



**SUDITI  
INDUSTRIES  
LTD.**

**TWELFTH ANNUAL REPORT  
2002-2003**

## BOARD OF DIRECTORS

**Kishorilal Agarwal**  
(Chairman)

**Anand Agarwal**  
(Managing Director)

**Pawan Agarwal**

**A.T. Shahani**

**A. Indu Sekhar Rao**

**Sushil Kumar S. Kasliwal**

**Vivek Gangwal**

**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**

C-3/B, M.I.D.C.,  
T.T.C. Indl. Area  
Navi Mumbai 400 705.

**Auditors**

**Chaturvedi & Co.**

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

**Legal Advisor**

**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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## TWELFTH ANNUAL GENERAL MEETING

On Friday, the 26th day of September, 2003  
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 TWELFTH ANNUAL GENERAL MEETING:

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Friday the 26<sup>th</sup> September, 2003, 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, 2003 and Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2003 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Indu Sekhar Rao 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 the provisions of Sections 198, 269 and 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, as may be necessary, the Company hereby approves the re-appointment of Shri Anand Agarwal as Managing Director of the Company for a further period of 5 (Five) years with effect from 1<sup>st</sup> August, 2003, with liberty to either party to terminate the appointment on three months notice in writing to the other, with power to the Board of Directors of the Company to revise the terms of remuneration from time to time as they may deem fit in the best interest of the Company, but so as not to exceed the maximum limit in that behalf prescribed in the said Schedule XIII for the time being in force.

The Managing Director shall be paid Salary, Commission and perquisites restricted to 5% of the net profits of the company for any financial year.

(a) Salary : Rs.25,000/- per month: In the event of inadequacy of profits or loss in any particular financial year comprised in the period of appointment, the maximum salary payable shall be Rs.25,000 per month. Under such circumstances, no commission would be payable

(b) Perquisites: The following perquisites shall be allowed in addition to salary and commission.

For this purpose, the perquisites are classified into three categories

- Part A
- Part B
- Part C

Perquisites with regard to part B & C shall not be considered or included for the computation of the ceiling of perquisites.

#### Part - A.

##### 1. Housing

i. The expenditure incurred by the Company on providing unfurnished accommodation to him will be subject to ceiling of 60% of the salary, over and above 10% payable by him.

ii. In case the accommodation is owned by the Company 10% of the salary shall be deducted by the Company.

iii. In case no accommodation is provided by the Company or the accommodation is owned or rented by him, House Rent Allowance of 60% of the salary.

2. The expenditure on gas, electricity, water and furnishings shall be subject to a ceiling of 10% of the salary and shall be valued as per the Income-Tax Rules 1961.

##### 3. Medical Reimbursement:

The Company shall reimburse medical expenses incurred by the Managing Director on himself or his family subject to ceiling of one months salary in a year or three months salary for a period of three years.

##### 4. Leave Travel Concession:

For self and family, once in a year incurred in accordance with the rules of the Company.

##### 5. Club Fees:

Fees of the clubs subject to a maximum of two clubs. This will not include Admission and Life Membership fees.

6. Personal Accident Insurance of an amount the annual premium of which does not exceed Rs.4,000/-.

#### Part - B.

1. Company's contribution towards Provident Fund as per the rules of the Company but not exceeding 12% of the salary.
2. Company's contribution towards superannuation fund given together with the Provident fund not to exceed 25% of the salary as laid down under the Income-Tax Rules, 1962.
3. Gratuity not to exceed half months salary for each completed year of service or part thereof.

#### Part - C.

1. The Managing Director shall be provided with a car for use of Company's business subject to the condition that the use of the car for private purposes shall be billed by the Company to him.
2. Free Telephone to be provided at his residence subject to the condition that all long distance personnel calls shall be duly logged and paid for by him.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to the above resolution."

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

"RESOLVED THAT Shri Sushilkumar Singh Kasiwal, who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 16<sup>th</sup> June, 2003 and who in terms of section 260 of the Companies Act 1956, read with Article 118 of the Company's Articles of Association, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notices from some members of the Company under section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company liable to retirement by rotation.

