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**ELEVENTH ANNUAL REPORT  
2001-2002**

**BOARD OF DIRECTORS**

**Kishorilal Agarwal**  
(Chairman)

**Anand Agarwal**  
(Managing Director)

**Pawan Agarwal**

**Dinkar Rai**

**A.T. Shahani**

**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.

**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,  
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 Advisor**

**A. Ramkrishna**

75, Laxmi Insurance Bldg.,  
4th Floor, Sir P. M. 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, Avenue 4, Street No.1,  
Banjara Hills, Hyderabad 500 034

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**ELEVENTH ANNUAL GENERAL MEETING**

On Friday, the 27th day of September, 2002  
at 4.00 p.m. at Conference Hall, Society  
Terrace, A-2, Shah & Nahar Industrial Estate,  
Lower Parel, Mumbai-400 013.

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 ELEVENTH ANNUAL GENERAL MEETING:**

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held on Friday the 27<sup>th</sup> September, 2002, at 4.00 p.m. at Conference Hall, Society Terrace, A-2, Shah & Nahar Indl. Estate, Lower Parel, Mumbai - 400 013, to transact the following business.

**ORDINARY BUSINESS:**

1. To receive and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2002 and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2002 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Pawan Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri A.T. Shahani 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 modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") the Articles of Association of the Company be and are hereby altered in the following manner.

A. Insert the following new Articles after existing Article Number 2:

**2A. "DEMATERIALIZATION OF SECURITIES"**

(1) For the purpose of Article:

"SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act 1996 including any statutory modifications re-enactment thereof for the time being in force.

"Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Beneficial Owner" means a person whose name is recorded as such with a depository.

"Bye Laws" means byelaws made by a Depository under Section 26 of the Depositories Act.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as Beneficial Owner in the records of the Depository.

"Participant" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books of stores in computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by the SEBI board.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Depositories Act, shall have the same meaning respectively assigned to them in that Act.

- B. Insert the following new articles after existing Article Number 23:

23A. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

23B. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

23C. Every person subscribed to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with Depository, the Company shall intimate such Depository the details of allotment of the Security and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the security.

23D. All the securities held by a depository shall be dematerialized and be in tangible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act, shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.

23E. (a) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities

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in respect of his securities which are held by a Depository.

- 23F. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors of them.
- 23G. Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the byelaws and the Company in that behalf.
- 23H. Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- 23I. If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.
- The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.
- The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such condition and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
- 23J. Notwithstanding anything contained in the act, or these Articles to the contrary, where securities are held in a Depository, the record of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- 23K. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien or shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
- 23L. Notwithstanding anything contained in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the depository immediately

on allotment of such securities.

- 23M. The shares in the capital shall be numbered progressively accordingly to their several denominations provided, however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no share shall be subdivided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
- 23N. The Company shall cause to keep a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with a details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
- 23O. The company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.
- 23P. (i) Every holder of share in, or holder of debentures of the Company may, at any time nominate, in the prescribed manner under section 109A of the Act, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- (ii) Where the shares in, or debentures of the Company are held by more than one person, jointly, the joint holders may together nominate, in the prescribed manner under Section 109A of the Act, a person to whom all the rights in the Shares or Debenture of the Company shall vest in the event of death of all the joint holders.
- (iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of shares in, or debentures of the Company where a nomination made in the prescribed manner under Section 109A of the Act, purports to confer on any person the right to vest the Shares in, or Debenture of the Company, the nominees shall, on the death of the shareholder or holder of debentures of the Company, or as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company, or as the case may be, all the joint holders, in relation to such



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shares in, or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109A of the Act.

- (iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint, in the prescribed manner under Section 109A of the Act, any person to become entitled to shares in, or debentures of the Company, in the event of his death, during the minority.

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

- "RESOLVED THAT the listing of the securities with the Delhi Stock Exchange Association Ltd. (Delhi Stock Exchange) be and is hereby cancelled and that the Shares of the Company be de-listed on the Delhi Stock Exchange subject to the approval of shareholders of the Company and other relevant authority, as per the guidelines issued by SEBI."
- "RESOLVED THAT the listing of the securities with the Calcutta Stock Exchange Association Ltd. (Calcutta Stock Exchange) be and is hereby cancelled and that the Shares of the Company be de-listed on the Calcutta Stock Exchange subject to the approval of shareholders of the Company and other relevant authority, as per the guidelines issued by SEBI."
- "RESOLVED THAT the listing of the securities with the Stock Exchange Ahmedabad. (Ahmedabad Stock Exchange) be and is hereby cancelled and that the Shares of the Company be de-listed on the Stock Exchange Ahmedabad, subject to the approval of shareholders of the Company and other relevant authority, as per the guidelines issued by SEBI."

