



**SUDITI  
INDUSTRIES  
LTD.**

**TENTH ANNUAL REPORT  
2000-2001**

<p align="center"><b>BOARD OF DIRECTORS</b></p> <p align="center"><b>Kishorilal Agarwal</b> (Chairman)</p> <p align="center"><b>Anand Agarwal</b> (Managing Director)</p> <p align="center"><b>Pawan Agarwal</b></p> <p align="center"><b>Rajendra Agarwal</b></p> <p align="center"><b>Dinkar Rai</b></p> <p align="center"><b>A.T. Shahani</b></p> <p align="center"><b>A. Indu Sekhar Rao</b></p> <p align="center"><b>V.P. Finance &amp; Company Secretary</b> <b>H. Gopalkrishnan</b></p> <p align="center"><b>Registered Office</b> A-2, Shah &amp; Nahar Estate, Unit No. 23/26, Lower Parel, Mumbai 400 013.</p> <p align="center"><b>Factory &amp; Admn. Office</b> C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawane Village, Navi Mumbai 400 705.</p>	<p align="center"><b>Works</b> <b>Unit No. 1</b></p> <p align="center">C-253/254, M.I.D.C., T.T.C. Indl. Area, Pawne Village, Navi Mumbai 400 705</p> <p align="center"><b>Unit No. 2</b> A-465/466, M.I.D.C., T.T.C. Indl. Area, Mahape, P.O. Ghansoli, Navi Mumbai 400 701.</p> <p align="center"><b>Auditors</b> <b>Chaturvedi &amp; Co.</b> 81, Mittal Chambers, 228 Nariman Point, Mumbai 400 021.</p> <p align="center"><b>Legal Advisors</b> <b>Kanga &amp; Co.</b> Readymoney Mansion, 43 Veer Nariman Road, Fort, Mumbai 400 001.</p> <p align="center"><b>Bankers</b> <b>The Vysya Bank Ltd.</b> <b>Union Bank of India</b> <b>SBI Commercial &amp; International Bank Ltd.</b></p> <p align="center"><b>Registrar &amp; Share Transfer Agents</b> <b>Karvy Consultants Ltd.</b> 7, Andheri Indl Estate, Off Veera Desai Road, Andheri (W), Mumbai 400 058.</p> <p align="center">or "Karvy House", 46, Road No. 4, Street No.1, Banjara Hills, Hyderabad 500 034</p>																						
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**SUDITI INDUSTRIES LTD.****NOTICE FOR THE TENTH ANNUAL GENERAL MEETING :-**

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held on Friday the 28<sup>th</sup> September 2001, at 4.00 p.m. at Conference Hall, Society Terrace, A-2, Shah & Nahar Indl. Estate, Lower Parel (W), Mumbai - 400 013, to transact the following business:

**ORDINARY BUSINESS :**

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2001 and Profit & Loss Account of the Company for the year ended 31st March, 2001 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Dinkar Rai who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri A. Indu Sekhar Rao 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.

**Special Business: -**

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

"RESOLVED that, pursuant to section 293(1)(a) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to deal, negotiate and lease or dispose of the fixed assets/facilities comprising land, building, machinery etc. wherever located in any condition or in such conditions as may be and for that purpose to sign, seal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary, usual or proper for the sale, lease or otherwise disposing of the assets which according to the Directors may be considered beneficial and convenient for the Company, subject to the approval of relevant institutions or authorities as may be applicable to effect such transactions."

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

"RESOLVED that the consent of the shareholders of the Company be and is hereby given, as provided under Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, for the commencement of business covered inter alia included as "other objects for which the Company is established" at serial numbers 89 & 90 in section C of the Memorandum of Association, such as construction and development of Industrial Galas, Sheds and Industrial Estates, Software Technology Park, Bio Technology Park or other Industrial Parks."

By order of the Board  
For SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN  
V. P. FINANCE &  
COMPANY SECRETARY

Place : Mumbai  
Date : 31.07.2001

**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 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.
3. The Register of members and the Share Transfer Books of the Company will remain closed from Wednesday the 12<sup>th</sup> September, 2001 to Friday the 28<sup>th</sup> September, 2001 both days inclusive.
4. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
5. 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.
6. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
7. 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.

