



Suditi Industries Ltd.

23rd ANNUAL REPORT 2013 - 2014

OFFICIAL APPAREL LICENSEE



BOARD OF DIRECTORS

Mr. Pawan Agarwal
(Chairman & Managing Director)

Mr. Sushil Kumar Kasliwal

Mr. Vivek Gangwal

Mr. H. Gopalkrishnan
V.P. Finance & Company Secretary

Mr. Manoj Khemka
V.P. Accounts & Commercial

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,
Pawane 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

Mr. A. Ramkrishna
75, Laxmi insurance Bldg., 4th Floor,
Sir P.M. Road, Fort, Mumbai 400 001.

Bankers

Indian Overseas Bank
HDFC Bank Ltd.

Registrar & Share Transfer Agents
Sharex Dynamic (India) Pvt.Ltd.
Unit-1, Luthra Indl.premises, Safed Pool,
Andheri kurla Rd., Andheri (E),

CONTENTS

Page

Notice-----	1
Director's Report-----	4
Report on Corporate Governance-----	7
Compliance Report-----	17
Auditor's Compliance Report-----	18
Auditor's Report-----	18
Balance Sheet-----	21
Profit & Loss Account-----	22
Significant Accounting Policies and Notes on Accounts-----	23
Cash Flow Statement-----	40
Proxy Form / Attendance Slip-----	41
E-Voting Instructions-----	42

TWENTY THIRD ANNUAL GENERAL MEETING

Friday the 12th September, 2014, at
3.30 p.m. at Walchand Hirachand Hall,
4th Floor, Lalji Naranji Memorial Indian Merchants'
Chamber Building Trust (**IMC Bldg.**),
Churchgate, Mumbai - 400020

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
to meeting



NOTICE FOR THE TWENTY THIRD ANNUAL GENERAL MEETING:

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Friday the 12th September, 2014 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai – 400 020 to transact the following business:-

ORDINARY BUSINESS:

- 1 To receive and adopt the Audited Balance Sheet as at 31st March, 2014 and Profit & Loss Account of the Company for the year ended 31st March, 2014 and the Reports of the Directors and Auditors thereon:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that the Audited Balance Sheet of the Company as at 31st March, 2014, and the Profit & Loss Accounts for the year ended on that date, together with the Directors Report with Annexure, the complete corporate governance report and the Auditors Reports thereon, as placed before the meeting be and the same are hereby received, approved and adopted."

- 2 To declare dividend on the portion of the Equity Shares held by the public for the year ended 31st March, 2014:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED that a dividend at the rate of Rs.0.50 per share be and is hereby declared only on the paid up equity shares of the company held by the shareholders exclusively under public category and that the aforesaid dividend be distributed to those shareholders other than promoters and promoters group, and whose names appear on the register of members of the company as per the book closure dates announced by the company for this purpose, including the records of beneficiaries in the CDSL/NSDL or to their mandates."

- 3 Appointment of Auditors:

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 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, if any and the Rules framed thereunder, as amended from time to time, M/s. Chaturvedi & Co., Chartered Accountants (ICAI Firm Registration No.302137E) be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of Twenty Sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

- 4 Ratify the payment of remuneration of Cost Auditors:

To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and Rules framed thereunder, as amended from time to time and such other permissions as may be necessary, the Members hereby ratify the remuneration of Rs.25000/- plus service tax, out-of-pocket, travelling and living expenses payable to M/s. NNT & Co. (R100911), Cost Accountants, as approved by the Board of Directors on their appointment as Cost Auditors of the Company with power to the Board to increase the same upto a maximum of 20% as and when the need arises depending upon the volume of work, to conduct audit of the Cost records pertaining to "Textiles" and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Shri. Vivek Gangwal, who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years up to 31st March, 2019."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

- 6 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 149, 150, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Shri. Sushil Kumar Kasliwal, who was appointed as a Director liable to retire by rotation at the Annual General Meeting of the Company and in respect of whom the Company has received Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office up to 5 (five) consecutive years up to 31st March, 2019."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

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

"RESOLVED THAT in supersession of the earlier resolution(s) and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company, be and hereby are authorized to borrow from time to time such sum or sums of money as it may consider fit for the purpose of the business of the Company notwithstanding that the money to be borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) together with the money already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors and outstanding at any one time shall not exceed the sum of Rs.200 Crores at any time."