By order of the Board  
For SUDITI INDUSTRIES LTD.

H.GOPALKRISHNAN  
V.P.FINANCE &  
COMPANY SECRETARY

Place: Mumbai  
Date : 21.06.2002

### NOTES:

- 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.
- 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.

- The Register of members and the Share Transfer Books of the Company will remain closed from Wednesday the 11<sup>th</sup> September, 2002 to Friday the 27<sup>th</sup> September, 2002 (both days inclusive) for the purpose of Annual General Meeting.
- Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
- 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.
- Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- 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.

By order of the Board  
For SUDITI INDUSTRIES LTD.

H.GOPALKRISHNAN  
V.P.FINANCE &  
COMPANY SECRETARY

Place: Mumbai  
Date : 21.06.2002

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

#### Item No.5

#### Dematerialisation of Securities

Consequent to the passing of the Depositories Act, 1996, and the introduction of the system of Depositories ('the System'), certain provisions of the Companies Act, 1956 and of the Securities Contracts (Regulation) Act, 1956 relating to the issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of the system. Further, as per the Companies (Amendment) Act 1999, the Act has been amended to provide for nomination facility for the Shareholders.

It is therefore essential to make necessary modification in the Articles of Association in terms of the Ordinary Resolution as set out in the item No.5 of the Notice.

It is clarified that, while the additional facility as specified hereinabove has been provided within the new legal framework, it is not compulsory for the shareholders to dematerialise their holdings as neither is the same mandatory under any legal provision/notification nor has the Securities and Exchange Board of India specified that the securities of the Company can be traded only if the same are held in a dematerialised form.

Board in its meeting held on 30<sup>th</sup> April, 2002, taken on record the sanction received from the National Security

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Depository Ltd., and gave its consent to the Registrar for dematerialisation of Company's equity subject to the approval of modification in the Articles of Association by members in the forthcoming general meeting. Accordingly the necessary alteration to the Articles of Association as referred has been proposed by the Board in its meeting held on 21<sup>st</sup> June, 2002.

The Board recommends the resolution to be passed. None of the Directors of the Company is concerned or interested in this Resolution.

**Item No. 6: a) b) c)**

De-listing of Shares On The Delhi Stock Exchange Association Ltd., Calcutta Stock Exchange Association Ltd. & The Stock Exchange Ahmedabad.

The Equity shares of the Company are listed in Four major stock exchanges namely the Stock Exchange Mumbai, The Delhi Stock Exchange Association Ltd., Calcutta Stock Exchange Association Ltd. and The Stock Exchange Ahmedabad at the time of Company's maiden public issue in the month of January 1994. However the Company has observed that trading is taking place only in Stock Exchange Mumbai, whereas in other Stock Exchanges it is almost nil and in some cases it is not there since the date of listing. Considering all these aspects Board is of the opinion that facility of listing with Delhi, Calcutta & Ahmedabad has not been utilised by

any of the Company's Investors/ shareholders and instead it is only incurring additional expenditures to the company. Under this circumstances necessary steps need to be taken to de-list the shares from these exchanges. Further since the Company's financial position is very critical it is necessary to economise the operation by reducing the expenses which according to the management can be avoided without affecting the Company's operations significantly.

Accordingly the Board of Directors have decided to delist the shares on Delhi Stock Exchange Association Ltd., Calcutta Stock Exchange Association Ltd. and The Stock Exchange Ahmedabad as per the guidelines issued by SEBI to All Stock Exchanges and other applicable guidelines issued by SEBI from time to time.

The Board recommends the resolution to be passed. None of the Directors of the Company is concerned or interested in this Resolution.

By order of the Board  
For SUDITI INDUSTRIES LTD.

**H.GOPALKRISHNAN**  
**V.P.FINANCE &**  
**COMPANY SECRETARY**

Place: Mumbai  
Date : 21.06.2002

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## SUDITI INDUSTRIES LTD.

**DIRECTORS' REPORT:****Dear Shareholders,**

The Directors present the Eleventh Annual Report of the Company to be read together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the year ended on that date.