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

"RESOLVED THAT Shri Vivek Gangwal, who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 16<sup>th</sup> June, 2003 and who in terms of section 260 of the Companies Act 1956, read with Article 118 of the Company's Articles of Association, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notices from some members of the Company under section 257

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of the Companies Act, 1956, proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company liable to retirement by rotation.

By order of the Board  
For SUDITI INDUSTRIES LTD.

H. GOPALKRISHNAN

V. P. FINANCE &  
COMPANY SECRETARY

Place: Mumbai  
Date : 30.06.2003

### 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 four 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 10<sup>th</sup> September, 2003 to Friday the 26<sup>th</sup> September, 2003 (both days inclusive) for the purpose of Annual General Meeting.
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 from 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 : 30.06.2003

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

#### Item No.5

#### Re-appointment of Managing Director :

Pursuant to Section 269 of the Companies Act, 1956, Shri Anand Agarwal was re-appointed as the Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> August 1998 on the terms set out in the said Resolution. The term of office of Shri Anand Agarwal as Managing Director expires on 31<sup>st</sup> July, 2003. Shri Anand Agarwal has been associated with the Company from the incorporation and also continued to hold the office of managing Director. His long and dedicated service with the Company resulting in considerable experience eminently qualifies him for reappointment as managing Director of the Company for a further period of five years effective from 1<sup>st</sup> August, 2003 on the terms and conditions as set out in the Resolution. The

proposed remuneration is well within the prescribed limits as specified in Schedule XIII and other relevant provisions of the Companies Act, 1956.

The re-appointment of Shri Anand Agarwal as Managing Director for another term of 5 years has also been reviewed and recommended to the Board by the Remuneration Committee. The Board of Directors recommends this Resolution for your approval.

Shri Kishorilal Agarwal, Shri Anand Agarwal, & Shri Pawan Agarwal who are related to each other are deemed to be interested in this Resolution to the extent of his individual appointment.

#### Item No. 6

The Board of Directors with the object of strengthening and broad basing the Board inducted Shri Sushilkumar S. Kasliwal as additional Director of the Company in its meeting held on 16<sup>th</sup> June 2003. Pursuant to the provision of Section 260 of the Companies Act 1956, Shri Sushilkumar S. Kasliwal, hold the office upto the date of ensuing Annual General Meeting of the Company. Notices have been received from various members of the Company in pursuance to section 257 of the Companies Act, 1956, along with necessary deposit proposing Shri Sushilkumar S. Kasliwal as the candidate for the Office of Director of the Company.

Shri Sushilkumar S. Kasliwal, is technically qualified with a diploma in man-made textile chemistry (DMTC). He has a wide range of experience in the Textile Industry particularly in the field of processing, dying and finishing of man-made fabrics.

Board of Directors is of the opinion that continuation of the service of Shri Sushilkumar S. Kasliwal, as Director of the Company will enrich the Board particularly on technical, research and development activities of our Company. Hence the appointment of Shri Sushilkumar S. Kasliwal as Director is recommended.

None of the Directors is interested in these resolutions except Shri Sushilkumar S. Kasliwal to the extent of his individual appointment.

#### Item No.7

The Board of Directors with the object of strengthening and broad basing the Board inducted Shri Vivek Gangwal, as additional Director of the Company in its meeting held on 16<sup>th</sup> June 2003. Pursuant to the provision of Section 260 of the Companies Act 1956, Shri Vivek Gangwal, hold the office upto the date of ensuing Annual General Meeting of the Company. Notices have been received from various members of the Company in pursuance to section 257 of the Companies Act, 1956, along with necessary deposit proposing Shri Vivek Gangwal as the candidate for the Office of Director of the Company.

Shri Vivek Gangwal, is a qualified financial expert/accountant with formal qualification in commerce from Jiwaji University. He has vast experience and knowledge in the various aspects of primary and secondary market operations, portfolio management, and equity research.

