



SUDITI
INDUSTRIES
LTD.

SIXTH ANNUAL REPORT
1996 - 97

BOARD OF DIRECTORS

Kishorilal Agarwal
(Chairman)

Anand Agarwal
(Managing Director)

Govind Agarwal

Pawan Agarwal

Dinkar Rai

A. T. Shahani

J. John
(Nominee IDBI)

A. Indu Sekhar Rao

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

H. Gopalkrishnan

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

Admn. Office
A-2, Shah & Nahar Estate, Unit No. 33/34,
Lower Parel, Mumbai 400 013.

Works**Unit No. 1**

C-253/254, M.I.D.C., T.T.C. Indl. Area,
Pawne Village, New Mumbai 400 705.

Unit No. 2

Plot No. D-371, M.I.D.C.,
T.T.C. Indl. Area, Kukshet,
Turbhe, New Mumbai 400 705.

Auditors**Chaturvedi & Co.**

81, Mittal Chambers, 228 Nariman Point,
Mumbai 400 021.

Legal Advisors**kanga & Co.**

Readymoney Mansion,
43 Veer Nariman Road,
Fort, Mumbai 400 001.

Bankers**The Vysya Bank Ltd.****Union Bank of India**

SBI Commercial & International Bank Ltd.

Registrar & Share Transfer Agents**Karvy Consultants Ltd.**

7, Andheri Indl Estate, Off Veera Desai Road,
Andheri (W), Mumbai 400 058.

or

"Karvy House", 46, Road No.4, Street No.1,
Banjara Hills, Hyderabad 500 034.

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SIXTH ANNUAL GENERAL MEETING

On Friday, the 19th day of September, 1997
at 4 p.m. at Ashoka Hall,
3 & 5 Arcadia Building, NCPA Marg,
Nairman Point, Mumbai 400 021.

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 the meeting.

MD		BKC	
CS		DY	
RG		DIV	
TRA		AC	
ACM		SHI	
VE			

SUDITI INDUSTRIES LTD.

NOTICE :

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held at 4 p.m. on Friday the 19th day of September 1997, at Ashoka Hall, 3 & 5 Arcadia Building, NCPA Marg, Nariman Point, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit & Loss Account of the Company for the year ended 31st March, 1997 and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Shri Govind Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri Dinkar Rai who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modifications, amendments or reenactment thereof for the time being in force and as may be enacted from time to time), and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to and accepted by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors (or any such Director or committee authorised by the Board of Directors)

to acquire/purchase from time to time any of the Company's own fully paid shares on such terms and conditions and upto such limits as may be prescribed by law from time to time subject to maximum of Rs. 150 lacs (Rupees One Hundred Fifty lacs only) provided that acquisition/purchase of such fully paid Equity Shares of the company shall not be construed as reduction of Equity Share Capital which is subject to the provisions as stipulated in Sections 100 to 104 and section 402 of the Companies Act, 1956, for the time being in force".

"RESOLVED FURTHER THAT the board of Directors (or any such Director or Committee of Directors authorised by the Board of Directors) be and is hereby authorised to or cause to be done all such acts, deeds, matters and things and all such powers mentioned hereinabove as may be necessary, expedient, usual or proper to implement this resolution".

7. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT the Articles of Association of the company be amended by inserting a new clause 9A after the existing clause 9 of Articles of Association of the company".

Clause 9(A)

Notwithstanding which is stated in clause 9 above, in the event it is permitted by the Law and subject to such conditions, approvals, or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought-back."

By order of the Board
for SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN
V.P. FINANCE &
COMPANY SECRETARY

Place : Mumbai
Date : 30.06.1997

FOR SUDITI INDUSTRIES LTD

CERTIFIED TRUE COPY

V. P. FINANCE & CO. SECRETARY

Sixth Annual Report 1996-97

Notes:

1. An Explanatory statement relating to Special Business as set out in the Notice is annexed hereto, pursuant to Section 173(2) of the Companies Act, 1956.
2. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
3. A blank proxy form is sent herewith.
4. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
5. The Register of members and the Share Transfer Books of the Company will remain closed from Tuesday the 2nd September 1997 to Friday the 19th September, 1997 both days inclusive.
6. Dividend as recommended by the Directors, if approved at the Annual General Meeting, will be payable to those who are Members as on 19th September, 1997.
7. Members are also requested to notify immediately any change in their address to the Company/Share Transfer Agents.
8. 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.
9. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
10. 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 Saturday and Holidays between 10.30 a.m. to 5.00 p.m. upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

Members may be aware that the Companies Act, 1956, presently restricts the purchase of its own shares by a Company.

Of late, there have been discussions on this subject and the working Draft of the Companies Bill, 1997 has recommended buyback of shares by the company which may be accepted by the Government in due course. One of the conditions prescribed by the working group is an approval from members by way of a special resolution.