**Financial Results:**

	(Rs.in Lacs)	
	<b>Current Year Ended 31.03.2002</b>	<b>Previous Year Ended 31.03.2001</b>
Export Sales	<b>163.09</b>	595.97
Local Sales	<b>1484.14</b>	1967.55
Trading Sales	<b>48.45</b>	510.39
Other Income	<b>201.42</b>	172.66
Profit/(-) Loss before Interest and Depreciation	<b>(226.45)</b>	121.48
Interest	<b>1481.76</b>	202.69
Profit/(-) Loss after Interest	<b>(1708.21)</b>	(81.21)
Depreciation	<b>309.93</b>	300.91
Profit/(-) Loss before Tax	<b>(2018.14)</b>	(382.12)
Provision for Tax	<b>NIL</b>	Nil
Profit/(-) Loss after Tax	<b>(2018.14)</b>	(382.12)
Income Tax ~ Income/(Expns)	<b>232.82</b>	—
Add:Brought forward from the previous year	<b>591.82</b>	973.94
Transfer from General Reserve	<b>94.95</b>	—
Amount available for appropriation (Loss)	<b>(1098.55)</b>	591.82
Balance carried to Balance Sheet (Loss)	<b>(1098.55)</b>	591.82

**Dividend:-**

In view of significant losses recorded during the year under review the Directors have not recommended any dividend.

**Operations:**

There is all round decline in the turnover during the year in comparison to the previous year, as the market continues to remain very sluggish throughout the year. The Economic conditions remained very recessionary particularly after the 11<sup>th</sup> Sept.01 incidents in USA. It was only during the last quarter of the financial year the Company was able to register some improvements in the order position, which would be beneficial mainly during the succeeding year as the execution of these orders would be undertaken during the year 2002.

The local market conditions also continues to remain unsteady and sluggish throughout the year. As the export market was in a bad state of recession, the impact of the same was felt throughout the local market also. Since the Company had implemented certain measures from the last year to consolidate its position, the influence of the adverse outside factors on our operations was not very significant. This resulted in minimising the losses on account of operations to a large extent.

However, since the Company had to provide the interest on the term loans availed from financial institutions which otherwise was not provided since last year on account of

accepting the NTS (Negotiated Settlement of Dues) with IDBI, the overall total loss for the year had gone up substantially. This has resulted in the total erosion of the net worth of the company and eventually it became necessary for the Company to approach BIFR for drawing up a rehabilitation programme for revival.

Further the cost of various inputs/utilities items like furnace oil, power, water etc. had registered significant rise where the selling prices of the products remained at the same level and in some cases there was some decline also. In view of the recessionary conditions, the Company was not in a position to negotiate for an increase in the selling prices.

The Company proposes to continue its existing activities by strengthening further the existing set up to generate additional revenues. The Company also proposes to invest additional funds to modernise the existing facilities wherever required at a minimum level.

**Export Sales:**

The Export Sales during the year was the lowest since inception. The main reason for this reduction is the severe recession in the world textile market and in USA particularly after Sept.11<sup>th</sup>, 2001 incident at New York. The only Export maintained during the year was to some customers located at Nepal. Apart from this as per the policy decision taken by the Company no fresh credit despatches on DA basis were made during the last year to any of our customers. This has eventually reduced the off take totally by some of our customers. In view of present tight monetary situation, the Company intends to continue the revised system of sales whereby exports are made only against valid L/C or against advance. However, Company has explored huge potential in the new market at Nepal and is hopeful of tapping the market in the coming months to enhance its growth.

**Expansion:**

The Company is in the process of finalising some long-term lease proposals for its properties constructed under Expansion Programme with some reputed Companies, which would be utilised for reducing the long-term borrowings to reduce the impact of interest on the workings. Further the Company is also in the process of finalising the development of some un-utilised portion of the land etc. related to the Expansion Programme for sale purposes to augment resources for reducing the long term liabilities.

The Company is yet to commence its new business activities in the field of infrastructure development (Construction of Industrial Premises) etc. as informed by the Board in the last Annual General Meeting.

**Fixed Assets:**

Fixed Assets are adequately insured and are maintained in good condition.

**Investments:**

The Company has opened a Demat Account with UTI Bank Ltd., and dematerialised the company's investment existing in the form of 2880 Nos. of equity shares of Industrial Development Bank of India.

**Depository System:**

With effect from 18<sup>th</sup> April,2002 Equity shares of the Company have been permitted to be traded in dematerialised form by National Securities Depository Ltd., as required

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by Stock Exchange Mumbai and other relevant authorities. The ISIN Number allotted to the Company is INE691D01012.

**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:**

During the year under report, Director Shri Rajendra Agarwal has resigned from the Board with effect from 27<sup>th</sup> April 2002. The Directors wish to place on record the appreciation of the valuable services rendered by Shri Rajendra Agarwal during his tenure as Director.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pawan Agarwal and Shri A.T.Shahani, Directors, shall 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 had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 had been taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

**Corporate Governance:**

Your Company has adopted some of corporate governance practices over the last few years even before introduction of the same as a mandatory requirement under revised listing rules and guidelines, and steps are being taken to comply with the other provisions in a phased manner during

the current financial year. A separate report on corporate governance is enclosed as a part of the Annual Report.