Board of Directors is of the opinion that continuation of the service of Shri Vivek Gangwal as Director of the Company will enrich the Board particularly on finance, and accounting aspects of our Company. Hence the appointment of Shri Vivek Gangwal as Director is recommended.

None of the Directors is interested in these resolutions except Shri Vivek Gangwal to the extent of his individual appointment.

By order of the Board  
For SUDITI INDUSTRIES LTD.,

H. GOPALKRISHNAN  
V. P. FINANCE &  
CO. SECRETARY

Place: Mumbai  
Date : 30.06.2003



# SUDITI INDUSTRIES LTD.

## DIRECTORS' REPORT:

### Dear Shareholders,

The Directors present the Twelfth Annual Report of the Company to be read together with the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 and the Profit and Loss Account for the year ended on that date.

### Financial Results:

	(Rs.in Lacs)	
	Current Year Ended 31.03.2003	Previous Year Ended 31.03.2002
Export Sales	184.93	163.09
Local Sales	1423.34	1484.14
Trading Sales	-	48.45
Other Income	109.86	201.42
Profit/(Loss) before Interest and Depreciation	(473.45)	(226.45)
Interest	35.66	1481.76)
Profit/(Loss) after Interest	(509.11)	(1708.21)
Depreciation	312.34	309.93
Profit/(Loss) before Tax	(821.45)	(2018.14)
Provision for Tax	-	NIL
Profit/(Loss) after Tax	(821.45)	(2018.14)
Income Tax – Income/(Expns)	-	232.82
Add: Brought forward from the previous year	(1098.55)	591.82
Transfer from General Reserve	-	94.95
Amount available for appropriation (Loss)	(821.45)	(1098.55)
Balance carried to Balance Sheet (Loss)	(1920.00)	(1098.55)

### Operations:

The various steps initiated by the company during the year under review have shown some positive indications and there is a marginal increase in the production compared to last year. However, the market conditions continued to remain sluggish from the point of view of margins. Because of this the company has registered a loss of Rs.821.44 lacs and preferred to stay out of the dividend list.

Though the market conditions are recording some signs of improvement, but the overall situation including the export market remains un-attractive as the margins are under heavy strain. In order to compensate the situation the Company had taken various economy measures like conversion to alternate and cheaper source of fuel, reduction and control of overhead expenses and substitution of production mix.

Further in view of the revised excise policies and procedures the company has now shifted the emphasis totally to job work. This has helped the company to keep the inventory at lower levels.

During the year under review the term lending institution M/s.Industrial Development Bank of India,(IDBI) has served a notice dtd 22<sup>nd</sup> July 2002 under Section 13(2) of the Securitisation & Reconstruction of the Financial Assets & Enforcement of Security Interest Act 2002 (SRES Act 2002), demanding the payment of entire dues within a period of 60 days, failing which the institution is empowered to take possession of the property including plant & machinery. The mandatory period stipulated in the notice has already expired and till date IDBI has not taken the possession of the property. The Board in its meeting held on 1<sup>st</sup> Aug.2002, while expressing its anguish over the inclusion of Company's name in the list of willful defaulters, had authorized Managing Director to take necessary steps in case IDBI takes the possession of your company's property. Board has also authorised Managing Director to arrive at some amicable settlement to sort out this matter and board still hopeful of arriving at some settlement.

Apart from this IDBI has also served a notice to its guarantors, since it had executed corporate guarantee in favour of IDBI, as a security towards the loan facility extended to your company.

In view of the notice issued by IDBI under SRES Act 2002, the Directors have in their meeting held on 31<sup>st</sup> January' 2003, decided not to provide any interest on the loan extended by IDBI and the banks, as the settlement is possible only on the basis of a substantially reduced principle amount. Similarly the Company has also not provided any interest on the loans extended by company's bankers M/s.Vysya Bank Ltd., & SBICI. The Company's banking operations are now effected through Union Bank of India and there are no overdues as on date. The Company had earlier executed a Memorandum of Understanding with The Vysya Bank Ltd., for the settlement of entire dues. As there were some difficulty in implementing the same, a revised settlement had been worked out and accordingly another MOU had been executed with The Vysya Bank Ltd. for the revised settlement. The Company is in the process of complying with the same. In addition to this the Company has also submitted a proposal to Union Bank of India for the negotiated settlement for the entire outstanding. The company is yet to obtain a communication from the bank in this regard.