By order of the Board  
For SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN  
V. P. FINANCE &  
COMPANY SECRETARY

Place : Mumbai  
Date : 31.07.2001

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

The present market conditions are not very encouraging for the Company to pursue the expansion programme as was envisaged and undertaken by the Company. In view of this it would be beneficial for the company to explore various ways for reducing the overall cost as well as to generate revenue, so as to enable the Company to sustain the pressure of ongoing recessionary trends prevailing in the industry. Board needs authorisation from the members subject to the approval of relevant institutions or authorities as may be applicable to formulate the policies and procedures, to explore and negotiate and finalise the deals for sale or lease of the Company's fixed assets/facilities comprising land, building, machinery etc. wherever located as may be to generate additional

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revenues. Resolution for this purpose, pursuant to Section 293(1)(a) of the Companies Act, 1956 is placed before the members for their approval.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

### Item No. 6

The Company's present activity consist of only manufacturing and selling of Knitted Hosiery fabrics/ garments and also trading business. In view of the ongoing recessionary trends prevailing all over the world the prospects for the industry in the immediate future are not very rewarding. Therefore, the Company needs to take up additional activity to boost the margins which will eventually create more wealth for the benefit of the Company. The Company proposes to enter into the sector of infrastructural development by undertaking the activity of designing, construction and development of Industrial Galas, Sheds, Software Technology Park / Bio

Technology Park, development of Export Promotion Zone etc. and development of other infrastructural facility. The promoters have adequate experience in this particular sector and therefore overall viability of this new venture is expected to be good and beneficial in the interest of the Company particularly in respect of improved margins.

Resolution for this purpose, pursuant to Section 149(2A) of the Companies Act, 1956 is placed before the members for their approval.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

By order of the Board  
For SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN  
V. P. FINANCE &  
COMPANY SECRETARY

Place : Mumbai  
Date : 31.07.2001

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## SUDITI INDUSTRIES LTD.

### DIRECTORS' REPORT:

#### Dear Shareholders,

The Directors present the Tenth Annual Report of the Company to be read together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2001 and the Profit and Loss Account for the year ended on that date.

#### Financial Results :

	(Rs. in lacs)	
	Current Year Ended 31.03.2001	Previous Year Ended 31.03.2000
Export Sales	595.97	1224.84
Local Sales	1967.55	2411.06
Trading Sales	510.39	0.00
Other Income	172.66	315.08
Profit before Interest and Depreciation	121.48	486.74
Interest	202.69	482.17
Profit after Interest	(81.21)	4.57
Depreciation	300.91	293.85
Profit/(-)Loss before Tax	(382.12)	(289.28)
Provision for Tax	Nil	0.00
Profit/(-)Loss after Tax	(382.12)	(289.28)
Add : Brought forward from the previous year	973.94	1263.23
Amount available for appropriation	591.82	973.94
Appropriation :		
Transfer to General Reserve	0.00	0.00
Surplus carried forward	591.82	973.94

#### Dividend :-

The Directors have not recommended any dividend in view of operational loss for the year under review.

#### Operations:-

The operations during the year 2000-01 were perhaps the worst in the history of the Company. The market conditions continue to remain sluggish and poor all over the world. The slow down in Europe penetrated further down to US also and led to severe and unfair competition among the exporting countries particularly like China, Pakistan etc. Further there were lot of payment defaults in the overseas market. Considering all these aspects the company has taken a cautious approach in execution of export orders.

Even the situation in the local market was extremely unhealthy throughout the year. Although the order position was very comfortable the company could not accept many order because of the tight money market situation which has adversely affected the realisation of account receivables. In view of this, the company had taken a decision to cater to only few selected buyers who are able to maintain sound financial position in the market.

In addition to this, the increase in the cost of various inputs particularly power, water etc. has contributed to the negative growth of the industry during the last year. The company had an additional burden of interest on account of the delayed implementation of the project apart from the interest on account of delayed payment of raw-material purchases. Over all the situation was grim and it was only because of your Company's capability to produce a wide range of products, it was able to survive the crisis, as many other units had succumbed to the situation.

The company has taken a important decision to consolidate its position during the coming years by adopting stringent cost control measures, utilisation of additional capacities

for job work and catering to only few selected financially sound customers, so as to avoid all problems related to recoveries. This is inevitable at this stage and will enable the company to pass through this difficult period. This will ultimately help the company to come out strong in the next couple of years and prepare it to meet newer global challenges.

#### New Business

In order to enlarge the scope of its activities and to enhance the profit margin, the Company proposes to enter into the sector of infrastructure development like designing, construction and development of industrial galas, sheds, industrial park, software technology park/bio technology park, development of export promotion zone etc. as covered under the clause 89 & 90 of "other objects" of the Memorandum of Association. After taking necessary approval from the members, the Company would start the business of the above additional activity. Since your promoters have necessary experience and are assisted by a qualified team of experts in the field, the Company is optimistic of making this new venture a success.