**Cost Audit:**

The Company has appointed M/s.Vijay Talati & Associates as the Cost Auditors for conducting the audit of cost accounts maintained by the Company for the year 2001-02.

**Auditors/Auditors Remark:**

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

The Company has prepared the accounts on the basis of 'Going Concern Concept' inspite of recording net loss and erosion of total net worth consequent to that as stated below. As per provisions of section 3(1) (O) of Sick Industrial Companies (Special Provisions) Act 1985, the Company has become a Sick Industrial Company and accordingly a reference to BIFR would be made as referred below in the report. In view of significant cash losses, the Company's financial position was very critical which resulted in irregular depositing of Provident Fund, Employees State Insurance dues etc. However the Company has taken adequate measures to make the payment at the earliest. As per Company's practice encashment of leave salary is granted only on a case to case basis under special circumstances. Hence the same is accounted on cash basis. However the over all impact of the same is not significant.

**Going Concern Concept:**

The Board is of the opinion that even though the net worth has been completely eroded on account of registering significant losses during the year under review, the Company is optimistic of a turning the corner in the coming year. As the Company has taken various suggestive measures, the impact of these steps would be visible in the coming years.

Further the interest provision made during the year in respect of Institutional loans may be reversed, if the negotiated settlement of dues scheme are retained. Under these circumstances the Board intend to carry on with its activities on a going concern basis.

**Referring the Company to Board for Industrial & Financial Reconstruction(BIFR):**

In view of total erosion of net worth it is necessary on the part of the board to refer the matter to BIFR under section 15 (1) of Sick Industrial (special provisions) Act, 1985 and accordingly necessary arrangements are being made to refer the matter in the prescribed form to BIFR.

**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 : 21.06.2002

**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 31<sup>st</sup> March, 2002.

**A) Conservation of Energy:****a) Energy Conservation measures taken:-**

The shortage of energy is felt throughout the country. The cost and availability of energy is very critical factor and has a direct impact on the economic growth of any country. Our Company is very much conscious of these facts and accordingly opted for all quality equipments requiring minimum of electrical and thermal energy. The Company also has a full proof system control in the usage of water.

1. Proper maintenance of all machines and equipments in order to maintain them at high efficiency to save energy.
2. Replacing motor set by variable speed drives.
3. Generation of air pressure only when needed by installing constant pressure system on compressor.
4. Minimised idle running of machines & equipments lights and other devices.
5. Minimising duration for heating of lubricant oil.
6. Continuation of measures taken in earlier years like maintaining the network of condensate pipelines, use of fuel additives etc.
7. Company is regularly maintaining the average power factor above the required standard level & accordingly obtained incentives from MSEB for the same.

**b) Additional Investment and proposals being implemented for reduction of consumption of energy:-**

- 1) Proposal for converting the existing oil fired based boiler into coal fired based one to save overall cost.
- 2) Reducing the duration dying cycle at ETP plant
- 3) Continuing and increasing the scale of measures taken in the past.

**c) Impact of measures taken at a) & b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The impact of energy saving measures has helped in containing the rising cost of energy costs on our products.

**B) Technology Absorption:****a) Research & Development:**

1. The Company continues its R&D activities in the development of new products and also to reduce the wastage levels. The major thrust is given to improve the testing facilities to reduce the cost of repetition of the dyeing process to match the shade.
2. The Company has a facility to test effluents in the laboratory for monitoring of parameters like COD, BOD etc.

3. The Company proposes to install colour cabinet (Gretag, Macbeth, Spectralight III Light Booth) in the dyeing laboratory to meet international standards.

4. The expenditure on R&D is not significant. The Company proposed to continue its efforts in improving the quality as well machine performances.

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

The Company continues its efforts to meet the requirements of its customers as per International Standards. The implementation of latest technological developments to upgrade and remodel the machineries as also the processing & testing facilities are done as an ongoing process by taking into consideration the cost and other relevant factors.

Regarding the imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the same is 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:

	(Rs.in Lacs)	
	Current Year (2001-02)	Previous Year (2000-01)
Total Foreign Exchange used	1.94	10.26
Total Foreign Exchange earned (FOB Value)	158.91	528.52

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

The disclosure of particulars with respect to conservation of Energy.

