



**SUDITI
INDUSTRIES
LTD.**

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, Navi Mumbai 400 705.

Unit No. 2

A-465/466, M.I.D.C.,
T.T.C. Indl. Area, Mahape,
P.O. Ghansoli, Navi Mumbai 400 701.

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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EIGHTH ANNUAL GENERAL MEETING

On Friday, the 10th day of September, 1999
at 3.30 p.m. at Kilachand Conference Hall,
2nd Floor, Indian Merchants' Chamber,
Churchgate, Mumbai 400 020.

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.

**SUDITI INDUSTRIES LTD.****NOTICE FOR THE EIGHTH ANNUAL GENERAL MEETING :-**

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held at 3.30 p.m. on Friday the 10th September 1999 at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account of the Company for the year ended 31st March, 1999 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Govind Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Dinkar Rai who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
For **SUDITI INDUSTRIES LTD.**

H. GOPALKRISHNAN
V. P. FINANCE &
COMPANY SECRETARY

Place : Mumbai

Date : 31.05.1999

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself and a proxy need not be a member of the Company. A member unable to attend may appoint another person (whether a member or not) as his proxy in the enclosed form. The instrument appointing the proxy and the Power of Attorney or other authority, if any, under which it is signed or a copy of that power or authority duly certified by a Notary Public or other proper authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting, in default, the instrument of proxy shall not be treated as valid.
2. The Register of members and the Share Transfer Books of the Company will remain closed from Wednesday 25th August, 1999 to Friday 10th September, 1999 both days inclusive.
3. Members are also requested to notify immediately any change in their address to the Company/Share Transfer Agents.
4. 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.
5. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
6. 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. upto the date of the Annual General Meeting.

Eighth Annual Report 1998-99

DIRECTORS' REPORT :

Déar Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of your Company and the Audited Statement of accounts for the year ended 31st March, 1999.

Financial Results:

(Rs. in lacs)

	Current Year ended 31.03.1999	Previous Year ended 31.03.1998
Export Sales	2063.15	2306.13
Local Sales	2194.40	1370.56
Trading Sales	1070.16	3138.00
Other Income	232.27	170.25
Profit before Interest and Depreciation	680.89	596.98
Interest	351.72	303.94
Profit after Interest	329.17	293.04
Depreciation	240.85	222.40
Profit before Tax	88.32	70.64
Provision for Tax	9.30	7.50
Profit after Tax	79.02	63.14
Add: Brought forward from the previous year	1192.11	1135.29
Amount available for appropriation	1271.13	1198.43
Appropriation:		
Transfer to General Reserve	7.90	6.31
Surplus carried forward	1263.23	1192.12

Dividend :-

In view of the ongoing expansion programme and also to fulfill the necessary financial commitments during the year, your Directors preferred not to declare any dividend for the current year under review.

Operations:-

The capacity utilisation continued to remain at lower levels during the 1st half of the current year. The Company started registering better performance from the second half of the year on account of various steps taken by the Company particularly widening of the customer base.

In spite of the set back in the 1st half, the company registered significant progress in its operations during the current year compared to last year. The Company is now fully geared itself to take on volume based business in order to boost the profit margin which is under tremendous pressure because of depressed market conditions in Europe and other countries.

Further there is manifold increase in the operations cost particularly in power, water, and interest. The company has given due importance to these factors in the proposed expansion programme so that cost of operations can be brought under control once the expansion programme is completed.

The Company's strategy to give adequate importance to domestic sale has also brought overall improvement in the operations and utilisation of capacity levels. Further company has also entered into the new segment of the export market i.e. made-ups. In the coming years this value addition is expected to give further boost to the profit margins of the Company.

Export Sales :-

The various government incentives available to the exporters continued to remain unattractive and uncompetitive. Because of this the exports during the 1st half remain very low. However because of the various steps taken by the Company to boost the export activities, the export performance during the second half was satisfactory. In view of the established marketing network in different countries the company is looking forward to have a comfortable export order position in the current year.

The recessionary trend prevailing in the various European countries has not shown any sign of improvement. In addition to this the ongoing arms conflict in the Balkan region has aggravated the situation further. The competition from neighbouring countries has also adversely affected the overall export performance of the textile sector. Since these countries are able to offer the products at competitive price because of various factors like exchange rate benefits, Government incentives etc. In spite of this the Company has successfully negotiated with some buyers in the Middle East, Srilanka, Nepal, Bangladesh for continuous supply of cotton fabrics. This will ensure regular exports to these countries eventually leading to better utilisation of capacity levels and margins.

The company has also successfully exported during the year made -ups which will become one of the regular export items. Further the Company's programme to manufacture and export of finished garments directly to various buyers in the overseas market is also drawing attention of the various reputed buyers in Europe and U.S.A.

During the year Company has also received Certificate of Merit from Ministry of Commerce, Government of India, for its export performance during the year 1996-97.

Expansion :-

The company's proposed programme to revise the scope of the project had received formal approval from M/s. Industrial Development Bank of India (IDBI). As per the revised scheme the company has undertaken the construction activities at Plot No. C-3/B, TTC Industrial Area, Pawne Village, Navi Mumbai. The proposed expansion programme is scheduled to be completed by November/December 1999. In the revised scheme necessary thrust is given to various cost savings scheme in order to make our product cost effective apart from setting up the fullfledged knitting unit (backward integration programme).

In addition to this the company has also received formal approval from IDBI to set up a Garment Manufacturing unit with an investment outlay of Rs. 22.90 crores on the same plot. The Garment manufacturing unit is scheduled to be completed by the end of the year 2000. The Garment unit is proposed in order to make the unit a complete and competitive one so that when GATT comes into effect by the year 2005, the unit would be fully ready to meet the challenges of the new world order.

