director of the Company be and is hereby authorized to finalize the terms and conditions in respect of the Borrowings and further to execute all instruments, securities and documents and writings as may be necessary or expedient to give effect to the above mentioned resolution."
- 8 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-
- "RESOLVED THAT pursuant to the provisions of the Section 180(1)(a) and all other applicable provision, if any, of the Companies Act, 2013, including any statutory modification(s) and re-enactment(s) thereof, for the time being in force, authority is hereby granted to the Board of Directors of the Company, to create such Mortgages, charges, and hypothecations, as the Board may deem fit, on such of the movable and/or immovable assets of the Company wherever situated, both present and future, in such manner, as the Board may deem fit, for securing any loans and/or advances already obtained and/or to be obtained in future from any financial institutions/banks/insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued at all interests, compound/additional interest, commitments charges, costs charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limits of Rs.200 Crores (Rupees Two Hundred Crores Only)."
- "RESOLVED FURTHER THAT the board of directors of the company (including any committee thereof), be and is hereby authorized to finalize and execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and all such deeds, documents, instruments or writings as may be necessary, proper, desirable or expedient as they may deem fit and to do all such acts, deeds and things and give such directions, as may be deemed necessary, desirable or expedient, to give effect to this resolution."
- By Order of the Board of Directors  
For **SUDITI INDUSTRIES LIMITED**  
H.Gopalkrishnan  
Company Secretary & V.P. Finance
- Place : Mumbai  
Dated : 27/05/2014
- 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 2013-14, 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 2014.
- 2 A member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy form to be valid shall be deposited with the company not later than forty eight hours before the time for holding the meeting. E voting procedures and instructions circular are sent along with the Notice.
- 3 The relevant details in respect of Item No.5 & 6 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 6<sup>th</sup> September, 2014 to Friday the 12<sup>th</sup> September, 2014 (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 Vivek Gangwal	Shri Sushil Kumar Kasliwal
Date of Birth	17.12.1970	24.08.1950
Date of Appointment	16.06.2003	16.06.2003
Expertise in specific Functional areas	Shri Vivek Gangwal has vast experience and knowledge in the various aspects of primary and secondary market operations, port folio management, and equity research. His experience span over a period of more than 20 years and also traveled for enhancing and sharing his wide business experience.	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 graduate in Commerce and Chartered Accountant	Technically qualified with a Diploma in Man Made Textile Chemistry (DMTC)
Directorships held in other companies (Excluding Foreign Companies)	Soba Infosec Pvt. Ltd. SSJ Finance & Securities Pvt. Ltd.	NIL
Committee position held in other companies	NIL	NIL
No. of Shares held	NIL	NIL



**EXPLANATORY STATEMENT**

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act"), sets out all material facts relating to the business mentioned at Item Nos.4 & 5 of the accompanying Notice dated May 27, 2014:

**Item No.3:**

This explanatory statement is provided though strictly not required as per Section 102 of the Act. M/s. Chaturvedi & Co. Chartered Accountants (ICAI Firm Registration No. 302137E), Mumbai were appointed as the statutory auditors of the Company for the financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on September 6, 2013. M/s. Chaturvedi & Co. have been the Auditors of the Company since inception. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, M/s. Chaturvedi & Co., being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on May 27, 2014, proposed the appointment of M/s. Chaturvedi & Co., as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the Twenty -Sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM). The Board commends the Resolution at Item No.3 for approval by the Members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

**Item No.4:**

The Board had on May 27, 2014 on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. NNT & Co. (R100911), the Cost Auditors to conduct the audit of the Cost records pertaining to Textile and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015 and remuneration of Rs.25000/- plus service tax, out-of-pocket, travelling and living expenses have been fixed for this purpose. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.4 of the Notice. The Board commends the Ordinary Resolution set out at Item No.4 of the Notice with additional power to revise the same in case if the need arises on account of any increased volume of work or other statutory requirements for approval by the Members. None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution set out at Item No.4 of the Notice.

**Item No.5 & 6:**

Pursuant to the provisions of section 149 of the Companies Act, 2013 (the Act), which came into effect from 1 April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors (IDs). An ID shall hold office for a term up to five consecutive years on the board of a company, but shall be eligible for re-appointment for a term up to another five consecutive years on passing of a special resolution by the company and disclosure of such appointment in the board's report. As per the Act, an ID is not liable to retire by rotation.

Keeping in view the new provisions of the Companies Act, 2013 and considering the age and the term the IDs have already served on the board, the board considered and recommended for appointment of IDs for such terms as detailed in their respective appointment resolutions.

Shri. Vivek Gangwal and Shri. Sushil Kumar Kasliwal, non-executive directors of the company have given a declaration to the board that they meet the criteria of independence as provided under section 149 of the Act as well as clause 49 of the listing agreement. In the opinion of the board, each of these directors fulfills the conditions specified in the Act and Rules made there under for appointment as IDs and they are independent of the management.

The board recommends the appointment of these directors as independent directors for such terms as specified in the resolutions as set out in item nos.5 & 6 of the notice.

In compliance with the provisions of section 149 & 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and clause 49 of the listing agreement, the appointment of these directors is being placed before the members for their approval.

None of the key managerial personnel and directors of the company other than the directors who are to be appointed under the respective resolutions and their relatives are concerned or interested in the resolutions set forth in item nos.5 & 6 of the notice.

**Item No.7:**

Under section 180(1)(c) of the Companies Act, 2013 (the Act), sanction of the company is required for enabling the board of directors to borrow money in excess of paid-up share capital and free reserves of the company by way of a special resolution.

By a resolution passed at the annual general meeting held on 20<sup>th</sup> September, 1996, sanction was accorded by the members by way of an ordinary resolution to the board of directors to borrow money over and above the aggregate of the paid-up share capital and free reserves of the company up to a limit of Rs.200 crores.

Under section 180 of the Act, the above powers of the board are required to be exercised only with the consent of the company by a special resolution.

Hence, the resolution as set out in item no.7 is being sought, by way of a special resolution, pursuant to section 180(1)(c) of the Act seeking re-approval of the shareholders to authorize the directors to borrow in excess of the aggregate of the paid-up capital and free reserves up to a sum not exceeding Rs.200 crores.

The board recommends the resolution under item no.7 for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no.7 of the notice.

**Item No.8:**

As per the provisions of section 180(1)(a) of the Companies Act, 2013 (the Act), a company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, unless approval of the shareholders is obtained by way of a special resolution.

In connection with the loan/credit facilities to be availed by the company, as and when required, through various sources for business purposes, the company might be required to create charges over its assets, properties and licenses by way of hypothecation, mortgage, lien, pledge etc. in favour of its lenders (up to the limits approved under section 180(1)(c) of the Act), for the purposes of securing the loan/credit facilities extended by them to the company. The company had obtained approval earlier from shareholders under section 293(1)(a) of the companies Act 1956 for creation of charge over its assets in favor of lenders against the loans granted by them towards working capital as well as for capital projects.

Accordingly, the board recommends the special resolution set forth in item no.8 of the notice for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no.8 of the notice.

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

Place : Mumbai  
Dated : 27/05/2014  
Registered Office:  
A-2, Shah Nahar Estate,  
Unit No.23/26, Lower Parel,  
Mumbai - 400 013.

## Twenty-Third Annual Report 2013 - 2014

### DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Profit and Loss Account for the year ended on that date.

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

Particulars	Current Year Ended 31.03.2014	Previous Year Ended 31.03.2013
Export Sales	40.83	28.66
Local Sales	6166.55	5352.07
Other Income	23.61	21.44
Profit before Interest and Depreciation	429.05	294.46
Finance Cost	213.34	123.85
Profit after Finance Cost	215.71	170.61
Depreciation	119.89	99.00
Profit / (Loss) before Tax	95.82	71.61
Provision for Tax	18.50	13.52
Profit / (Loss) after Tax before extra ordinary items	77.32	58.09
Extra Ordinary Items (Net)	-	-
Net Profit	77.32	58.09
Add: Brought forward from the previous year	779.93	745.75
Transfer to General Reserve	-	-
Amount available for appropriation	857.25	803.84
Proposed Dividend	21.35	20.57
Tax on Proposed Dividend	3.63	3.34
Balance carried to Balance Sheet	832.27	779.93

#### Dividend:

In view of the requirement of funds to maintain the growth of the company as well as to fulfill 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 2013-14. Accordingly, the Board after considering all these aspects, has recommended a dividend for the year under review at the rate of Rs.0.50 per Equity Share only on the portion of the paid up equity capital held by the public as on 31<sup>st</sup> March 2014.

#### Operations:

The company continues to record substantial improvement in the overall performance during the year under review in comparison to the previous year. The company has achieved an increase of over 15% in the sales figures and around 34% in the net profits before tax in comparison to the previous year. However, the growth in the sales of the Retail division is lower than anticipated for the year and consequently the company has to absorb the losses generated by the Retail business activities. Because of this, the overall profit recorded by the company is lower than the projections for the year under review. The economic conditions in the country remained sluggish and pessimistic throughout the year. The situation remained same all over the world barring few countries. This was a matter of concern for the industry particularly textiles and other capital goods industry. There was no major growth in the demand witnessed by any major sectors of the industry. Lack of government initiatives, weak fiscal conditions and inflation in food prices has created a major slump in the

demand for goods in the domestic market. This has affected the growth of the company particularly in the export business and in garment sales.

The company has undertaken a major revamping of the Retail business division to strengthen the operations in order to make it a profitable division. Accordingly, the company discontinued the operations of some of the unviable stores like in Goa, Belgaum etc and also the counters operating through Large Format Stores (LFS) like Reliance/Maya etc. In its place the company has started new identical numbers of counters through other LFS like Pantaloon, Shoppers Stop, Lifestyle and Arvind Megamart. In addition to these outlets, the company has expanded the business through wholesale dealers and online sales network. The company proposes to add some more counters in the LFS formats and exclusive retail outlets in different parts of the country. The "Riot" brand name taken by the company is now fully acquired and used exclusively by the company for its Retail business activities. Apart from this, and in order to increase the profitability, the company has merged the activities of the Buying agency division with the existing marketing set up. Similarly, the company has closed the depot and merged the depot business with the existing marketing set up. The company has also discontinued the operations at Bhiwandi unit. Further, in respect of the pending EPCG License issues, the company is actively pursuing the matter with the DGFT office.

#### Export Sales:

There is some marginal increase in the exports in comparison to the previous year. However, the overall export performance is not as per the estimates made by the company. This is mainly due to unfavorable market conditions for clothing and other apparels in the European market and other parts of the world. Therefore, the company, during the year under review, continued to remain focused predominantly in the local market. The exports were mainly sent in the form of finished fabrics to neighboring countries like Bangladesh. The company continues to take initiatives to increase the volume of shipments to Bangladesh as the prospects to increase the same are very good. The company is now taking effective measures to explore the possibility of developing new markets in African and Far East countries. Also the company is observing some positive changes in the global market because of some economic recovery in the US and some European economies. The company is relentlessly taking various efforts to start the exports business particularly in these markets as they offer potential for supply of garments in huge volume. The long term objective of the company is to achieve a target of exporting 50% of its capacity in the overseas market. Alongside, the company continues its efforts to align with some large reputed brands in the overseas market to ensure continuity of exports in large volume.

The company continues to maintain the market development programme by taking active participation in various international Fairs/exhibitions as well as selling garments by using the brand and logos of some important sports events. One such effort undertaken by the company was by acquiring the licentiate rights of FIFA 2014 which is very encouraging and the company would be undertaking similar efforts in the future also. This has been followed with the objective of identifying some new avenues like selling of garments by developing new markets in these regions. As the global markets are now within the reach of Indian textile exporters in terms of competition the prospects are good for better unit value realization and volumes. The company has added various products like printed garments and fabrics to attract high end customers who offer better rates and attractive margins to undertake volume based business on regular basis. In view of these, the company continues to pursue its plans to increase the exports business in sizable volume in the future.