Regarding the outstanding dues with SBICI, the matter has been referred to Debt Recovery Tribunal.

During the year under review the input cost particularly the prices of fuel oil in the International market had witnessed volatile fluctuations. Since the Company has implemented the programme of converting the oil fired boilers into a coal fired, only during the later part of the year under review, the impact of fluctuations in the oil prices had a bearing on the working of the company. Cost of electricity, water and other items continued to remain on the higher side inspite of representation made at various levels. In view of the higher cost of manufacturing the products, the company's



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selling prices remain un-competitive in the international market. However, your company is still hopeful of surviving this crisis and accordingly have taken up a modernisation programme to be implemented over a period of time in a phased manner. The Company's Knitting facility has now shifted to the new factory building constructed under Expansion Programme. This will eventually benefit the Company from incurring additional cost on account of transportation, apart from other administrative cost, as a part of the scheme towards revamping the entire company.

### Export Sales:

The Export Sales have recorded a marginal increase compared to previous years. The company's exports are mainly to the neighbouring countries like Nepal. However the export activities undertaken by the company was purely against valid L/C's and therefore there are no problems related to the recovery of receivables. The overall situation in the export market is not encouraging in terms of per unit realisation. Therefore the company is selective in accepting the orders which eventually affected the overall growth in the export sales.

### Expansion:

Since the Company has kept the Expansion Programme in abeyance there is no major addition to the cost of the capital work in progress. In view of the changing conditions after the signing of WTO treaty by India, the Company proposes to review the entire Expansion Programme in the light of the latest development in the International market.

Earlier the Company was in the process of finalising some sale/lease proposals for the constructed part of the building under Expansion Programme as well as unused land available in the same location. But under the prevailing conditions, after serving of the notice under section 13(2) of SRES Act 2002, by IDBI, the Company had to keep the entire proposal on hold for the time being. Suitable action would be initiated after resolving the pending issues.

The Company is yet to commence its new business activities in the field of infrastructure development as indicated in the last year's Directors Report.

### Fixed Assets:

During the year under review, as per the directions issued by IDBI, the Company had engaged M/s. Tata Economic Consultancy Services Ltd., to undertake the job of valuation of Fixed Assets of the company. M/s. Tata Economic Consultancy Services Ltd., had since then completed the assignment and submitted the report to IDBI directly. Company's fixed assets are adequately insured and maintained in good condition.

### Investments:

The Company continues to hold investment of 2880 Nos. of equity shares of IDBI in the demat form.

### Depository System:

The Equity shares of the Company are dematerialised by National Securities Depository Ltd., as required by Stock Exchange Mumbai and other relevant authorities. The ISIN Number allotted to the Company is INE691D01012.

### De-listing :

During the last year members in their Annual General Meeting had passed the special resolution authorising the Company to delist the Shares from Ahmedabad, Calcutta & Delhi Stock Exchanges. The necessary application has been made to delist the shares from the respective Exchanges. The Company would continue to keep its shares listed only with Stock Exchange - Mumbai, being the Regional Stock Exchange.

Even though as per the new SEBI guidelines the Company can delist from these regions since we have already listed with Stock Exchange - Mumbai, without making an offer for buying the shares of the investors located in the regions. However, since the promoters have already consented to buy the shares at the rate as certified by the auditors, the company would continue to keep this offer till the book closure.

### Industrial Relations:

Industrial relations of the Company's plants at MIDC, TTC Industrial Area, Pawne Village, New Bombay, continue to be healthy and cordial.