The Board of Directors feel it would be desirable to have an enabling power from the members for this purpose. It will be in the fitness of things if members approve the resolution as set out at item no. 6 of this notice, should the provisions of the Companies Act, 1956, be modified or amended or enacted permitting such purchases, so that your Company will be able to implement this in the interest of members especially the large number of small investors of the Company at an appropriate time within the framework of law as may be stipulated for the purpose. Subject to a maximum limit of Rs.150 lacs (Rupees One Hundred Fifty Lacs only).

The Board recommends the acceptance of the resolution as set out in the Item No. 6 of the Notice.

None of the Directors is concerned or interested in the resolution.

Item No. 7

It is proposed to add new Article No. 9A after the Articles 9 as set out at item No. 7 of the Notice, to enable the Company to purchase any of its own fully paid Shares, in accordance with law as may be for the time being, prevailing. In the event that the Company is permitted by law to purchase its own shares and, the proposed resolution would confer authority to the Board for this purpose. As per provisions of section 31 of the Companies Act, 1956, a company may by a special resolution alter its Articles of Association. The Directors recommend the resolution for approval of the shareholders.

None of the Directors is concerned or interested in the resolution.

By order of the Board
for SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN
V.P. FINANCE &
COMPANY SECRETARY

Place : Mumbai
Date : 30.06.1997



SUDITI INDUSTRIES LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of your Company and the Audited statement of accounts for the year ended 31st March, 1997.

Financial Results (Rs. in lacs)

	Current Year ended 31.03.1997	Previous Year ended 31.03.1996
Export Sales	6403.44	3392.82
Local Sales	3425.41	383.86
Other Income	35.27	24.40
Profit before Interest and Depreciation	1356.22	1032.63
Interest	331.56	246.14
Profit/(-)Loss after Interest	1024.66	786.49
Depreciation	203.08	120.22
Profit/(-)Loss before Tax	821.58	666.27
Provision for Tax	127.00	0.00
Profit/(-)Loss after Tax	694.58	666.27
Add : Brought forward from the previous year	603.89	174.65
Amount available for appropriation	1298.47	840.92
Appropriations :		
Transfer to General Reserve	69.46	66.63
Proposed Dividend	85.20	170.40
Corporate Tax on dividend	8.52	0.00
Surplus Carried forward	1135.29	603.89

Dividend :-

Your Directors recommend payment of Dividend at the rate of 10% Taxfree in the hands of shareholders (previous year 20%) for the year ended 31st March, 1997. In view of additional financial burden on the Company on account of higher provision for Income Tax, Corporate Tax on dividend and also due to deployment of funds from Internal generation towards expansion programme to the extent of Rs. 724 lacs, your Directors feel it would be appropriate to restrict the dividend payment in order to conserve the resources for completing the expansion programme.

Operations :-

Over-all performance of the Company during the year ended 31st March, 1997 is quite encouraging. Export sales during the year have recorded significant progress compared to previous year. The Company has also undertaken sizable volume of local business to utilise the benefits available under the Export Promotion Pass Book Scheme and because of all these gross income has registered a growth of 159.50% compared to previous year. Similarly the net profit before tax has also registered

23.31% growth compared to previous year. However, the impact of Income Tax and Tax on Dividend as per the amended Finance Act have made a major impact on the profit available for distribution for the year ended 31st March, 1997.

Export Sales :-

During the year Company has achieved 88.73% growth in the Export Sales compared to previous year. The series of measures taken by the Company to streamline the product mix as well as the quality of the products have yielded excellent results which boost up the export sales of the Company to a considerable extent.

Now the Company is in the process of exploring new areas of segments of Knitted Hosiery market in the various parts of the world to take advantage of its inbuilt strengths like superior quality of fabric, large volume of production capacity available after expansion etc. This would entail formulation of new marketing strategies and policies, appointment/setting up of separate franchise/ agency network, commission/canvassing agents and divisions/ branches etc. to administer the functions exclusively.

Expansion :-

During the year Company has received approval from Industrial Development Bank of India for its expansion programme. IDBI has sanctioned a financial assistance of Rs. 18.50 crores on a total project cost of Rs. 30.75 crores. The First phase of the project comprises 20 Knitting Machines and Processing Machines like Tube-Tax Roll Pad & Compactors etc. have already been installed and the operations are in full swing. Another set of 17 Knitting machines are expected to reach by end of July, 1997. The entire expansion programme would be completed earliest by March-April 1998. With this expansion programme the turnover of the Company is expected to cross Rs. 100 crores marks by 1998-99.

Industrial Relations :-

Industrial relations of the Company's plant at MIDC, TTC Industrial Area, Pawne Village, New Mumbai, continues to be healthy and cordial throughout.

Personnel :-

In compliance with the Provisions of Section 217 (2A) of the Companies Act, 1956 a statement showing the requisite information is annexed hereto and forms part of this report.

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.