**FIFA 2014 (Foot Ball World Cup – Brazil):**

The company has developed and produced wide range of garments with FIFA brand LOGOS embossed on the garments by using licentiate rights acquired for India. The sale of garments embossed with FIFA LOGOS have already started in full scale and are expected to last till the end of July, 2014. As a part of expansion of the Retail business activities, the company proposes to continue the market development programme through selling licensed garments of various prestigious clubs promoting big sports events. The company is in the process of finalizing the agreements with other sports related organizations/clubs like “Real Madrid” in Spain & “Manchester City” in England. This will provide great opportunity for the company to establish the brand name in the market as well as to boost the sale of garments in the domestic market.

**Expansion:**

Since the company has completed almost all planned projects, the management has decided not to undertake any new projects for some time. Accordingly there will not be any major expansion plan for some period except addition of some balancing and replacement of old machineries and equipments. As per the detailed plan of capital expenditure given in the Rights Issue offer document, the company has completed the construction/acquisition of new administrative block to centralize all administrative and back office operations, new garment unit as well as significant portion of the expansion of Retails Business through setting up new stores. The remaining portion of the retail expansion plan will be undertaken gradually over a period of time in the next few years depending upon the market conditions.

**Industrial Relations:**

Industrial relations with the employees at the Company’s plant at MIDC, TTC Industrial Area, Pawne Village, Navi Mumbai and in the other locations continued to remain healthy and cordial.

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

During the last year the company had 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 first part of the grant has been vested during the month of March 2014. The details are as follows:

Granted		Accepted		Rejected		Vested
No of Employees	Total options (Nos.)	No of Employees	Total options Grant	No of Employees	Total options (Nos.)	First part of Grant
48	278700	18	219500	30	59200	21950

The disclosure of the details is as follows:-

- (a) (i) options granted; 278700
- (ii) options accepted; 219500
- (b) the pricing formula; At par
- (c) options vested; 21950
- (d) options exercised; Nil
- (e) the total number of shares arising as a result of exercise of option; Nil
- (f) options lapsed; 59200
- (g) variation of terms of options; NA
- (h) money realised by exercise of options; Nil
- (i) total number of options in force; 219500
- (j) employee wise details of options granted to;-
  - (i) senior managerial personnel; 206000

- (ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; Nil
- (iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Nil
- (k) diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 ‘Earnings Per Share’]. No options are exercised till date.
- (l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. The impact on account of this will reduce the profits by Rs.339567/- and accordingly, on proforma basis, the company’s basic and diluted earnings would have been Rs.0.44 and Rs.0.44 respectively.
- (m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. NA
- (n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:
  - (i) risk-free interest rate, 8.51%
  - (ii) expected life, 5 years
  - (iii) expected volatility, 4.30%
  - (iv) expected dividends, Rs.0.50 per share
  - (v) the price of the underlying share in market at the time of option grant, Rs.7.68

**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:**

The Board wishes to place on record the sad demise of Shri. Indu Sekhar Rao and acknowledges with gratitude the valuable contribution made by Shri. Indu Sekhar Rao towards the growth of the company during his tenure as Director of the company. Accordingly Shri. Indu Sekhar Rao ceases to be the member of the Board with effect from 7<sup>th</sup> April 2014. The Board also wishes to place on record with grief the sad demise of founder Chairman Shri. Kishorilal Agarwal and acknowledges with deep gratitude the valuable contribution made by Shri. Kishorilal Agarwal towards the growth of the company during his tenure in the past as Chairman of the company.

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In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri. Vivek Gangwal & Shri Sushil Kumar Kasliwal, would retire by rotation, and being eligible, offer 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 had appointed M/s. Talati & Associates (Prof.V.J.Talati – Reg. No.-2203), Cost Accountants as the Cost Auditor to audit the cost records maintained by the Company for the year 2013-14. This is as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company. For the year 2014-15 the company has appointed M/s. NNT & Co, (Reg. No. 100911) cost accountants as the cost auditor in place of M/s. Talati & Associates who has expressed their inability to accept the assignment due to personal reasons.

### 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 : 27.05.2014 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 31<sup>st</sup> March 2014.

### A) Conservation of Energy:

- a) Energy Conservation measures taken: -  
Energy conservation is recognized as an important and crucial task for the development of any country. The company understands the importance of the energy conservation measures and takes all possible measures to implement the plan all over the manufacturing units. Timely review and evaluation of all energy conservation measures are made to ensure that systems and methods followed are very effective and adopts 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 specified dyeing machines to reduce the process time considerably, thereby enabling the company to save energy.
  - 2) The company has replaced some of the existing machines with new energy saving machines to save energy considerably. The company maintained proper balance and synergy in the process quantity and capacity of the machines to avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
  - 3) The continuous monitoring of 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, the company continued to follow all preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal which 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 introduce next generation active harmonic filter to improve the power.
  - 2) The company shall continue to install the programmable logic controllers on all the remaining machines to cut down energy consumption and wastage.
  - 3) The company proposes to replace high-energy consumption equipments with energy saver equipments as well as new boiler designed for coal fire 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) Remarkable improvement in the effective 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) New recipe are developed on regular basis 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 product ranges which are more of import substitutes with added features.
2. Benefits derived as a result of the above R&D:
  - a) Company is able to remain competitive in terms of cost and quality in the market. Further it helps the Company to enhance the reputation in the market for strict quality standards with wide product range.
3. Future Plan of Action:
  - a) The Company plans to develop some specific new input mix to economize the cost of production as well as to bring new product ranges exclusively designed for some specified uses.
  - b) The Company monitors various developments in the industry on regular basis 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 carries out all the R&D efforts along 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**

There are no major developments recorded in the company during the year in respect of technology absorption, adoption or innovation. However the Company continues to monitor all significant technological development and initiates necessary action wherever the need arises for the same which includes up gradation of the units with latest superior technology machineries. The company continues to participate in any study intended to develop new combination of chemicals, colors, etc. in collaboration with vendors. The Company closely follows all the new 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 (2013-14)	Previous Year (2012-13)
Total Foreign Exchange used	78.93	14.03
Total Foreign Exchange earned (FOB Value)	32.84	28.67

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

The disclosure of particulars with respect to conservation of Energy:

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

	Current Year (2013-14)	Previous Year (2012-13)
<b>1. Electricity</b>		
Units (KWH)	3841690	3958818
Total Amount (Rs.)	26403481	27551540
Average Rate	6.87	6.96
<b>2. Diesel Oil</b>		
Quantity (Lt.)	32483	21845
Total Amount (Rs.)	2036400	1081121
Average Rate (Rs./Lt.)	62.69	49.49
<b>3. Steam Coal</b>		
Quantity (Kgs)	4601618	5256253
Total Amount (Rs.)	30351899	29068665
Average Rate (Rs./Kgs.)	6.60	5.53

**B) Consumption per unit production:**

Electricity (Unit/Kg.)	1.03	1.17
Diesel Oil (Lt./Kg.)	0.009	0.006
Steam Coal (Kg./Kg.)	1.24	1.55

For and on behalf of the Board of Directors

Place : Mumbai

**PAWAN AGARWAL**

Date : 27.05.2014

CHAIRMAN & MANAGING DIRECTOR

Note: Electricity exclusive of Retail Shops/Depot.

**Corporate Governance:**

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

The company follows and practices the corporate governance policies and procedures based on the norms laid down by the Board within the overall framework of rules and regulations. The company pursues 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 understands the importance of best Board practices, transparent disclosures, and Shareholders empowerment for creating Shareholders wealth.

**Board of Directors:**

The Board is constituted 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 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.

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### 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	--	--
Sushil Kumar Kasliwal	Non-Executive	Yes	1	--	--
Vivek Gangwal	Non-Executive	Yes	1	--	--
A.Indusekhar Rao (Late)	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 responsibility of the Board covers 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 role of Independent directors is very significant in the implementation of Corporate Governance policies and practices. They enrich the Board with their vast experience and knowledge. During the meetings, they take active part in the deliberations and play important role particularly in the functioning of various committees.

### Board Meetings:

Generally the Board Meetings are 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.

Four Board Meetings were held during the year from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014, i.e. on 29<sup>th</sup> May 2013, 9<sup>th</sup> August 2013, 6<sup>th</sup> November 2013, & 12<sup>th</sup> February 2014. 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	4	Yes
Shri A.Indu Sekhar Rao (Late)	4	No
Shri Sushilkumar Kasliwal	1	Yes
Shri Vivek Gangwal	4	Yes

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

During the year under review, no new Director has been inducted to the Board. Shri. Vivek Gangwal & Shri Sushil Kumar Kasliwal, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. Further Shri A. Indu Sekhar Rao has ceased to be the director of the board pursuant to his demise.

### Board Committee:

The following committees are constituted by the board 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 Viz., Audit Committee, Shareholders Grievances Committee, Remuneration Committee and Compensation committee.

### Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri Pawan Agarwal and Shri A. Indu Sekhar Rao (Late). Due to the sad demise of Shri. Indusekhar Rao the Board has appointed Shri. Sushilkumar Kasliwal.

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

All the committee members 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;
  - 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
Shri Sushil Kumar Kasliwal	Nil

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 22<sup>nd</sup>. Annual General Meeting held on 6<sup>th</sup> September 2013.

**Remuneration Committee:**

There are 3 members of the Board in the Remuneration committee and Shri. A.Indu Sekhar Rao (Late) was the Chairman of the committee. The other members of the committee are Shri. Vivek Gangwal and Shri. Sushilkumar Kasliwal. The Remuneration Committee reviews and recommends the compensation payable to the Executive/Managing Director. Further the Committee is also entrusted with the task of periodical review of the compensation structure and policies of the Company. The incentive schemes are in force 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 Compensation Committee is constituted with the same 3 Directors as its members with Shri. A.Indu Sekhar Rao (Late) as the Chairman. The committee had met once during the year under review to finalize the vesting of the options to employee covered under SUDITI ESOP PLAN 2011.

During the year under review the committee met once in May 2013. The Committee had reviewed the elements of remuneration payable to the Chairman & Managing Director and suggested to maintain the same for the year 2013-14 in view of sluggish economic conditions.

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

**Remuneration Policy:**

The compensation policy followed in the company is subject to periodical review 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 includes performance-oriented incentives for various staff and executives in the organization. Whole-time Directors compensations are recommended by the Committee in accordance with the various provisions of the Companies Act and Rules & regulations. Non Executive Directors have not drawn any remuneration from the Company except sitting fees for the Board Meetings attended by them.

Details of Remuneration paid to the Directors during the financial year ended 31<sup>st</sup> March 2014:

Name of the Director	Salary & Other benefits	Perquisites Fees	Sitting	Reimbursement of expenses	Total
1. Pawan Agarwal	1500000	162397	-	-	1662397
2. A.Indu Sekhar Rao (Late)	-	-	6000	4000	10000
3. Vivek Gangwal	-	-	6000	4000	10000
4. Sushilkumar Kasliwal	-	-	1500	1000	2500

**Shareholders/Investors Grievance Committee:**

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Indusekhar Rao (Late). The other members are Shri Pawan Agarwal and Shri Vivek Gangwal. During the year because of the health reasons, Shri Indusekhar Rao vacated the position of the chairman of the committee and in his place the committee elected Shri. Pawan Agarwal as the chairman of the committee. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also closely monitors the redress of Shareholders grievances relating to transfer

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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. Due to the sad demise of Shri. Indusekhar Rao the Board has appointed Shri. Sushilkumar Kasliwal.

During the year under review, the committee met 27 times and the details are given below.

Name	No. of Meetings attended During the year	Attended all the Meeting
Shri A.Indu Sekhar Rao (Late)	24	No
Shri Pawan Agarwal	27	Yes
Shri Vivek Gangwal	27	Yes
Shri Sushilkumar Kasliwal	-	NA

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
22 <sup>nd</sup>	2012-13	September 06, 2013 at 3.30 p.m.	Walchand Hirachand Hall, 4th floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
21 <sup>st</sup>	2011-12	September 14, 2012 at 4.00 p.m.	Kilachand Conference Room, 2nd 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.

- 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 Annual General Meeting. Further there was one Special Resolution passed in the 20<sup>th</sup> 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:

The Company maintains 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, there is prompt

response to the shareholder's request for any information or enquiry from the company and its R&T Agents. Annual General Meeting is the principal forum for direct interaction with the Shareholders. The Company values the role played by Shareholders with great respect 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 23<sup>rd</sup> AGM are provided as an annexure to the notice convening the said AGM.