Further the Company also proposes to sell/lease its fixed assets after obtaining necessary approval from the concerned institutional and other authorities to reduce over all debt as well as to generate additional revenues.

#### Export Sales:

Over the last few years the emphasis on export sales has come down drastically because of the various problems related to the export market. The Company would continue to work on the same strategy till the position improves in the overseas market. The company would be undertaking garment export on a large scale in place of the fabric export. Further, the company would be keeping a close watch on new emerging market particularly in Africa / Latin American countries etc. However, it will take almost another year to crystallise these views and to start export shipment in large quantities.

#### Expansion:

The Expansion programme undertaken by the company during the few years had been kept on hold since last Sept. 2000. The unabated recessionary condition in the textile market and the frequent changes / wide fluctuations in the demand pattern had forced the company to take such a drastic step. As it had become necessary for the company to closely study and monitor the entire market situation. However, in the meantime, the company had almost completed the factory building and which is being put to use for other administrative purposes. In view of the prevailing unforeseen adverse condition the company has taken decision to suspend implementation of the remaining project.

The company has also taken a decision to explore some other viable long-term alternatives to resolve the crisis. The company is in discussion with IDBI to formulate some long term programme to reduce the impact of the long term debt burden on the company. The various options available under this programme are being analysed and discussed with IDBI to arrive at a viable alternative solution.

#### Fixed Assets:

Fixed Assets are adequately insured and are in good condition. In order to determine the value and conditions of all assets, the management had appointed M/s. Dalal Consultants & Engineers Ltd., (Consultants - Architects & Engineering Contractors) to conduct a detailed verification and examination of all the fixed assets as on date in order

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to determine the actual value and the conditions. The assessment has since been completed.

**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 covered 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 thereunder.

**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 Dinkar Rai and Shri Indu Sekhar Rao, Directors, shall

retire by rotation and being eligible offer themselves for re-appointment.

**Auditors/Auditors Remark:-**

Messrs. Chaturvedi & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Since the IDBI has classified the loans given to our Company as non-performing assets, your Directors are of the opinion that no interest be provided in respect of the said secured loan. The Company's financial position was very critical through out the year and therefore on account of this there were some delay in the payment of statutory dues. The Directors have already taken adequate steps to ensure the payment of the statutory dues without any delay.

**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, M/s. 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 : 31.07.2001

**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, 2001.

**A) Conservation of Energy:**

Energy conservation measures taken/under implementation.

1. The network of condensate pipeline is being maintained to feed Boiler water at 80°C to 85°C to reduce the furnace oil consumption.
2. Fuel additive is regularly used with furnace oil and because of this, the carbon deposition in chimney and in tubes etc. has reduced considerably.
3. Power factor is improved from 0.91 to 0.95 by installing additional Capacitor Bank and accordingly incentive being offered by MSEB is availed.
4. Installed New Water Softening plant for maintaining the hardness of water below 5 ppm. for Process House and Boiler.
5. Improvement of power factor to .95 to reduce line losses in Knitting Unit is under implementation.

**B) Research & Development:**

- 1) We propose to install testing facilities for effluent in our laboratory, so that continuous monitoring of the parameters like COD, BOD etc. can be done.
- 2) Three Machines are made fully automatic with data being fed directly to computer to observe and monitor the operations. Instructions for any change of operations etc. can be given through computer to the machines. The system shall be implemented for other machines after full satisfaction of working on these machines.

**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 (2000-01)	Previous Year (1999-00)
Total Foreign Exchange used	10.26	39.58
Total Foreign Exchange earned (FOB Value)	528.52	1093.32

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

The disclosure of particulars with respect to conservation of Energy.

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

	Current Year (2000-01)	Previous Year (1999-00)
<b>1. Electricity</b>		
Units	2998465	3657429
Total Amount (Rs.)	13101996	15915602
	4.37	4.35
<b>2. Furnace Oil</b>		
Quantity (Lt.)	1717759	2238048
Total Amount (Rs.)	20059709	21550430
Average Rate (Rs./Lt.)	11.68	9.62

**B. Consumption per unit production:**

Electricity (Unit/Kg.)	1.83	1.51
Furnace Oil (Lt./Kg.)	1.05	0.92

For and on behalf of the Board of Directors

Place: Mumbai.  
Date: 31.07.2001

**KISHORILAL AGARWAL**  
CHAIRMAN