Sixth Annual Report 1996-97

Directors :-

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Govind Agarwal and Shri Dinkar Rai, Directors shall retire by rotation and being eligible offer themselves for re-appointment.

Auditors Report/Auditors :-

Observations made in the Auditors Report are self explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

Messrs Chaturvedi & Company, 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 appreciation for the support received from different Central and State Government Departments and Agencies, The Vysya Bank Limited, Union Bank of India, SBI Commercial & International Bank Ltd., Industrial Development Bank of India, The National Insurance Company Ltd., Customers and Vendors.

Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding contribution to the operations of the company.

For and on behalf of the Board of Directors

Place : Mumbai
Date: 30.06.1997

KISHORILAL AGARWAL
CHAIRMAN

Annexure I

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March, 1997.

A) Conservation of Energy :-

a) Energy conservation measures taken/under implementation.

- 1) Direct Steam injection in atmospheric dyeing machines while filling to reduce the process time thereby saving in the cost of inputs like steam, water and power.
- 2) Installation and commissioning of new range of machines having very low cost of utilities consumed per kg of production.
- 3) Installation of modified level control system along with flow meter for auto level control of liquor ratio in order to optimise the subsequent utility consumables in atmospheric pressure dyeing machines.
- 4) Automatic Power Factor correction devices are being maintained efficiently resulting in substantial saving in electrical energy consumption.
- 5) Effective utilisation of thermal energy through strict and efficient maintenance of all Boilers.

b) Energy conservation measures under study for implementation in future :-

- 1) Use of supervisory Control And Data Acquisition System (SCADA) for effectively monitoring the process of Bleaching/Dyeing and further reduce the cost of Inputs is being considered with utmost priority.
- 2) Use of heat exchangers for conserving thermal energy from washed water is being finalised.
- 3) Use of L.S.H.S. oil vis-a-vis furnace oil for saving in the cost and quantity of fuel used.

B) Research & Development and technology absorption

a) Research and Development :

- i) Addition of some more equipment to remove the flaws in the existing processing system thereby improving the quality of the material and reducing the process wastage.
- ii) Development of new improved cost effective input mix to improve the quality of our products in line with International standards at a lower cost.

b) Technology absorption :

The technology used in the plant are the best available in the world and constant improvements are made in the machines to maintain machines with latest technology. The Company has embarked on a programme to update the Plant with latest technology as an on-going process.

C) Foreign Exchange Earnings and outgo :

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

(Rupees in lacs)

	Current Year (1996-97)	Previous Year (1995-96)
Total Foreign Exchange used	374.14	283.96
Total Foreign Exchange earned (FOB value)	4810.52	2671.07

Form - A

(See Rule-2)

The disclosure of particulars with respect to conservation of Energy.

A. Power and Fuel Consumption :-

	Current Year (1996-97)	Previous Year (1995-96)
1. Electricity		
Units	2173991	1275960
Total Amount (Rs.)	74,95,433.00	41,12,547.00
Rate/Unit (Rs.)	3.45	3.22
2. Furnace Oil		
Quantity (Ltr.)	1607063	803133
Total Amount (Rs.)	1,39,49,945.00	46,71,536.00
Average Rate (Rs./Ltr.)	8.68	5.81

B. Consumption per unit production :-

Electricity (Unit/Kg.)	0.65	0.90
Furnace Oil (Ltr./Kg.)	0.48	0.56

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30.06.1997

KISHORILAL AGARWAL
CHAIRMAN



SUDITI INDUSTRIES LTD.

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

Profitability Statement :-

Particulars	(Rs. in lacs)	
	Projected for the year 1996-97	Actual for the year 1996-97
Sales and Other Income	6058.00	9864.12
Profit before Depreciation, Interest & Tax	1010.00	1356.22
Profit after Tax	539.00	* 686.06

(* tax includes corporate tax on dividend)

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30.06.1997

KISHORILAL AGARWAL
CHAIRMAN



Statement of Particulars of Employees forming part of Directors' Report for 1996-97 pursuant to Section 217 (2A) of the Companies Act, 1956 and Rules thereunder.

Name	Age (Years)	Quali- fication	Experience (Years)	Desig- nation	Date of Comm- encement	Remune- ration (Rupees)	Last Employment Held Name of the Organisation Desig- nation	
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Employed for the Full Year

Anand Agarwal	44	B.Com	24	Managing Director	01.8.1993	4,58,870	—	—
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Employed for Part of the Year

Nil

Notes :

1. Remuneration as shown above includes Salary, House Rent Allowance and other perquisites.
2. Shri Anand Agarwal, is related to Chairman Shri Kishorilal Agarwal and Shri Pawan Agarwal and Shri Govind Agarwal of the Company.
3. The conditions of employment are contractual.

For and on behalf of the Board of Directors

Place : Mumbai.
Date : 30.06.1997

KISHORILAL AGARWAL
CHAIRMAN