### Disclosures:

- 1) Related Party Transaction:

During the year under review, there are no materially significant transactions entered by the company, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or their relatives etc. except the transactions entered in the normal course of business. The necessary disclosures are provided by the Key Managerial Personnel relating to material, financial, and commercial transactions where they and/or their relatives have personal interest. Further, the Company ensures that the terms and conditions in respect of related party transaction are not prejudicial to the interest of the Company. During the year under review sales/purchase transactions between associate companies 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 and strictures by SEBI/Statutory Authorities/Stock Exchanges on matters relating to capital markets during the last 3 years have been adequately disclosed wherever required.

The Company has also complied with the requirements of regulatory authorities on capital markets and also in respect of whistle blower policy regarding access to Audit Committee. No penalties or structures were imposed on the Company by any Stock Exchanges, SEBI or any statutory authority on any matters relating to capital markets during the last 3 years.

### General Shareholder Information:

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

### Auditors Certificate on Corporate Governance:

Certificate from Statutory Auditors in respect of the compliance with the requirements of code of corporate governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai is annexed herewith as per the requirement.



The 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:**

There is a mechanism in the Company to inform the Board and the Audit committee about the risk assessment and minimization procedures and periodical review is undertaken 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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March 2014, as approved by the Board.

**SUDITI INDUSTRIES LIMITED**

Place: Mumbai  
Date: 27.05.2014

**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:**

India's economic growth rate in the previous financial year has been estimated at 4.9 per cent, a faster pace than in the previous year, mainly on an improved performance in the agriculture and allied sectors. For 2013-14, the various forums has projected a growth rate of 4.6 per cent in agriculture and allied sectors, up from 1.4 per cent a year earlier. Manufacturing, however, is expected to register a contraction of 0.2 per cent in this financial year compared with growth of 1.1 per cent in the previous year. The latest estimate of 4.9 per cent for 2013-14 implies that the pace of economic expansion improved in the second half, given that GDP grew 4.6 per cent in the April-September period. After two consecutive years of sub-5 per cent growth, the Indian economy is expected to recover and expand 5.2 per cent in the first quarter of this financial year. The fiscal year 2014-15 is expected to start with an optimistic GDP growth of 5.2 per cent in Q1 FY15 as some of the current macroeconomic numbers strengthen hope that the recovery for the Indian economy is under way. Two consecutive years of significant slowdown along with a host of domestic unresolved issues has placed a burden on the new administration. The upcoming Union Budget would broadly reveal how the new government plans to steer the economy out of the current slowdown. Currently, India needs a robust fiscal policy to build the framework for a sustainable growth path. We assume reassessing the quality of expenditure should be a priority along with rebalancing the composition of expenditure with the focus shifting more towards capital expenditure. According to experts; optimism is likely to be boosted with the upcoming industrial production data. However, the inflationary pressures remain high, given the prospect of a sub-normal monsoon this year.

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Unlike most developing countries, India's recent growth has been well below potential, which provides space for economic activity to accelerate without building inflationary pressures. The growth in India is projected at 5.5% in FY2014-15, accelerating to 6.3% in 2015-16 and 6.6% in 2016-17. This comes at a time when the outlook for most other developing countries is largely flat as they have by now recovered from the crisis and are growing close to potential. Overall, the global economy is expected to pick up speed as the year progresses and is projected to expand by 2.8% this year, strengthening to 3.4 and 3.5% in 2015 and 2016. High-income economies will contribute to about half of global growth in 2015 and 2016, compared with less than 40% in 2013. This indicates the future for textile sector in the global market is very promising particularly for garments and garment retail sectors.

### Significant Financial Events of the Year:

The Company has recorded profit of Rs.95.82 lakhs before tax in comparison to Rs.71.62 lakhs pertaining to corresponding previous year. There is some improvement in the profit levels due to increase in the sales turnover in comparison to previous year. However, the growth in the profit as well as in sales is not as per the projections estimated for the year 2013-14. This can be attributed to lower sales in the retail business due to sluggish market conditions in the country. Due to poor economic conditions the company had to take some important measures to improve the operational viability of the different divisions. In this context the important measures taken are discontinuation of the Bhiwandi unit, closure of Dadar depot and merging the depot business with existing marketing set up, merging the activities of the Buying agency division with the existing commercial division, rationalization of the Retail outlets and counters by closing down all unviable outlets. In the place of closed outlets the company has opened identical numbers of new counters and outlets to improve the retail sales performance. The company has commenced on large scale the sale of products manufactured by using the FIFA logos acquired under licentiate rights. The company has also completed major portion of the project work as per the plan envisaged in the Rights Issue offer document. The remaining part of the work particularly in the Retail business would be executed gradually based on the market conditions and business prospects. After a detailed review of all these factors, the board has maintained the dividend @Rs.0.50 per equity share of Rs.10 each to be paid only to the shareholders (under public category) other than promoters and the persons acting in concert with them.

The performance of the process house and the garment unit are very stable and satisfactory in spite of various problems. But the Printing unit is yet to stabilize operations and therefore needs a closer monitoring of the operations for some more time. In view of encouraging response for the company's products developed under FIFA licentiate rights, the company is now taking further initiatives to specialize in the sale of garments linked with some major sports event or reputed sports clubs as the base for promoting the sale of garments. In this context the company has tied up with sports event and clubs associated with football clubs like "Real Madrid" & "Manchester City". This will provide the company some exclusive opportunity to sell garments manufactured by using the logos associated with football events in the European countries.

### Opportunities & Threats:

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a reliable sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021. The textiles industry has made a major contribution to the

national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

The growth rate of the textile industry is on an average of around 6-8% per annum and is projected to grow at the rate of 9.5% and apparel segment alone is projected to grow at the rate of over 13% in the years ahead. This provides great opportunity to the existing units to increase the scale of operations and increase the overall profitability of the unit. This is mainly due to large potential domestic market and international market. The Indian textile goods manufacturers are no longer confined to the markets of Europe and USA. The industry is now started doing business with other markets in the East and Africa. Further now there is increasing need for product development and diversification to cater global needs. In this respect the textile units in India are well placed to adjust to the changing global needs. Further the growth in the retail sector is very substantial and it is anticipated to grow further at the rate of 25% giving vast scope for many players to come and set up their outlets/malls all over the country. This will be great opportunity for the companies with retail business activities to enhance their scale of operations and improve the profit margins. These developments are happening because of the rising per capita income of Indian consumers over the last few years. The young Indian consumers are now left with disposable income in their hands which is fueling the growth of the retail business. Because of this the government is now slowly increasing the FDI limits to encourage the Retail business activities. Apart from this there are various other factors such as a) supportive regime by extending all types of help and support to the textile sector to outperform other competitors in the global market b) development of the textile items in other applications like technical textiles c) gradual decline in the share of China in the global textile markets ceding the space to countries like India, Pakistan etc. d) excellent management skill and cheap availability of skilled labour available in the country e) Increasing preference for branded goods and a growing economy are providing immense opportunities to Indian manufacturers to enhance the scale of operations.

The textile industry is very vibrant and in a growth mode because of these attractive opportunities. However on the other side, it is also subject to various threats capable of destabilizing the industry completely. There is no visible sign of any relief from unhealthy competition from other countries. Even within the country the competition is very unfavorable and the units are resorting to various practices to maintain their edge in the market. Added to this there is constant rise in the prices of various input items in the market. This further weakens the position of various units in the organized sector to compete with other units both in domestic and international markets. The inflationary trend that prevailed in the country in the last few years has promoted sluggishness all over the country and also in some parts of the globe. Therefore, varying economic conditions particularly during this sluggish phase will have an unfavorable impact on the growth of the industry. Apart from the above, there are various other factors such as a) slow pace of infrastructure development b) high interest rates and transactions costs c) Fragmented and ineffective integration among various structures with the dominance of the small scale unorganized sector. d) High power costs. e) Preferential tariff regimes for close competitors in certain major markets f) Unfriendly labour laws. e) Geographical and logistical disadvantages in terms of shipping costs and time pose serious threats to its growth. f) Lack of Foreign investments as the overall factors influencing the industry are not investment friendly. g) High cost of meeting strict



environmental standards. Further, there are other threats like unstable and fluctuating cotton prices, slow adaptation to changing trends and fashions, poor business sentiment and inadequate domestic capital with domestic industries inability to invest in required quantum to achieve higher growth target.

The company understands the importance of these emerging opportunities and also keeps a close watch on all the unfavorable developments to ensure that it is able to utilize the opportunities to the best possible advantage. The company has developed its product range in such a way that there is proper synergy in the cost of production and the selling price. The company has taken some important steps like development of a new product range for the Retail business to expand the scope of existing business levels, development of new business plans like selling apparels linked with some sports events, development of printing unit to gain value addition and revamping of the existing loss generating divisions and segments to improve the profitability. The company intends to develop the garment and fabric production with more product ranges to meet the requirements of reputed brands from the domestic and international markets. Since the company has established itself as a quality manufacturer of fabrics and garments, the company is well placed to take substantial advantage of this opportunity as the country is gaining an important position in the global textile market and transforming itself into a global manufacturing hub.

**Industry Structure & Development:**

The purpose of textile since time immemorial has been seen as a basic need to cloth, decorate and keep humans warm. The Indian textile industry is one of the oldest industries in India and is the largest provider of employment after agriculture. The textile industry has played an important role in the economy by providing job opportunities especially to those from rural areas. The textile & clothing sector is among the foremost buttresses of the Indian industry, itself a vital component of the national economy. The Indian textile industry is one of the largest segments of the Indian economy accounting for over one-fifth of the total industrial production. The industry has a complex structure marked by presence of large scale production units as well as small scale independent units. The industry is manufacturer driven with spinning having large scale operations and the retailing as the weakest link. Among the few countries India is the one which has a presence across the entire value chain of the Textile and Apparel Industry. Textile, in the early days a versatile basic necessity has now turned 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. Further it is a highly-fragmented sector, and comprises of many small-scale, non-integrated spinning, weaving, processing and cloth manufacturing enterprises. The textile industry of India operates largely in the form of clusters and the organized units are mostly independent and small scale in nature unlike the composite units that undertake all activities together.

Indian textiles industry is well-established and exhibits strong features and a bright future. The Textiles industry is not limited to manufacture and export of garments. The success of Indian textiles lies in effective vertical integration policies which have helped operators in taming the processes which while lying beyond simple manufacturing exercise do have a serious impact on it, for example, raw material treatment. Thus, cotton, jute, silk or wool and even synthetic material are also produced by this industry to complement and strengthen the garments manufacturing industry. Almost one quarter of the world's spindle activities is hosted in India, again positioning itself just after China. Looming is another important element that accounts for significant activity in this industry; in fact, it takes an impressive 61% share including handlooms. The country is also a significant textiles fiber and yarn manufacturer

on the world scene, taking on its own a 12% share of the world's production volume. India ranks in the second place as regards production of silk and cellulose fiber and yarn whilst standing in the fifth position when it comes to synthetic fiber and yarn. The Industry has well understood the importance of staying one step ahead of developments in the world economic environment. Industry operators are increasingly moving towards modernization and expansion encouraged by the so-designated Textile Up gradation Fund Scheme implemented by the Government.

Lack of competition is eroding enthusiasm, impacting on activity on the European and USA markets. China's impressive production capacity and its growing strength compelled Europe and USA markets to some serious reflections. To bring a halt to massive invasion of their products, EU and USA have imposed trade restrictions, which also encourage retailers to review their sourcing strategy through diversification out of China. Now, undoubtedly India has good cards to play. With traders realizing the threat of relying on a single manufacturing source such as China, India could do well in proposing a valuable alternative to buyers on the international scene, but this is only possible through an adequate and appropriate development strategy supported by macro-economic policy. However, the situation is not completely in the pocket for India. It should remain on its guard as its neighbors start to embark on similar global adventures with an enthusiasm and motivation packed attitude. Pakistan and Bangladesh are growing at fast pace, shortening the gap with India in an impressive manner. In the last 3 years Pakistan exported 4 times more pillowcases to USA than India! Pakistan, to note, is among the most important cotton producers worldwide and has been blessed by preference agreements with EU and US even during the quota-imposed periods. The Pakistani Government has understood the game and is encouraging development through implementation of a 6% R&D aid programs. Others, like Turkey are also in the race.