### 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 review, Director Shri Dinkar Rai has resigned from the Board with effect from 30<sup>th</sup> October, 2002. The Directors wish to place on record the appreciation of the valuable services rendered by Shri Dinkar Rai during his tenure as Director.

In the meantime during the year under review the Company has inducted Shri Sushilkumar Singh Kasliwal and Shri Vivek Gangwal, as additional Directors to strengthen the board. The additional Directors as specified under the provisions of Section 260 of the Companies Act 1956 shall hold office upto the date of forthcoming Annual General Meeting. Since the Company has received notices from some members proposing the name of Shri Sushilkumar S. Kasliwal and Shri Vivek Gangwal as Directors to the Board, necessary resolution appointing them as Directors have been placed before the members for their approval.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri

**SUDITI INDUSTRIES LTD.**

Indu Sekhar Rao and Shri A.T.Shahani, Directors, shall retire by rotation and being eligible offers 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 were 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; and
- 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 and reported the same during the last year along with Annual Report. Since the same has become mandatory requirement during the year under review, 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 2002-03.

**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 continues to record losses during the year under review also, which resulted in registering further negative net worth in the balance sheet. In spite of this the board maintained the accounts on the basis of going concern concept because of the positive indications reflected on the workings of the company after the implementation of various remedial measures, as reported during the previous year. In view of this the company is hopeful of turning the corner in the coming year. Further since the IDBI has issued a notice under section 13(2) of SRES Act 2002 the board has taken a view that settlement of all institutional/ bank liability is possible only on the basis of principal amount without interest. Since Board intends to and hopeful of settling the bank and institutional liabilities on the basis of substantially reduced principal amount, the interest has not been provided on the same in the books during the year under review.

As the company is passing through severe financial crisis, there has been some delay in depositing the statutory

dues like PF, ESIC etc. However since the company has taken some effective remedial steps as mentioned during the last year's report, the management has successfully controlled the delay and as on date the entire dues are paid. Further due to the adverse financial situation or even otherwise, there is no practice of leave encashment in the company. The same is considered only under special and exceptional circumstances. Therefore the same is accounted only on actual payment and the overall impact of the same is not very significant.

The company continues to remain as a Sick Company under section 3(1) (0) of Sick industrial companies (Special Provisions) Act 1985 and the reference made by the company during the year based on the previous year's audited accounts has been registered.

**Going Concern Concept:**

During the last year the Board had taken a view to maintain the accounts on the concept of going concern basis. The major aspect for taking such a view is that the Company had taken various suggestive measures to overcome the adverse situation in which the company is placed. The company has recorded further losses during the year under review and IDBI has also served a notice under section 13(2) of the SRES Act 2002. But the steps initiated by the Company during the last year have already shown some positive results and based on the indications available, over the next few years, the management is hopeful of turning the corner. Further the Company's Promoters are committed to infuse some additional funds to minimize the interest burden. Some long terms liabilities have already come down in view of stringent measures taken by the company apart from reduction in the cost of running the plant. The company intends to strengthen these measures in the coming years also. Apart from this Company has also indicated to the financial institutions to arrive at some compromised settlement. Considering all these aspects the Board still holds the opinion to carry on its activities on a going concern basis.

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

As per last year's audited accounts the company had submitted its reference to BIFR. The Company's reference has already been registered and the case No. is 317. Till date no hearing has been scheduled by the 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 : 30.06.2003

**KISHORILAL AGARWAL**  
**CHAIRMAN**

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**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, 2003.

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

Usage of energy and its conservation is a major important factor all over the world particularly with reference to the volatile prices movements of oil. Our company is very much concerned about these facts and are actively pursuing various measures to ensure better usage and saving of the energy. Similar efforts are also targeted towards better utilisation of thermal energy and also in water. Some of the important actions taken during the year under review are as follows:

1. Regular upgradation and continuous maintenance of all the machines and equipments in order to maintain them at higher efficiency levels to save energy.
2. Existing two numbers of boilers were converted into coal fired from oil fired. In addition to this one no. coal fired Thermopac was installed and connected to the existing system..
3. Power factor is maintained resulting in additional savings of 6-7% in the cost of power because of incentives offered by MSEB.
4. Continuation of measures taken in the earlier years like minimising the duration for heating of lubricant oil, minimising idle running of machines & equipment. Condensate is re-used through network of pipelines etc.