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

	Current Year (2001-02)	Previous Year (2000-01)
<b>1. Electricity</b>		
Units	3176332	2998465
Total Amount (Rs.)	13474654	13101996
Average Rate (Rs./Kwh)	4.24	4.37
<b>2. Furnace Oil</b>		
Quantity (Lt.)	2155777	1717759
Total Amount (Rs.)	23914817	20059709
Average Rate (Rs./Lt.)	11.10	11.68

**B) Consumption per unit production:**

Electricity (Unit/Kg.)	1.73	1.83
Furnace Oil (Lt./Kg.)	1.18	1.05

For and on behalf of the Board of Directors

Place: Mumbai  
Date : 21.06.2002

**KISHORILAL AGARWAL**  
Chairman

## Corporate Governance:

### Report of the Directors on Corporate Governance

The Board of Directors supports the broad principles of corporate governance and it is the philosophy of the Company to strive whole heartedly to attain the highest levels of transparency, accountability and equity in all facets of operations

### Board of Directors:

By variation of the provisions of the Companies Act and other relevant terms and regulations Board of Directors of the Company is entrusted with complete authority and responsibility to manage the affairs of the company. The Board has been constituted by inducting the persons from various fields such as finance, technical, marketing etc. so as to enable the company to derive maximum benefit in managing its business. The Board is entrusted with the task of managing the company directly or through delegation of authority either partly or totally as may be found appropriate and reasonable to the Board (within the legal frame work of the Company)

### Composition of Board of Directors:

The existing Board has a mix of executive and non-executive as well as independent directors.

Name of Directors	Executives or Non-Executives	Independent	No. of Directorships
Kishorilal Agarwal	Non-Executive	No	2
Anand Agarwal	Executive	No	4
Pawan Agarwal	Non-Executive	No	4
A.T.Shahani	Non-Executive	Yes	1
Dinkar Rai	Non-Executive	Yes	9
A.Indu Sekhar Rao	Non-Executive	Yes	2

### Responsibilities:

The Board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources and reporting to shareholders. During the year under review the Board met 4 times. Board members ensure that their other responsibilities do not materially impact on their responsibilities as a director of the Company.

### Role of Independent Directors:

The independent directors play an important role in deliberations at the board meetings and bring to the company their wide experience in the fields of technical, finance, marketing, accountancy, law, public policy and engineering. The audit committee and the remuneration committee consist mainly of independent directors. Board members ensure that their other responsibilities do not materially impact on their responsibility as a Director of Suditi Industries Ltd.

### Board Meetings:

The meetings of the board of directors are generally held at

the registered office of the Company in Mumbai. Meetings are generally scheduled well in advance. The board meets at least once a quarter to review the quarterly performance and the financial results. The agenda for the meetings are prepared by the Company Secretary according to the instructions given by the Managing Director and also in consultation with Chairman. The board papers are circulated to the directors in advance. The members of the board have access to all information on the company and are free to recommend inclusion of any matter in the agenda for discussion. Managing Director is authorized to provide all explanations and clarifications as and when required either himself or through the Senior Managers.

Four Board Meetings were held during the year from 1<sup>st</sup> April 2001 to 31.03.2002, i.e on 31<sup>st</sup> May,2001, 31<sup>st</sup> July,2001, 31<sup>st</sup> October,2001, 31<sup>st</sup> January 02.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Kishorilal Agarwal	4	Yes
Anand Agarwal	4	Yes
Pawan Agarwal	4	Yes
A.T.Shahani	4	Yes
Dinkar Rai	4	No
A.Indu Sekhar Rao	4	Yes
Rajendra Agarwal (Resigned w.e.f.27.04.2002)	4	No

### Brief Profile of Directors:

#### Shri Kishorilal Agarwal: Chairman Age – 76 years

Kishorilal Agarwal has over 50 years of experience in the Textile Industry. He is heading the R.P.K.Group and founded the flagship company of the group M/s.R.Piyarellal P.Ltd.

#### Shri Anand Agarwal: Managing Director – Age: 49 years

A graduate in commerce and has over 28 years of experience in the Textile Industry. He has been closely associated with both technical & commercial aspects of Textile Industry, with the initial training in Kobe – Japan, for the manufacture of Knitted fabrics.

#### Shri Pawan Agarwal – Director Age: 38 years

A graduate in commerce and has more than decade of experience in the finance, marketing & other related matters particularly with reference to manufacture and export of garments.

#### Shri A.T.Shahani - Director - Age 62 years

A qualified Textile consultant with a strong back ground in the technical aspects of Textile Industry. He has occupied various senior position and during the meeting he advises the Board on all technical and other aspects of textile industry.

#### Shri Dinkar Rai – Director – Age 38 years

A qualified Chartered Accountant with over a decade of experience in the areas of Finance, Project Mangement and other commercial & accounting aspects.