The retail industry in the country is the fifth largest in the world. This comprises of organized and unorganized sectors and one of the fastest growing industries in India, especially over the last few years. Subsequently, with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. The industry is expected to grow at a pace of 25-30% annually based on the strong growth prospects. The retail industry in India is currently growing at a rapid pace and 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.

Similarly, there is paradigm shift in the marketing methods particularly use of high impact marketing. Although, these strategies primarily include the use of search engine optimization, targeted push marketing and pay per click advertising, an additional effort towards a strong social marketing strategy is meant to compliment and support more traditional and conventional marketing resources like print and TV advertising. Online advertising activities, sales development and viral marketing campaigns will follow carefully orchestrated strategies by the Retail division.

The Company keeps a close watch on these developments and changes in the structure of the business in the industry. Accordingly, the company has taken necessary measures to ensure that it operates within the industry with adequate flexibility to adapt to the changes. The company is now in the process of expansion of the Retail business mainly in the online marketing platform as well as through social networking sites. The company has also taken some important marketing steps to establish itself in the manufacture and sale of apparels specially designed with some sports event and sports promotion campaigns and clubs. The company has also taken some important steps to increase the product range by adding a printing division in the fabric processing unit. The company has made arrangements to develop and supply a wide product range to all its customers which includes embroidery items, printed

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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. The company has kept adequate flexibility in the manufacturing facilities which enables it to adapt swiftly to the fast changing trends and fashions in the market.

### Performance:

During the year there is substantial improvement in the sales as also in profits in comparison to the last year. However, the performance of the Retail division is not as per the projections anticipated for the year. Similarly, the export sales are also on the lower side against the projections due to recessionary conditions in the European & other markets. Even the conditions in the domestic market are not very conducive for a growth oriented business development. Hence the company could not register higher profits and the incidence of higher finance cost has further eroded the overall profitability.

(Rs.in Lakhs)

Particulars	2013-14	2012-13	Percentage Change
Local Sales	6166.55	5352.07	15.22
Export Sales	40.83	28.66	42.46
Other Income	23.61	21.44	10.12
<b>Total:</b>	<b>6230.99</b>	<b>5402.17</b>	<b>15.34</b>

The Company has taken some concerted efforts to reduce the losses from the Retail business and also from other divisions. The company has closed down all the unviable business outlets and counters and in its place it has opened new outlets and counters to increase the profitability. New business models are under development like selling garments by using logos or brands related with some sports events and sports clubs particularly in football games, increasing the company's presence in the online sales platforms etc. Further, the company also closed down the Bhiwandi unit and merged the sales activities of Depot business with the existing marketing section. Similarly, the buying agency business was also merged with the commercial division of the company thereby reducing the cost of operating a separate set up for these activities. In view of all these factors, the company is expecting substantial improvement in the profitability as well as in the sales for the current year 2014-15.

### Earnings per share:

The Company's earning per share for 2013-14 is Rs. 0.46 as against Rs.0.47 per share during 2012-13.

### 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 increased retail business activities there are some changes in the current assets and current liability levels and the current ratio position as on 31<sup>st</sup> March, 2014 is 1.26.

### 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 inclusive 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 and garment sector is one of the pillars of the Indian

economy. The sector accounts for 14% of the industrial production and 4% of the GDP. It is a diversified sector consisting of many industries including cotton textiles industry, jute industry, silk textiles industry, woolen textiles industry, apparel industry, fibre industry, handicrafts as well as handlooms. While India's overall industrial growth remained grim in FY14, it was a not a very bad year for the country's textile sector backed by a recovery in exports. Depreciation of the rupee helped in making Indian exports more competitive amidst competition from emerging markets like Bangladesh and Vietnam. The three largest export segments, namely ready-made garments, cotton textiles and man-made textiles, each recorded a double digit growth in USD terms during the year. The demographic dividend and comparatively lower cost of manufacturing bodes well for the textile and garment sector in the long term. However, exchange rate fluctuations and costly working capital loans are the biggest challenges for the sector.

The Indian Textile & Garment industry has high growth potential but certain elements of risk could disrupt growth and performance. The industry always faces high risk on the exchange rate front, as steady appreciation in the rupee could lead to reduced revenue as well as employment losses. The industry faces moderate business risk in terms of machinery supplies as it is largely dependent on imported machinery. Since many textile and garment companies are implementing major expansion plans, any hurdle in machinery supplies from abroad could pose great financial risks. The other risk element in India's textiles and garments business is the imbalanced product mix, highly favoring cotton, contrary to the popular global trend, which favors synthetics over cotton. Some element of business risk may also emanate from the shortage of technically-trained manpower, which is extremely crucial to retain India's competitive edge in the global textiles market. There are concerns on the macroeconomic risks facing the Indian economy which have increased during the last six months, mainly on the dimensions of sliding domestic growth, rising input cost and slowdown in manufacturing and employment generation. Another concern is that while Industry is actually craving to do more, the availability of specialty fabric is a big bottleneck for which various promotional councils have been aggressively demanding 5% duty scrip for the imports of fabrics. It must be considered favorably by the new Government to boost India's apparel exports. Garment exporters may be permitted to import it with 5% duty scrip on the input, so as to increase exports and optimally use to the fullest extent our potential. The rising interest rate is another issue which hampers growth for which various textile promotional forums once again have put in its request to the Government for a Separate chapter for pre and post shipment export credit at fixed rate of 7.0% interest, as was done in the past also to the apparel export sector and treat Readymade Garment as eligible for priority sector lending. Increasing labour cost in China, non-compliance of large number of factories in Bangladesh provide India a big opportunity in view of its relative advantage, risk appetite of Indian entrepreneurs and a small push from the Government may help India to get more business as overseas buyers are looking at India as safe and reliable option for the sourcing. But to capture the space in the market left by China and Bangladesh, we have to be competitive in pricing, apart from meeting strict timelines, better quality delivery by Indian exporters and therefore, Government agencies active support is very crucial. Cotton production and government policy in terms of minimum support prices for cotton is a major factor for unstable cotton price structure. The prices of the manmade filaments/fibers depend upon the international crude prices and crude prices are now highly volatile due to various international factors. Further, the countries are now increasingly resorting to protectionist measures for safeguarding their domestic industries from surging imports. Another important risk in the industry is usually associated with safety of the workmen and environment. The company has taken precautionary measures to avoid any scale of injury to the workmen and also effectively implemented





various plans to avoid any issues related to the environment. 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. There are various other types of risks 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, high inventory, liquidity, rising input prices and imbalanced product mix are causing great concern to the industry.

The company has a proper and effective risk management system in place to insulate it from the problems associated with any such type of risks. Accordingly, the risks are evaluated on a regular basis and measures are taken immediately. The risk management systems and procedures are also placed before the board and board committees for deliberations. Some policies and procedures are already in place to address some of the risks like financial risks, credit risks, operational risks and hazard risks. The company keeps a close watch on all these developments which have a bearing on the company's goals and adequate steps are taken to ensure that maximum level of safety coverage is provided to the company against these risks.

**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:**

The future of the textiles industry seems to be bright in all aspects. As such Government places all its trust and relies on this sector for its strong 'employment creation' capability, more precisely in the garments manufacturing side. Lowering tax burdens on companies will play an important part in cutting down production costs and boosting competitiveness, increasing ability to tap high-volume orders from the global market. Modernization would enable companies to provide quality and volume solutions which is in constant demand by international buyers. The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. India's total textile and apparel industry size was estimated at \$89 billion in 2011 and is projected to grow at a compound annual growth rate (CAGR) of 9.5 per cent to reach \$223 billion by 2021. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players into the Indian market. The organized apparel segment is expected to grow at a CAGR of more than 13 per cent over a 10-year period. The company is anticipating substantial increase in the growth rate of retail garment business in the next few years. This will eventually help the company to increase the profit margins

of the Retail division and the garment unit. The growth in the garment business and exports will have a direct impact on our processing unit in terms of increase in the profitability due to better sales realisation as the profits are now under stress due to increase in the prices of various input items.

**Cautionary Statement:**

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

For and on behalf of the Board of Directors

Place : Mumbai **PAWAN AGARWAL**  
Date : 27.05.2014 **CHAIRMAN & MANAGING DIRECTOR**

**SHAREHOLDERS' INFORMATION**

**Registered Office:**

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

**Factory & Admn. Office:**

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

**Knitting and Garment Division:**

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

**Annual General Meeting:**

23<sup>rd</sup>. A.G.M.

**Date and Time:**

12<sup>th</sup> September, 2014 – 3.30 p.m.

**Venue:**

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

**Financial Calendar (Tentative):**

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

**Date of Book closure:**

06.09.2014 to 12.09.2014 (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).

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### Listing fees:

The Annual Listing fee for the financial year 2014-15 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 31<sup>st</sup> March 2014 is Rs.783764. 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, 2013	9.75	13.65	143216
May, 2013	12.45	16.70	115181
June, 2013	14.40	16.70	62494
July, 2013	9.74	16.40	73902
August, 2013	10.50	15.89	215896
September, 2013	15.65	21.75	136119
October, 2013	17.70	21.80	81829
November, 2013	15.20	24.80	193172
December, 2013	19.75	28.50	150608
January, 2014	18.80	22.50	84332
February, 2014	18.00	20.75	7786
March, 2014	17.35	26.40	1083142

### Stock Code:

Bombay Stock Exchange Ltd. (521113)

### The ISIN Number is:

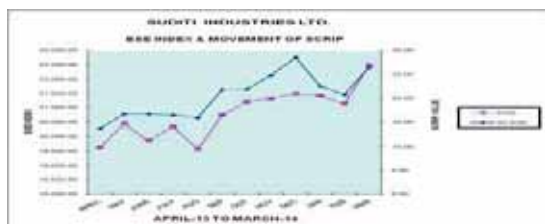
INE691D01012 (NSDL & CDSL)

### 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 27<sup>th</sup> May, 2014:

Category	No. of Cases	% of cases	Amount	% of Amount	
From	To				
Upto	5000	10256	95.21	13369920	8.02
5001 -	10000	260	2.41	2106980	1.26
10001 -	20000	85	0.79	1381840	0.83
20001 -	30000	63	0.59	1591090	0.95
30001 -	40000	13	0.12	451500	0.27
40001 -	50000	17	0.16	793510	0.48
50001 -	100000	24	0.22	1906950	1.14
100001 and above		54	0.50	145141240	87.05
<b>Total:</b>	<b>10772</b>	<b>100.00</b>	<b>166743030</b>	<b>100.00</b>	
Physical Mode	8349	77.51	16160600	9.69	
Electronic Mode	2423	22.49	150582430	90.31	
<b>Total:</b>	<b>10772</b>	<b>100.00</b>	<b>166743030</b>	<b>100.00</b>	

### Shareholding Pattern as on 27<sup>th</sup> May, 2014:

Categories	No. of folios	No. of Shares	Percentage (%)
Foreign Collaborators	-	-	-
Foreign Promoters	-	-	-
Non-Resident Indians	508	162846	0.977
Nationalized Banks	6	1200	0.007
Other Bodies Corporate	82	212459	1.274
Directors	1	9911800	59.444
Company Promoters	15	2569700	15.411
Individuals / Others	10152	3811129	22.856
Overseas Corporate Bodies	-	-	-
Clearing Members	8	5169	0.031
<b>Grand Total:</b>	<b>10772</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.