Industrial Relations :-

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

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, since there are no persons coming under the preview of above referred clause.

Deposits :-

The Company has not accepted any deposits within the meaning of Section 58A of Companies Act, 1956 and the rules made there under.



SUDITI INDUSTRIES LTD.

Energy, Technology and Foreign Exchange:-

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 217 (1) (e) of the Companies Act, 1956 is given in the Annexure forming part of this Report.

Directors:-

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

Year 2000 compliance:-

The Company has undertaken a detailed study of the existing systems, software and hardware components in order to ensure that all systems and equipments are Year 2000 compliant. The necessary funds required to carry out the modifications, replacements etc. are earmarked and it is expected to be completed by September, 1999. However, the expenditure to ensure Y2K compliance is not expected to have any material impact on the company's profitability.

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 Company's Bankers, Industrial Development Bank of India, 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 : 31.05.1999

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, 1999.

A) Conservation of Energy :

a) Energy conservation measures taken/under implementation.

1. Collection of condensate and feed to Boiler at 60° C thereby reducing Furnace Oil consumption.
2. All steam valves have been lagged thereby reducing radiation losses.
3. Maintenance of proper lug level for lighting in the working areas to reduce its load on the energy and for better utilisation of power.
4. Capacitor Banks being connected thereby reducing line losses & improving power factor.
5. Effective preventive maintenance of all machine for avoiding the wear and tear of all moving parts and also reduce the break down of the machine thereby saving in the utilisation of power.
6. An additional Dosing Tank is fitted above Jet Dyeing machine for colour mixing & other chemical injection, thereby reducing the process time for fabric dyeing and saving in energy.

b) Energy conservation measures under implementation:-

- 1) Use of fuel additives in the F.O. or H.S.D. for proper combustion of the fuel, enabling saving in fuel consumption.
- 2) Extensive 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 pursued.

B) Research & Development and Technology Absorption :

a) Research & Development :

1. Development of metering device in the tube tex compacting & santex machine, for counting the length of the fabric.
2. New development of RAM Chip of Vanguard Knitting Machine & programming is developed indigenously.
3. Fabrication of temperature sensors like Thermo-couples of Tube-Tex compactor locally, which otherwise had to be imported, thus saving foreign exchange.
4. Programming of process-controllers (DCP-512) of soft-flow Dyeing machine locally, instead of importing.

5. Fabrication locally of mechanical accessories of Tube-tex & Santex machine-like spreader Arm/Teflon & Nylon wheels etc., instead of purchasing them from foreign countries.

6. The New Dosing system using inverter (frequency controlled) is done in Jet Dyeing machine using time delay system.

7. The new system for fabric loading in machine is achieved using eye-pot, through which fabric is directly loaded into machine from grey department.

8. The edge guiding system for conveyer of santex spread is under development.

b) Technology absorption :

The company is in the process of upgrading and remodelling some of the machines in line with the changing trends of the export market with technologically superior parts and spares.

C) Foreign Exchange Earnings and Outgo:

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

	(Rs. In lacs)	
	Current Year (1998-99)	Previous Year (1997-98)
Total Foreign Exchange used	278.63	658.60
Total Foreign Exchange earned (FOB Value)	1306.68	1357.12

Form - A (See Rule-2)

The disclosure of particulars with respect to conservation of Energy.

A. Power and Fuel Consumption :-

	Current Year (1998-99)	Previous Year (1997-98)
1. Electricity		
Units	3580504	2687306
Total Amount (Rs.)	14913819	10187674
Rate / Unit (Rs.)	4.17	3.79
2. Furnace Oil		
Quantity (Ltr.)	2213166	1785974
Total Amount (Rs.)	15384513	15081892
Average Rate (Rs./Ltr.)	6.95	8.44
B. Consumption per unit production:		
Electricity (Unit/Kg.)	1.27	1.12
Furnace Oil (Ltr./Kg.)	0.78	0.74

For and on behalf of the Board of Directors

Place : Mumbai.

Date : 31.05.1999

KISHORILAL AGARWAL

CHAIRMAN

Eighth Annual Report 1998-99

AUDITOR'S REPORT :

To,

**The Members of
SUDITI INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of SUDITI INDUSTRIES LIMITED as at 31st March, 1999 and the Profit and Loss Accounts for the year ended on that date, which are in agreement with the Company's books of accounts.

1. As required by the manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, 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 accounts as required by Law have been kept by the Company, so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts
 - d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except the treatment of leave encashment salary which is accounted on cash basis and for which the amount has not been determined by the Company.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes thereon give the informations required by the Companies Act, 1956, in the manner so required and gives a true and fair view.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - b) In the case of the Profit and Loss Account of the "Profit" for the period ended on that date.

for and on behalf of
CHATURVEDI & COMPANY
Chartered Accountants

Place : Mumbai
Date : 31.05.1999

S. N. CHATURVEDI
(Partner)

ANNEXURE TO THE AUDITORS' REPORT :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation. The fixed assets have been physically verified by the management during the year and it was explained to us that no discrepancies have been noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials except stocks lying with third parties have been physically verified by the management at reasonable intervals.
4. In our opinion and having regard to the size of the Company and nature of its business the procedures of physical verification adopted by the Company are reasonable and adequate.
5. No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion the terms and conditions on which the Company has taken loans from Companies listed in the registers maintained Under Section 301 and from the Companies under the same management within the meaning of Sub-section (1B) of Section 370 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
8. Apart from trade advances and advance towards acquisition of assets, the Company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management.
9. Employees to whom loans or advances in nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and the nature of its business for the purchase of stores, raw-materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services aggregating during the year to