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

- 1) Proposal is under consideration for utilisation of the heat of the flame gases by installing heat exchanger with the chimney. Hot water from heat exchanger will be reused in the boiler.
- 2) Proposal for regrouping and relocating of air compressor is under consideration to minimise the cost of operation through savings in the energy cost etc.
- 3) Proposal are also examined from the investment point of view for co-generation of power plant.
- 4) Continuation of 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 & other measures has helped in controlling the rising trend of energy costs on our products.

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

1. The Company has installed Colour Cabinet (Gretag-Macbeth Spectralight III Light Booth) in the dyeing laboratory which helps in its effort to develop colour matching as per International standards and also to obtain better colour shade for the fabrics.
2. The Company has developed the process of final finishing in circular form itself through the addition of circular heat setting.
3. The Company continues its R&D activities particularly in the field of colour matching, process, wastage levels and also to develop new range of products. The major thrust is given to modernize the testing, development & also intense research on the method to reduce production cycle and wastages.
4. The Company also proposes to do R&D activities in the usage of water as also to source water through rain water harvesting.
5. The Company continues its facilities to test the effluents etc.
6. Overall expenditure on R&D both in the nature of capital and recurring is not significant. However, it will continue its efforts to improve the products quality and its usage parameter.

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

The Company in its efforts to adhere the strict quality parameters, as required under International standards, have always implemented the latest technological developments to upgrade and re-structure the machines, as also the processing & testing facilities as an ongoing continuous procedure. The object behind such action is primarily to enhance machine capabilities to save cost and to make them competitive

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 (2002-03)	Previous Year (2001-02)
Total Foreign Exchange used	15.41	2.59
Total Foreign Exchange earned (FOB Value)	172.76	158.13



**SUDITI INDUSTRIES LTD.****Form - A**  
(See Rule-2)

The disclosure of particulars with respect to conservation of Energy.

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

	Current Year (2002-03)	Previous Year (2001-02)
<b>1. Electricity</b>		
Units	3386820	3176332
Total Amount (Rs.)	13626774	13474654
Average Rate	4.02	4.24
<b>2. Furnace Oil (upto Sept.02)</b>		
Quantity (Lt.)	1181553	2155777
Total Amount (Rs.)	15732995	23914817
Average Rate (Rs./Lt.)	13.32	11.10
<b>3. Steam Coal</b>		
Quantity (MT)	1889209	—
Total Amount (Rs.)	5429243	—
Average Rate	2.87	—

**B) Consumption per unit production:**

Electricity (Unit/Kg.)	1.81	1.73
Furnace Oil (Lt./Kg.)	1.23	1.18
Steam Coal (MT/Kg.) (calculated on the basis of production made during the period of usage)	2.08	—

For and on behalf of the Board of Directors

Place: Mumbai

**KISHORILAL AGARWAL**

Date : 30.06.2003

**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:**

Board of Directors are the supreme authority in the Company as they are entrusted with the complete authority and responsibility to manage the affairs of the Company. Through various provisions of the Companies Act and other relevant rules and regulations and also through its Articles of Association, Board derives its power and authority to manage the affairs of the Company. The Board exercises these powers and authority in discharging their duties and obligations. 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	Total No. of Directorships
Kishorilal Agarwal	Non-Executive	No	2
Anand Agarwal	Executive	No	4
Pawan Agarwal	Non-Executive	No	2
A. T. Shahani	Non-Executive	Yes	1
A. Indu Sekhar Rao	Non-Executive	Yes	2
Vivek Gangwal	Non-Executive	Yes	3
Sushilkumar Singh Kasliwal	Non-Executive	Yes	—

**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 5 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 at 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.

Five Board Meetings were held during the year from 1<sup>st</sup> April