### 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 LTD



## SUDITI INDUSTRIES LIMITED

### INVESTOR GRIEVANCE REPORT FOR THE PERIOD 29.05.2013 TO 26.05.2014

(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	10	10
c.	Correction of name on dividend warrants	-	-
d.	Change/Correction of Bank Mandate	4	4
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	1	1
i.	Loss of securities and request for issue of duplicate Shares	3	3
j.	Receipt of IB and affidavit for issue of duplicate Shares	2	2
k.	Request for stop transfer of securities	-	-
l.	Receipt of damaged/mutilated dividend warrant	-	-
m.	Request for consolidation/split of securities	1	1
n.	Request for issue of duplicate dividend warrant	-	-
o.	Deletion of joint name due to death	1	1
p.	Request for transmission of securities	-	-
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	9	9
b.	Excess/Short payment of dividend	-	-
c.	Non receipt of Annual Report	3	3
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>	-	-
	<b>Total:-</b>	<b>36</b>	<b>36</b>

## 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 - 400 013, and having Registration No.(11-63245) and CIN no.L19101MH1991PLC063245 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 2013 to 31<sup>st</sup> March 2014. 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/re-appointment 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.
- 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 : 27.05.2014

Practising Company Secretary  
FCS 3262 CP 4741

## Twenty-Third Annual Report 2013 - 2014

### 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 31st March, 2014 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 31st March, 2014 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  
Date : 27<sup>th</sup> May, 2014

Partner  
(Membership No. 040479)

### INDEPENDENT AUDITORS' REPORT

To  
The Members of Suditi Industries Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of '**Suditi Industries Limited**' ("the Company") which comprises the Balance Sheet as at March 31, 2014, 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

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 principles generally accepted in India, including Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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

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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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, 2014;
- 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**

- 1. 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.
- 2. 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 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)

Partner

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

(Membership No. 040479)

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

The Annexure referred to in our report to the members of Suditi Industries Limited ("the Company") for the year ended 31<sup>st</sup> March, 2014. We report that:

- 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.

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- 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 31st March, 2014, 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
Sales Tax	Demand raised as per Assessment Order -		Asst. Commissioner, Sales Tax, (Appeals) Mumbai STAT (Appeals)
	1997-98	14.88	
	1996-97	65.18	
	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 had received a sanction for Term loan- II of Rs. 37.50 lakhs and had taken a disbursement of Rs.4.62 lakhs in the previous year. During the current financial year, a further disbursement of Rs. 1.49 lakhs has been taken and utilized for the purposes for which it was obtained. Further, during the year the Company has paid interest and installments as per sanction terms.
- 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 2012-13, the Company had raised monies by way of Rights issue of equity shares. The management has disclosed the end use of monies raised by way of Rights issue of equity shares to the existing shareholders in note no. 3(e). We have verified the said disclosure.
- 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)

Partner

Place : Mumbai  
Date : 27<sup>th</sup> May, 2014

(Membership No. 040479)

# SUDITI INDUSTRIES LTD



## BALANCE SHEET AS AT 31ST MARCH, 2014

	Note	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
		Amt. in Rs.	Amt. in Rs.
<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
(a) Share Capital	3.	166,743,030	166,743,030
(b) Reserves and Surplus	4.	83,226,580	77,992,463
		<b>249,969,610</b>	244,735,493
2. Non-Current Liabilities			
(a) Long-term Borrowings	5.	7,551,918	10,473,563
(b) Other Long-term Liabilities	6.	5,623,440	5,469,287
		<b>13,175,358</b>	15,942,850
3. Current Liabilities			
(a) Short-term Borrowings	7.	156,187,646	105,974,082
(b) Trade Payables	8.	78,661,678	86,812,298
(c) Other Current Liabilities	9.	12,565,170	11,583,012
(d) Short-term Provisions	10.	10,926,388	11,113,680
		<b>258,340,882</b>	215,483,072
Total		<b>521,485,850</b>	476,161,415
<b>II. Assets</b>			
1. Non-Current Assets			
(a) Fixed Assets	11.		
(i) Tangible Assets		91,870,574	91,490,768
(ii) Intangible Assets		1,407,756	697,400
(iii) Capital Work-in-Progress		38,325,185	33,288,252
(iv) Intangible Assets Under Development		1,769,388	1,419,388
		<b>133,372,903</b>	126,895,808
(b) Deferred Tax Assets (Net)	12.	17,080,086	17,080,086
(c) Long-term Loans and Advances	13.	45,204,811	40,713,612
		<b>195,657,800</b>	184,689,506
2. Current Assets			
(a) Current Investments	14.	234,000	234,000
(b) Inventories	15.	170,758,301	165,542,189
(c) Trade Receivables	16.	97,436,043	88,299,212
(d) Cash and Bank Balances	17.	2,876,753	2,574,871
(e) Short-term Loans and Advances	18.	36,722,367	25,471,843
(f) Other Current Assets	19.	17,800,586	9,349,794
		<b>325,828,050</b>	291,471,909
Total		<b>521,485,850</b>	476,161,415

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

**Sushil Kumar Kasliwal**  
Director

**Vivek Gangwal**  
Director

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

**(S.N.Chaturvedi)**  
Partner  
(Membership No.040479)  
Mumbai, 27<sup>th</sup> May, 2014

**H.Gopalkrishnan**  
V.P.Finance & Company Secretary  
Mumbai, 27<sup>th</sup> May, 2014

## Twenty-Third Annual Report 2013 - 2014

### Statement of Profit and Loss for the year ended 31st March, 2014

	Note	Year ended 31 <sup>st</sup> March, 2014		Year ended 31 <sup>st</sup> March, 2013	
		Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
<b>I. Revenue</b>					
Revenue from Operations (Gross)	20.	<b>620,738,483</b>		552,985,955	
Less: Excise Duty		-		14,913,390	
Revenue from Operations (Net)			<b>620,738,483</b>		538,072,565
<b>II. Other Income</b>	21.		<b>2,360,828</b>		2,144,070
<b>III. Total Revenue (I+II)</b>			<b>623,099,311</b>		540,216,635
<b>IV. Expenses</b>					
Cost of Materials Consumed	22.	<b>233,900,377</b>		201,239,032	
Purchases of Stock-in-Trade		<b>12,527</b>		121,035	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23.	<b>(30,101,673)</b>		(31,529,498)	
Employee Benefits Expense	24.	<b>57,965,220</b>		58,956,903	
Other Expenses	25.	<b>318,418,399</b>		281,982,666	
Finance Cost	26.	<b>21,333,618</b>		12,384,628	
Depreciation and amortisation expenses		<b>11,988,659</b>		9,900,344	
<b>Total Expenses</b>			<b>613,517,127</b>		533,055,110
<b>V. Profit / (Loss) before tax (III-V)</b>			<b>9,582,184</b>		7,161,525
<b>VI. Tax Expense</b>					
Current Tax (MAT)		<b>1,850,000</b>		1,365,000	
(Less): MAT credit (where applicable)		-		-	
Current tax expense relating to prior years		-		(12,500)	
Net current tax expense		<b>1,850,000</b>		1,352,500	
Deferred tax		-	<b>1,850,000</b>	-	1,352,500
<b>VII. Profit and Loss After Tax (V-VI)</b>			<b>7,732,184</b>		5,809,025
<b>VIII. Earnings per share (of Rs.10/- each)</b>					
Basic			<b>0.46</b>		0.47
Diluted			<b>0.46</b>		0.47
Number of Shares Used for Computing Earning Per Share					
Basic			<b>16,674,303</b>		16,674,303
Diluted			<b>16,696,253</b>		16,674,303
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

**Sushil Kumar Kasliwal**  
Director

**Vivek Gangwal**  
Director

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

**(S.N.Chaturvedi)**  
Partner  
(Membership No.040479)  
Mumbai, 27<sup>th</sup> May, 2014

**H.Gopalkrishnan**  
V.P.Finance & Company Secretary  
Mumbai, 27<sup>th</sup> May, 2014



**Notes forming part of the Financial Statements for the year ended 31st March, 2014**

## 1. Corporate information

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

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

## 2. 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 with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') which as per a clarification issued by Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211(3C) of the Companies Act, 1956 with effect from September 12, 2013).

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/disposed 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, Grey cloth, Branded Apparels & Garments are exempted from excise duty.

(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.

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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 Scheme provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Company follows the intrinsic method (being the difference between the quoted market price and exercise price) for computing the compensation cost, for options granted under the scheme. The compensation cost is amortised over the vesting period of the options.
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.

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

	<u>As at 31<sup>st</sup> March, 2014</u>	<u>As at 31<sup>st</sup> March, 2013</u>
	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	<b>166,743,030</b>	166,743,030
1,66,74,303 Equity Shares of Rs. 10 each, fully paid up		
(Previous year 1,66,74,303 Equity Shares of Rs. 10 each, fully paid up)	<b>166,743,030</b>	166,743,030

	<u>As at 31<sup>st</sup> March, 2014</u>		<u>As at 31<sup>st</sup> March, 2013</u>	
	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>16,674,303</b>	<b>166,743,030</b>	8,520,000	85,200,000
Add: Shares issued on Rights Basis	-	-	8,154,303	81,543,030
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>	16,674,303	166,743,030

(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

	<u>As at 31<sup>st</sup> March, 2014</u>		<u>As at 31<sup>st</sup> March, 2013</u>	
<u>Name of the Shareholder</u>	No. of shares	% of holding	No. of shares	% of holding
Pawan Kishorilal Agarwal	<b>10,272,100</b>	<b>61.604</b>	10,272,100	61.604
Kishorilal Agarwal*	<b>780,000</b>	<b>4.678</b>	780,000	4.678
Anand Agarwal	<b>536,500</b>	<b>3.218</b>	536,500	3.218

\*Since deceased

(d) Shares reserved for issue under options

960000 shares were issued under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual

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General Meeting held on 2nd, September, 2011. Till date, the Company has granted options to 48 employees aggregating to 278700 options. Out of this, 18 employees accepted the grant aggregating to 219500 options. Thirty employees did not accept 59200 options granted to them. The unaccepted options are ploughed back in the pool for further allocation. During the current year, 10% of the options so granted have been vested which is in line with the Company's ESOP scheme. However, options so vested has not been exercised by the employees.

(e) Rights Issue

During the previous year 2012-13, consequent to the Issue of Equity Shares on Right Basis to the existing shareholders on the record date, the Share Capital of the Company increased from Rs.852.00 lakhs to Rs.1667.45 lakhs. Out of the net Rights Issue proceeds an aggregate sum of Rs. 656.70 lakhs has been utilised towards the objectives stated in the Rights Issue document upto 31st March, 2014 and the balance amount has been utilised, in the interim, for working capital requirements pending usage in retail business expansion of the Company as envisaged in the objectives of the Rights 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, 2014)

There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2014)

	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
4. Reserves and Surplus				
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	77,992,463		74,574,548	
Less: Differential amount of Dividend paid for 2012-13	39,052		-	
Tax on Dividend for 2012-13	6,329		-	
Profit for the year	7,732,184		5,809,025	
	<u>85,679,266</u>		<u>80,383,573</u>	
Less: Appropriations				
Proposed Dividend	2,096,402		2,057,350	
Tax on Proposed Dividend	356,284		333,760	
Balance as at the end of the year		<u>83,226,580</u>		<u>77,992,463</u>
		<u>83,226,580</u>		<u>77,992,463</u>
5. Long-term Borrowings				
Secured				
Term Loans				
From Banks	7,551,918		10,473,563	
		<u>7,551,918</u>		<u>10,473,563</u>
		<u>7,551,918</u>		<u>10,473,563</u>

(a) Nature of security and terms of repayment for secured borrowings

(i) Term Loan-I From Banks is secured by hypothecation of specific assets purchased under loans. The loan is collaterally secured by Land and Building and Plant and machinery located at Pawne village-Plant, Turbhe, Navi Mumbai.

Term Loan-I (Rs.113.00 lakhs) is repayable in 57 Monthly Installments beginning after three months from the time loan is taken along with interest @ rate of 14.50% P.A. During the financial year the Bank has debited interest amounting to Rs.11.57 lakhs. The company has repaid term loan instalments during the current financial year amounting to Rs.37.62 lakhs and the outstanding amount against this term loan as at 31st March, 2014 is Rs.74.01 lakhs.

(ii) Term Loan-II From Banks is secured by hypothecation of specific assets purchased in the project. The loan is collaterally secured by Land and Building and Plant and machinery located at Pawne village-Plant, Turbhe, Navi Mumbai.

The Term Loan-II amounting to Rs.37.50 lakhs is repayable in 57 Monthly Installments beginning after three months from the time loan is taken along with interest @ rate of 14.50% P.A.

During the financial year the company has availed the amount of Rs.1.49 lakhs against the term loan. The Bank has debited interest amounting to Rs.0.37 lakhs against this term loan. The company has repaid term loan instalments during the current financial year amounting to Rs.5.03 lakhs and the outstanding amount against this term loan as at 31st March, 2014 is Rs.1.51 lakhs.



	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
6. Other Long-term Liabilities				
Security Deposit	5,623,440		5,469,287	
		<u>5,623,440</u>		<u>5,469,287</u>
7. Short-term Borrowings				
Loan repayable on demand from bank				
Secured	156,187,646		105,974,082	
		<u>156,187,646</u>		<u>105,974,082</u>

Rate of interest charged for the working capital borrowing is 14.25% p.a. Working capital loan is secured by hypothecation of inventories and book debts. The loan is collaterally secured by Land & Building and Plant & machinery located at Pawne village Turbhe, Navi Mumbai.

	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
8. Trade Payables				
Micro and Small Enterprises*	6,266,320		8,028,118	
Others	72,395,358		78,784,180	
		<u>78,661,678</u>		<u>86,812,298</u>

\* Micro and Small Enterprises

i. Principal Amount Remaining unpaid	6,266,320	8,028,118
ii. Interest	Nil	Nil
iii. Total of a & b	6,266,320	8,028,118
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, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
9. Other Current Liabilities				
Other payables				
ESIC	123,331		157,714	
Provident fund	279,278		323,650	
Salary & remuneration	3,552,613		3,841,441	
TDS	1,007,458		1,043,413	
Excise Payable	-		1,035,006	
Service Tax	-		228,357	
Gratuity	576,499		51,425	
Professional tax	59,950		558,149	
Security Deposits	-		50,000	
Dividend Payable	2,096,402		2,057,600	
Unpaid Dividend	783,764		379,007	
Advances from customers	4,085,875		1,857,250	
		<u>12,565,170</u>		<u>11,583,012</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.

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		As at 31 <sup>st</sup> March, 2014				As at 31 <sup>st</sup> March, 2013					
		Amt. in Rs.		Amt. in Rs.		Amt. in Rs.		Amt. in Rs.			
10.	Short-term Provisions										
	Provision for employee benefits										
	Bonus payable	2,571,592		2,408,135							
	Leave salary	2,917,370		3,226,698							
		5,488,962		5,634,833							
	Provision others										
	Provision for expenses	5,437,426		5,478,847							
		<b>10,926,388</b>				<b>11,113,680</b>					
11.	Fixed Assets	<b>(Amount in Rs.)</b>									
GROSS BLOCK											
DEPRECIATION											
NET BLOCK											
Sr. No.	Description	As at 01.04.2013	Additions	Deduction/ Adjustments	As at 31.03.2014	As at 01.04.2013	For the Period	Deduction/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<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	10,308,745	673,436	-	10,982,181	9,180,563	9,853,999
3	Plant & Machinery	293,782,070	719,632	-	294,501,702	244,981,282	6,953,063	-	251,934,345	42,567,357	48,800,788
4	Furniture & Fixtures	23,202,587	4,082,462	-	27,285,049	7,621,995	1,311,577	-	8,933,572	18,351,477	15,580,592
5	Office & Other Equip.	5,727,992	5,359,391	-	11,087,383	2,845,406	406,332	-	3,251,738	7,835,645	2,882,586
6	Computers	10,498,298	925,517	34,952	11,388,863	5,644,846	1,368,518	10,021	7,003,343	4,385,520	4,853,452
7	Electrical Installation	11,093,197	224,764	-	11,317,961	6,054,386	531,091	-	6,585,477	4,732,484	5,038,811
8	Vehicles	3,753,091	1,091,749	-	4,844,840	1,220,591	448,911	-	1,669,502	3,175,338	2,532,500
		369,862,169	12,403,515	34,952	382,230,732	278,677,251	11,692,928	10,021	290,360,158	91,870,574	91,184,918
<b>Intangible Assets</b>											
1	Software	1,193,603	400,238	-	1,593,841	190,354	195,731	-	386,085	1,207,756	1,003,249
2	Trademark(Brand)	-	300,000	-	300,000	-	100,000	-	100,000	200,000	-
		371,055,772	13,103,753	34,952	384,124,573	278,867,605	11,988,659	10,021	290,846,243	93,278,330	92,188,167
	Previous Year	343,942,629	27,113,143	-	371,055,772	268,967,260	9,900,344	-	278,867,604	92,188,168	74,975,369
	Capital Work In Progress									38,325,185	33,288,252
	Intangible Assets Under Development									1,769,388	1,419,388
		<b>As at 31<sup>st</sup> March, 2014</b>				<b>As at 31<sup>st</sup> March, 2013</b>					
		Amt. in Rs.		Amt. in Rs.		Amt. in Rs.		Amt. in Rs.			
12	<b>Deferred tax (liability) / asset</b>										
	<u>Tax effect of items constituting deferred tax liability</u>										
	On difference between depreciation as per books & that as per income tax	-		1,157,121							
	On expenditure deferred in the books but allowable for tax purposes	340,347		250,062							
		340,347		1,407,183							
	<u>Tax effect of items constituting deferred tax assets</u>										
	On difference between depreciation as per books & that as per income tax	51,955		-							
	Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	761,071		576,012							
	Unabsorbed depreciation carried forward	29,840,534		29,840,534							
	Brought forward business losses	349,382		3,505,506							
	Tax effect of items constituting deferred tax assets	31,002,942		33,922,052							
	<b>Net deferred tax (liability) / asset</b>	<b>30,662,595</b>		<b>32,514,869</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. 2013-2014 amounting to Rs. 306.63 lakhs (previous year Rs. 325.15 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, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
13. Long-term Loans and Advances (Unsecured, Considered Good unless otherwise stated)				
Capital Advances	<b>2,791,809</b>		2,791,810	
Security Deposits	<b>41,264,666</b>		36,390,687	
		<b>44,056,475</b>		39,182,497
Other Loans and Advances		<b>1,148,336</b>		1,531,115
		<b>45,204,811</b>		40,713,612
		<b>As at 31<sup>st</sup> March, 2014</b>		<b>As at 31<sup>st</sup> March, 2013</b>
	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>
14. Current Investments				
Investments Equity Shares of IDBI Bank Ltd (Quoted) [2880 (Including Bonus Shares issues of 1080 shares)] (Aggregate Market Value Rs.1,88,496/- P.Y. Rs.2,31,120/-)	<b>234,000</b>		234,000	
		<b>234,000</b>		234,000
15. Inventories (At lower of cost and net realisable value)				
Raw Materials	<b>17,295,769</b>		43,578,359	
Work in Progress	<b>11,532,489</b>		5,738,593	
Finished Goods	<b>134,547,935</b>		109,975,670	
Stock In Trade	<b>562,215</b>		826,703	
Stores and Spares	<b>6,676,142</b>		5,252,721	
Fuel & Oil	<b>143,751</b>		170,143	
		<b>170,758,301</b>		165,542,189
16. Trade Receivables				
Outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, Considered Good	<b>13,412,542</b>		24,731,160	
Less: Provision for Doubtful Debts	<b>-</b>		-	
		<b>13,412,542</b>		24,731,160
Others				
Unsecured, Considered Good	<b>84,023,501</b>		63,568,052	
		<b>84,023,501</b>		63,568,052
		<b>97,436,043</b>		88,299,212
17. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with Banks				
Current Accounts	<b>1,730,616</b>		1,119,926	
Deposit Accounts	<b>-</b>		-	
	<b>1,730,616</b>		1,119,926	
Cash on Hand	<b>1,146,137</b>		1,454,945	
		<b>2,876,753</b>		2,574,871

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	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
18. Short-term Loans and Advances (Unsecured, Considered Good)				
Loans and advances to employees	440,889		917,016	
Loans and advances to related party	-		-	
Prepaid expenses	442,807		593,993	
Balances with government authorities				
Central Excise and Customs	613,906		513,861	
Service Tax	250,815		-	
Sales tax Refund and Set-off	5,332,306		5,890,500	
Income Tax (Net)	19,291,853		14,568,061	
Loans and advances to Others	-		-	
Advances to Suppliers	10,349,791		2,988,412	
		<u>36,722,367</u>		<u>25,471,843</u>
19. Other Current Assets				
Others				
Receivable in Cash or Kind	17,800,586		9,349,794	
		<u>17,800,586</u>		<u>9,349,794</u>
		<b>For the year ended 31<sup>st</sup> March, 2014</b>		<b>For the year ended 31<sup>st</sup> March, 2013</b>
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
20. Revenue from Operations				
Sale of products (Refer Note (i) below)	618,420,994		542,947,648	
Sale of services (Refer Note (ii) below)	572,706		129,462	
Other operating revenues (Refer Note (iii) below)	1,744,783		9,908,845	
		<u>620,738,483</u>		<u>552,985,955</u>
Revenue from Operations (Gross)		<u>620,738,483</u>		<u>552,985,955</u>
Less: Excise Duty		<u>0</u>		<u>14,913,390</u>
Revenue from Operations (Net)		<u>620,738,483</u>		<u>538,072,565</u>
Notes:				
(i) Sale of products:				
<u>Manufactured Goods</u>				
Knitted Fabrics	329,643,950		307,258,314	
Garments & Apparels	288,773,419		235,539,179	
	<u>618,417,369</u>		<u>542,797,493</u>	
<u>Traded Goods</u>				
Trading Goods	3,625	618,420,994	150,155	542,947,648
(ii) Sale of services:				
Commission	572,706	572,706	129,462	129,462
(iii) Other operating revenues:				
Scrap Sales	1,651,992		9,788,581	
Duty Drawback	92,791	1,744,783	120,264	9,908,845
21. Other Income				
Interest Income from Banks on Deposits	52,417		162,179	
Interest on Sales Tax Refund	68,820		-	
Interest on loans and advances	-		-	
Interest on overdue trade receivables	-		-	
Other Interest	75,444		-	
	<u>196,681</u>		<u>162,179</u>	
Dividend Income	12,168		10,080	
Other Income	2,151,979		1,971,811	
		<u>2,360,828</u>		<u>2,144,070</u>





	For the year ended 31 <sup>st</sup> March, 2014		For the year ended 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
22. Cost of Materials consumed				
Opening stock	43,578,359		25,774,428	
Add: Purchases	207,617,787		219,042,963	
Less: Closing stock	17,295,769		43,578,359	
		<u>233,900,377</u>		<u>201,239,032</u>
Material consumed:				
Chemicals	41,280,487		37,293,405	
Dyes	28,540,523		20,792,855	
Yarn & Fabric	153,989,750		129,147,779	
Other Raw Materials	10,089,617		14,004,993	
		<u>233,900,377</u>		<u>201,239,032</u>
23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
Inventories at the end of the year:				
Finished goods	134,547,935		109,975,670	
Work-in-progress	11,532,489		5,738,593	
Stock-in-trade	562,215		826,703	
		146,642,639		116,540,966
Inventories at the beginning 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	116,540,966	1,914,337	85,011,468
		<u>(30,101,673)</u>		<u>(31,529,498)</u>
24. Employee Benefits Expense				
Salaries and wages	51,955,905		52,398,868	
Contributions to provident and other funds	2,229,358		3,014,952	
Expense on employee stock option (ESOP) scheme	-		-	
Staff welfare expenses	3,779,957		3,543,083	
		<u>57,965,220</u>		<u>58,956,903</u>
25. Other Expenses				
Stores & Spares Consumable	21,192,228		19,788,506	
Consumption Of Packing Materials	9,171,635		8,554,658	
Sub Contracting	76,663,002		61,879,986	
Power & Fuel	60,383,760		59,177,323	
Water	7,999,969		6,904,952	
Rent Including Lease Rentals	20,420,874		19,301,312	
Repair & Maintenance:				
Building	169,445		683,330	
Machinery	2,496,125		3,004,537	
Others	4,204,189		3,849,678	
Insurance	544,887		456,401	
Garment Division Expenses	371,240		43,292	
Rates & Taxes	8,538,123		9,202,618	
Communication	3,380,634		2,825,946	
Travelling & Conveyance	6,590,455		5,058,274	
Printing & Stationery	1,011,683		1,051,560	
Freight & Forwarding	-		-	
Sales Commission	2,173,123		3,164,827	
Business Promotion Expenses	1,197,413		1,044,968	

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	For the year ended 31 <sup>st</sup> March, 2014		For the year ended 31 <sup>st</sup> March, 2013	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
Discount on Sales	69,570,568		53,676,111	
Donations & Contributions	501		1,000	
Legal & Professional	4,265,552		4,875,778	
Statutory Auditors Remuneration	280,900		280,900	
Transportation Charges	6,058,715		5,502,064	
Bank Charges, Commission & Others	564,870		506,825	
Advertisement Expenses	666,821		1,379,548	
Motor Car Expenses	1,611,275		1,857,972	
Security Charges	3,766,231		3,198,773	
Registrar & Transfer Expenses	90,488		240,319	
Subscription & Membership	66,974		40,201	
Sundry Balance W/Off	26,998		93,204	
Prior Period Expenses	661,746		688,208	
Amortisation of Share issue expenses	382,779		382,779	
Loss on sale of fixed assets	5,883		-	
Miscellaneous Expenses	3,889,313		3,266,816	
		<b>318,418,399</b>		<b>281,982,666</b>
26. Finance Costs				
Interest Expenses on:				
Borrowings	20,763,808		12,116,716	
Trade Payables	437,897		267,891	
Others				
Interest on delayed / deferred payment of income tax	1,344		-	
Interest on delayed payment of Excise duty	54,614		21	
Interest on delayed payment of Service tax	75,955		-	
		<b>21,333,618</b>		<b>12,384,628</b>
27. Auditors' Remuneration				
Statutory Audit Fees	252,810		252,810	
Tax Audit Fees	28,090		28,090	
Other Services	50,560		136,516	
	<b>331,460</b>		<b>417,416</b>	
28. Proposed Dividend				
Proposed Dividend (Amt. in Rs.)	2,096,402		2,096,402	
Number of shares outstanding as at the end of the year				
Promoter group	12,481,500		12,481,500	
Non-Promoter group	4,192,803		4,192,803	
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, 2014. 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 in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOP-2011 ("The Scheme") had been approved by the Board of Directors of the Company at their meeting held on 30th 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 had on 31st December, 2012 given its approval to grant 278700 options at par to specified eligible employees of the Company. Out of this, 59200 options were not accepted.				



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 divided 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 within the said period of five years 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. There has been no exercise of the options vested in the employees as at year end.

The status of options granted to the Employee during the year is set out below:-

Particulars	Grant of Options
Date of Grant	31/1/2013
Market price on date of grant of the options (per share) (A)	7.68
Face value (per share) (B)	10
Exercise Price - higher of (A) or (B)	10
Expected life of the option granted	5
Options Granted (Nos.)	278700
Options Lapsed (Nos.)	59200
Options Forfeited (Nos.)	0
Options Vested and exercisable at the end of the period (Nos.)	21950
Options Exercised (Nos.)	0
Options Expired (Nos.)	0
Options Outstanding at the end of the period (Nos.)	197550
Mode of settlement	Equity
<b>Graded vesting schedule</b>	<b>Percentage of options granted</b>
1st Anniversary of the Grant Date	10%
2nd Anniversary of the Grant Date	15%
3rd Anniversary of the Grant Date	20%
4th Anniversary of the Grant Date	25%
5th Anniversary of the Grant Date	30%

The estimated fair value computed by an independent valuer on the basis of Black Scholes pricing model for each stock option granted is within the range of Rs.10.00 to Rs.15.47 per option. Accordingly, the compensation cost and charge to the profit and loss account for the year ended March 31, 2014 would have been higher by Rs.3,39,567/- had the Company followed the fair valuation method for accounting the options issued. On proforma basis the Company's basic and diluted earnings per share would have been Rs. 0.44 and Rs. 0.44.

	Unit	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
		Quantity	Amt. in Rs.	Quantity	Amt. in Rs.
30. Consumption of Raw, Stores & Spares and Packing Materials					
Chemicals			41,280,487		37,293,405
Dyes			28,540,523		20,792,855
Yarn & Fabric	Kgs	620,262	153,989,750	565,977	129,147,779
Other Raw Materials			10,089,617		14,004,993
Stores & Spares			21,192,228		19,788,506
Packing Materials			9,171,635		8,554,658
			<u>264,264,240</u>		<u>229,582,196</u>
			<b>Year ended 31<sup>st</sup> March, 2014</b>		<b>Year ended 31<sup>st</sup> March, 2013</b>
			% Amt. in Rs.		% Amt. in Rs.
Imported			0.29 775,645		0.47 1,071,056
Indigenous			99.71 263,488,595		99.53 228,511,140
			<u>100.00 264,264,240</u>		<u>100.00 229,582,196</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.

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		As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
		Quantity	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
31. Opening 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	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, 2014</b>		<b>For the Year ended 31<sup>st</sup> March, 2013</b>
			Quantity	Amt. in Rs.	Amt. in Rs.
32. Sales*					
1. Processed Fabric	Kgs	3,435,239	329,643,950	3,166,009	307,258,315
2. Ready Made Garments	Pcs	1,249,865	155,761,209	1,104,370	126,035,778
3. Garments & Apparels (Retail Division)	Pcs	177,723	133,012,210	113,621	94,590,010
4. Trading Sales			3,625		150,155
			<u>618,420,994</u>		<u>528,034,258</u>
* Sales figures are net off excise liabilities.					
33. Purchases of Stock-in-Trade					
1. Purchases - Footwears		-	-	-	-
2. Purchases - Items related with hospitality			12,527		121,035
			<u>12,527</u>		<u>121,035</u>
			<b>As at 31<sup>st</sup> March, 2014</b>		<b>As at 31<sup>st</sup> March, 2013</b>
			Quantity	Amt. in Rs.	Amt. in Rs.
34. Closing Stock					
1. Yarn	Kgs	36,067	7,522,603	33,252	7,410,607
2. Grey fabric	Kgs	23,189	5,034,541	120,160	32,992,295
3. Chemicals			1,408,490		1,458,464
4. Stores, Spares & Other items			7,335,461		5,488,275
5. Packing Materials			694,600		733,435
6. Dyes			2,119,967		918,147
7. Stock in trade (Footwears)	Pcs	3,193	562,215	4,731	826,703
8. Work in Progress	Kgs	27,777	9,667,327	13,836	3,442,477
	pcs	34,000	1,865,162	58,076	2,296,116
9. Finished Goods					
Finished Fabric	Kgs	128,275	40,995,903	54,313	15,874,574
Finished Garments	Pcs	272,841	93,552,032	392,311	94,101,096
			<u>170,758,301</u>		<u>165,542,189</u>



	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
	Quantity	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
35. CIF Value of Imports				
Components and Spare Parts		775,645		1,071,056
Capital Goods		-		-
36. Expenditure in Foreign Currency				
Travelling		737,024		16,440
Others		-		-
37. Earnings in Foreign Exchange				
FOB Value of Exports		4,083,401		2,865,730

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, 2014 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, 2014		As at 31 <sup>st</sup> March, 2013	
	Amount in Foreign Currency	Amt. in Rupees	Amount in Foreign Currency	Amt. in Rupees
Receivables				
US Dollar	10,263.67	626,735	23,281.93	1,256,208
Euro	-	-	-	-
Payables #				

# There is no amount payable in foreign currency outstanding as on 31st March, 2014.

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, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
	Amt. in Rs.		Amt. in Rs.	
(i) Contribution to Provident Fund	1,366,008		1,522,260	
(ii) Contribution to Employees' State Insurance Scheme	1,028,973		1,055,117	

(B) Defined Benefit Plan

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
(a) Discount Rate (per annum)	9.20%	9.20%	8.10%	8.10%
(b) Rate of increase in Compensation Levels	5.00%	5.00%	5.00%	5.00%
(c) Rate of Return on Plan Assets	N.A	6.75%	N.A	8.50%

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	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
(i) Changes in the Present Value of Obligation				
(a) Opening Present Value of Obligation	3,226,698	3,849,075	2,402,532	2,286,703
(b) Interest Cost	356,970	313,103	279,646	226,545
(c) Past Service Cost	(448,826)	-	-	-
(d) Current Service Cost	1,233,416	533,398	830,372	332,309
(e) Benefits Paid	(106,146)	(1,034,007)	-	(145,569)
(f) Actuarial (Gain)/Loss	(1,344,742)	215,998	(285,852)	1,149,087
(g) Closing Present Value of Obligation	2,917,370	3,877,567	3,226,698	3,849,075
(ii) Changes in the Fair Value of Plan Assets				
(a) Opening Fair Value of Plan Assets	-	3,290,926	-	2,123,876
(b) Expected Return on Plan Assets	-	271,696	-	220,981
(c) Actuarial Gain/(Loss)	-	(72,547)	-	(5,732)
(d) Employers' Contributions	-	845,000	-	1,097,370
(e) Benefits Paid	-	(1,034,007)	-	(145,569)
(f) Closing Fair Value of Plan Assets	-	3,301,068	-	3,290,926
	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
		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		3,877,567		3,849,075
(b) Fair Value of Plan Assets as at the year end		3,301,068		3,290,926
(c) (Asset)/Liability recognised in the Balance Sheet		576,499		558,149
	For the Year ended 31 <sup>st</sup> March, 2014		For the Year ended 31 <sup>st</sup> March, 2013	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
(iv) Expenses recognised in the Statement of Profit and Loss				
(a) Current Service Cost	1,233,416	533,398	830,372	332,309
(b) Past Service Cost	(448,826)	-	-	-
(c) Interest Cost	356,970	313,103	279,646	226,545
(d) Expected Return on Plan Assets	-	(271,696)	-	(220,981)
(e) Net Actuarial (Gain)/Loss	(1,344,742)	288,545	(285,852)	1,154,819
Total Expenses recognised in the Statement of Profit and Loss	(203,182)	863,350	824,166	1,492,692

### 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, 2014	For the Year ended 31 <sup>st</sup> March, 2013
	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	616,655,082	535,206,835
Other Countries	4,083,401	2,865,730
(Net of Excise)	<u>620,738,483</u>	<u>538,072,565</u>
(II) Carrying Amount of Segment Assets		
India	521,485,850	476,161,415
Other Countries	-	-
	<u>521,485,850</u>	<u>476,161,415</u>
(III) Capital Expenditure		
India	13,103,753	27,113,143
Other Countries	-	-
	<u>13,103,753</u>	<u>27,113,143</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 - Late)		
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.		
4. R. Piyarellal Pvt. Ltd.		

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### Disclosure of transactions between the company and related parties

	For the Year ended 31 <sup>st</sup> March, 2014	For the Year ended 31 <sup>st</sup> March, 2013
	Amt. in Rs.	Amt. in Rs.
a) Key Management Personnel - Remuneration		
1. Mr.Pawan Agarwal	1,579,945	1,579,945
	<u>1,579,945</u>	<u>1,579,945</u>
b) Enterprises under Common control of the Promoters		
a) Sale of Goods		
1. Intime Knits Pvt. Ltd.	21,204,355	32,813,925
2. BLR Knits Pvt. Ltd.	1,974,541	6,489,778
b) Purchase of Goods		
1. Intime Knits Pvt. Ltd.	148,968	474,215
c) Purchase of Capital Goods (Trademark Brand)		
1. Intime Knits Pvt. Ltd.	300,000	-
d) Payment for Services Rendered		
1. Intime Knits Pvt. Ltd.	170,575	200,000
2. Black Gold Leasing Pvt. Ltd.	11,521,050	4,849,440
3. R. Piyarellal Pvt. Ltd.	3,464,485	2,521,851
e) Balance Outstanding as at the year end		
1. BLR Knits Pvt. Ltd. (Receivable)	194,800	54,301
2. Intime Knits Pvt. Ltd. (Net Receivable)	3,797,269	12,600,122
3. Black Gold Leasing Pvt. Ltd. (Deposits Receivable)	30,381,466	22,381,466
4. R. Piyarellal Pvt. Ltd. (Payable)	350,653	-

### 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.

	For the Year ended 31 <sup>st</sup> March, 2014	For the Year ended 31 <sup>st</sup> March, 2013
	Amt. in Rs.	Amt. in Rs.
(a) Lease payments recognised in the Statement of Profit and Loss	20,420,874	19,301,312
(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 (Renewal of lease terms after first 3 years)	3 - 9 year	3 - 9 year
ii) Incremental / Escalation rate after every 3 years term	12% - 15%	12% - 15%
ii) Terms of cancellation (By issuing notice varying from 1-3 months subject to locking period or on expiry of the term of agreement)		
(c) Future minimum lease payments under non cancellable agreements		
(i) Not later than one year	4,851,504	5,110,939
(ii) Later than one year and not later than five years	7,447,948	13,571,637
(iii) Later than five years	-	18,682,576
	<u>12,299,452</u>	<u>-</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:

	<b>For the Year ended 31<sup>st</sup> March, 2014</b>	<b>For the Year ended 31<sup>st</sup> March, 2013</b>
Profit for the year (Amt. in Rs.)	<u>7,732,184</u>	<u>5,809,025</u>
Weighted average number of Shares for Basic Earnings per Share	<b>16,674,303</b>	12,250,873
Add: Effect of Dilutive Potential Shares (Share Warrants)	-	-
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	<u>21,950</u>	-
Weighted average number of Shares for Diluted Earnings per Share	<u>16,696,253</u>	<u>12,250,873</u>
Earnings per Share (Rs. per Equity Share of Rs. 10 each)		
Basic	<b>0.46</b>	0.47
Diluted	<b>0.46</b>	0.47

	<b>As at 31<sup>st</sup> March, 2014</b>		<b>As at 31<sup>st</sup> March, 2013</b>	
	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>	<b>Amt. in Rs.</b>
<b>44. Contingent Liabilities</b>				
(a) Claims against the company not acknowledged as debts				
(i) Sales tax matters	<b>16,029,051</b>		16,029,051	
(ii) Excise matters	-		-	
(iii) Income tax matters	-		61,516,831	
		<u>16,029,051</u>		<u>77,545,882</u>
(b) Guarantee given to any Government Department or Corporation				
(i) Asstt. Commissioner of Customs under EPCG Scheme towards export obligations	<b>16,910,924</b>		16,910,924	
		<u>16,910,924</u>		<u>16,910,924</u>

Note:

- (i) Future cash outflows in respect of (a)(i) above is determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous year Rs. Nil).

45. Previous year's figures have been recast / restated, wherever necessary.

Signatures to Notes 1 to 45

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, 27<sup>th</sup> May, 2014

For and on behalf of the Board

**Pawan Agarwal**  
Chairman & Managing Director

**Vivek Gangwal**  
Director

**H.Gopalkrishnan**  
V.P.Finance & Company Secretary  
Mumbai, 27<sup>th</sup> May, 2014

**Sushil Kumar Kasliwal**  
Director

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

## Twenty-Third Annual Report 2013 - 2014

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
<b>A. Cash flow from operating activities</b>				
Net Profit before Tax		95.82		71.62
Adjustments for-				
Depreciation and Amortisation Expense	119.89		99.00	
Amortisation of Rights Issue Expenses	3.83		3.83	
Loss on sale of fixed assets	0.06		-	
Interest Income	-		-	
Interest Expense	21.50		13.44	
Dividend Received	(0.12)		(0.10)	
		<u>145.16</u>		<u>116.17</u>
Operating profit before working capital changes		240.98		187.79
Adjustments for-				
Trade and Other Receivables	(288.38)		(294.02)	
Inventories	(52.16)		(464.77)	
Trade and Other Payables	428.58		476.81	
		<u>88.04</u>		<u>(281.98)</u>
Cash generated from operations		329.02		(94.19)
Direct Taxes paid (net of refund of taxes)		(18.50)		(13.53)
Net cash from operating activities		310.52		(107.72)
<b>B. Cash flow from investing activities</b>				
Purchases of Fixed Assets	(184.91)		(591.98)	
Sale of Fixed Assets	0.19		-	
Increase in Long term loans and advances	(48.74)		(161.31)	
Dividend Received	0.12		0.10	
Interest received	-		-	
Net cash used in investing activities		(233.34)		(753.19)
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of Share Capital	-		815.43	
Proceeds from Long-term Borrowings	1.49		83.35	
Repayment of Long-term Borrowings	(30.71)		-	
Increase in Other long term liabilities	1.54		10.69	
Dividend paid	(21.35)		(20.57)	
Tax paid on Dividend	(3.63)		(3.34)	
Interest paid	(21.50)		(13.44)	
Net cash used in financing activities		(74.16)		872.12
Net increase/(decrease) in cash and cash equivalents		3.02		11.21
Cash and Cash Equivalents - Opening Balance		25.75		14.54
Cash and Cash Equivalents - Closing Balance [Refer Note 2 below]		28.77		25.75

#### 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 (the 'Act') which as per a clarification issued by Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211(3C) of the Companies Act, 1956 with effect from September 12, 2013).
- 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, 27<sup>th</sup> May, 2014

For and on behalf of the Board

**Pawan Agarwal**  
Chairman & Managing Director

**Vivek Gangwal**  
Director

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

Mumbai, 27<sup>th</sup> May, 2014

**Sushil Kumar Kasliwal**  
Director

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

**SUDITI INDUSTRIES LIMITED**

**CIN:** L19101MH1991PLC063245  
**Registered Office:** A-2, Shah & Nahar Indl. Estate,  
 Unit No.23/26, Lower Parel, Mumbai - 400 013.  
**Factory & Admn. Office:** C-253/254, MIDC,  
 TTC Industrial Area, Turbhe, Pawne Village,  
 Navi Mumbai - 400 705.  
**Tel:** 67368600/10      **Fax:** 27683465  
**E-mail:** cs@suditi@in      **Website:** www.suditi.in

**Form No.MGT-11**  
**Proxy Form**

[Pursuant to section 105(6) of the Companies Act, 2013 and  
 Rule 19(3) of the Companies (Management and Administration)  
 Rules, 2014]

Name of the member(s): \_\_\_\_\_  
 Registered address: \_\_\_\_\_  
 Email ID: \_\_\_\_\_  
 Folio No./Client ID: \_\_\_\_\_  
 DP ID: \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the above name company,  
 hereby appoint:

1. Name \_\_\_\_\_ Address \_\_\_\_\_  
 E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or falling him
2. Name \_\_\_\_\_ Address \_\_\_\_\_  
 E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or falling him
3. Name \_\_\_\_\_ Address \_\_\_\_\_  
 E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or falling him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company, to be held on Friday the 12<sup>th</sup> September, 2014 at 3.30 p.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	Optional	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Financial Statements and Directors' Report for the year ended 31st March, 2014		
2.	Approval of dividend on the portion of the Equity Shares held by the public for the year ended 31st March, 2014		
3.	Re-appointment of M/s. Chaturvedi & Co., Chartered Accountants as Statutory Auditors and fixing their remuneration		
4.	Ratify the payment of remuneration of Cost Auditors		
<b>Special Business</b>			
5.	Re-appointment of Shri. Vivek Gangwal as an Independent Director		
6.	Re-appointment of Shri. Sushil Kumar Kasliwal as an Independent Director		
7.	Special Resolution under section 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs.200 Crores		
8.	Special Resolution for sell, mortgage and/or charge under section 180(1)(a) of the Companies Act, 2013		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder(s): \_\_\_\_\_ Signature of Proxy holder(s): \_\_\_\_\_

Please  
Affix  
Revenue  
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**SUDITI INDUSTRIES LIMITED**

**CIN:** L19101MH1991PLC063245  
**Registered Office:** A-2, Shah & Nahar Indl. Estate,  
 Unit No.23/26, Lower Parel, Mumbai - 400 013.  
**Factory & Admn. Office:** C-253/254, MIDC,  
 TTC Industrial Area, Turbhe, Pawne Village,  
 Navi Mumbai - 400 705.  
**Tel:** 67368600/10      **Fax:** 27683465  
**E-mail:** cs@suditi@in      **Website:** www.suditi.in

**ATTENDANCE SLIP**

Name of the Shareholder/Proxy: \_\_\_\_\_  
 Registered address: \_\_\_\_\_  
 Email ID: \_\_\_\_\_  
 Folio No./Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I hereby record my presence at the Twenty Third Annual General Meeting held at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 on Friday the 12<sup>th</sup> September, 2014 at 3.30 p.m.

\_\_\_\_\_  
 Signature of the Shareholder/Proxy

**Note:** Please complete this Attendance Slip and hand it over at the Entrance of the Meeting Hall. Shareholders may kindly note that no Gift will be distributed at the AGM.



## SUDITI INDUSTRIES LIMITED

**Registered Office:** A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Parel, Mumbai - 400 013  
**Factory & Admn. Office:** C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawne Villge, Navi Mumbai - 400 705.  
**Tel:** 67368600/10 **Fax:** 27683465 **E-mail:** [cs@suditi.in](mailto:cs@suditi.in) **Website:** [www.suditi.in](http://www.suditi.in)

### VOTING THROUGH ELECTRONIC MEANS - INSTRUCTIONS

Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the company is pleased to offer e-voting facility to members to exercise their votes electronically on all resolutions set forth in the notice convening the Twenty Third Annual General Meeting to be held on Friday the 12<sup>th</sup> September, 2014 at 3.30 p.m. The company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.

The company has appointed Ms. Neeta Desai of M/s. N.D. & Associates, Company Secretaries as the scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 9<sup>th</sup> August, 2014.

**The instructions for e-voting are as under:-**

**In case of members receiving e-mail:-**

- (i) Log on the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select "Suditi Industries Limited" from the drop down menu and click on "SUBMIT".
- (iv) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user, follow the steps given below:-

Now, fill up the following details in the appropriate boxes:-

User ID	<p><b>For Members holding shares in Demat form:-</b></p> <p>For NSDL: 8 Character DP ID followed by 8 Digits Client ID            For CDSL: 16 Digits Beneficiary ID</p> <hr/> <p><b>For Members holding shares in Physical form:-</b></p> <p>Folio Number registered with the company</p> <hr/> <p>Enter the Image Verification Code (Captcha Code) as displayed and Click on Login</p>
PAN	<p>Enter your 10 digit alpha-numeric "PAN issued by the Income Tax Department</p> <p>(Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. For example, if your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the number of shares held by you as on the cut-off date in the Dividend Bank Details field.</p>

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) Members holding shares in physical form will then reach directly the company selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by members holding shares in dematerialized form for voting



in respect of the resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vii) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (viii) Select "EVSN" (E-voting Sequence Number) of Suditi Industries Limited. Now, you are ready for e-voting as the voting page appears.
- (ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option No implies that you dissent to the resolution.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiii) You can also take out print of the voting done by you by clicking on "CLICK HERE TO PRINT" option on the Voting page.
- (xiv) If demat account holder has forgotten the changed password, then enter the User ID and the image verification code (Captcha Code) and click on "FORGOT PASSWORD" and enter the details as prompted by the system.
- (xv) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the board resolution and power of attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:-**

- (i) Please follow all steps from sl. no. (i) to sl. no. (xv) above to cast vote.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at <https://www.evotingindia.com> under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:-**

- (i) The e-voting period begins on **Thursday the 4<sup>th</sup> September, 2014 (9.00 a.m. Indian Standard Time) and ends on Saturday the 6<sup>th</sup> September, 2014 (6.00 p.m. Indian Standard Time)**. During this period, the members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 9<sup>th</sup> August, 2014, may cast their vote electronically.
- (ii) The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
- (iii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date (record date) of 9<sup>th</sup> August, 2014.
- (iv) Since the company is required to provide members the facility to cast their vote by electronic means, shareholders of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date and not casting their vote electronically, may cast their vote at the AGM venue. Facility will be available at the venue.
- (v) The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes case in favour or against, if any, forthwith to the chairman of the company.
- (vi) The results shall be declared after the AGM of the Company. The results declared along with the scrutinizer's report shall be placed on the company's website [www.suditi.in](http://www.suditi.in) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the company and communicated to BSE Limited.
- (vii) Voting will be provided to the members through e-voting and/or at the AGM venue. A member can opt for only one mode of voting i.e. either through e-voting or voting at the AGM. If a member casts votes by both modes, then voting done through e-voting shall prevail and the voting at AGM shall be treated as invalid.



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# SUDITI INDUSTRIES LTD.

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