Twenty-Third Annual Report 2013 - 2014

- "RESOLVED FURTHER THAT Shri Pawan Agarwal Chairman and Managing Director of the Company be and is hereby authorized to finalize the terms and conditions in respect of the Borrowings and further to execute all instruments, securities and documents and writings as may be necessary or expedient to give effect to the above mentioned resolution."
- 8 To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-
- "RESOLVED THAT pursuant to the provisions of the Section 180(1)(a) and all other applicable provision, if any, of the Companies Act, 2013, including any statutory modification(s) and re-enactment(s) thereof, for the time being in force, authority is hereby granted to the Board of Directors of the Company, to create such Mortgages, charges, and hypothecations, as the Board may deem fit, on such of the movable and/or immovable assets of the Company wherever situated, both present and future, in such manner, as the Board may deem fit, for securing any loans and/or advances already obtained and/or to be obtained in future from any financial institutions/banks/insurance companies or person or persons, and/or to secure any debentures issued and/or that may be issued at all interests, compound/additional interest, commitments charges, costs charges, expenses and all other moneys payable by the Company to the concerned lenders within the overall limits of Rs.200 Crores (Rupees Two Hundred Crores Only)."
- "RESOLVED FURTHER THAT the board of directors of the company (including any committee thereof), be and is hereby authorized to finalize and execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and all such deeds, documents, instruments or writings as may be necessary, proper, desirable or expedient as they may deem fit and to do all such acts, deeds and things and give such directions, as may be deemed necessary, desirable or expedient, to give effect to this resolution."
- By Order of the Board of Directors
For **SUDITI INDUSTRIES LIMITED**
H. Gopalkrishnan
Company Secretary & V.P. Finance
- Place : Mumbai
Dated : 27/05/2014
- NOTES:**
- 1 Since the promoters and promoter group/PAC have expressed their desire in writing to waive their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2013-14, the Board has recommended
- a dividend at the rate of Rs.0.50 per Equity Share of the company, exclusively on the portion of the equity capital held by the public as on 31st March 2014.
- 2 A member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy form to be valid shall be deposited with the company not later than forty eight hours before the time for holding the meeting. E voting procedures and instructions circular are sent along with the Notice.
- 3 The relevant details in respect of Item No.5 & 6 pursuant to clause 49 of the Listing agreements with the Stock Exchanges are annexed hereto.
- 4 The Register of members and the Share Transfer Books of the Company will remain closed from Saturday the 6th September, 2014 to Friday the 12th September, 2014 (both days inclusive) for the purpose of payment of dividend.
- 5 Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
- 6 To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company/Registrar and Transfer Agents M/s. Sharex Dynamic (India) Pvt. Ltd. under the signature of the sole/first joint holder, the following information, so that the Bank Account No., Name and Address of the Bank can be printed on the dividend warrants:
- 1) Name of Sole / First Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of Bank
 - ii) Name of Branch
 - iii) Complete address of Bank with Pin Code
 - iv) Account type, whether Saving Account (SB) or Current Account (CA)
 - v) Account No. allotted by the Bank.
- 7 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.
- 8 Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- 9 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.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Vivek Gangwal	Shri Sushil Kumar Kasliwal
Date of Birth	17.12.1970	24.08.1950
Date of Appointment	16.06.2003	16.06.2003
Expertise in specific Functional areas	Shri Vivek Gangwal has vast experience and knowledge in the various aspects of primary and secondary market operations, port folio management, and equity research. His experience span over a period of more than 20 years and also traveled for enhancing and sharing his wide business experience.	Shri S.S.Kasliwal has a wide range of experience in the textile industry span over a period of more than 2 decades particularly in the field of processing, dyeing, and finishing of manmade fabrics.
Qualifications	A graduate in Commerce and Chartered Accountant	Technically qualified with a Diploma in Man Made Textile Chemistry (DMTC)
Directorships held in other companies (Excluding Foreign Companies)	Soba Infosec Pvt. Ltd. SSJ Finance & Securities Pvt. Ltd.	NIL
Committee position held in other companies	NIL	NIL
No. of Shares held	NIL	NIL



EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act"), sets out all material facts relating to the business mentioned at Item Nos.4 & 5 of the accompanying Notice dated May 27, 2014:

Item No.3:

This explanatory statement is provided though strictly not required as per Section 102 of the Act. M/s. Chaturvedi & Co. Chartered Accountants (ICAI Firm Registration No. 302137E), Mumbai were appointed as the statutory auditors of the Company for the financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on September 6, 2013. M/s. Chaturvedi & Co. have been the Auditors of the Company since inception. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, M/s. Chaturvedi & Co., being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on May 27, 2014, proposed the appointment of M/s. Chaturvedi & Co., as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the Twenty -Sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM). The Board commends the Resolution at Item No.3 for approval by the Members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

Item No.4:

The Board had on May 27, 2014 on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. NNT & Co. (R100911), the Cost Auditors to conduct the audit of the Cost records pertaining to Textile and other relevant product groups maintained by the Company for the Financial Year ending March 31, 2015 and remuneration of Rs.25000/- plus service tax, out-of-pocket, travelling and living expenses have been fixed for this purpose. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.4 of the Notice. The Board commends the Ordinary Resolution set out at Item No.4 of the Notice with additional power to revise the same in case if the need arises on account of any increased volume of work or other statutory requirements for approval by the Members. None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, in the resolution set out at Item No.4 of the Notice.

Item No.5 & 6:

Pursuant to the provisions of section 149 of the Companies Act, 2013 (the Act), which came into effect from 1 April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors (IDs). An ID shall hold office for a term up to five consecutive years on the board of a company, but shall be eligible for re-appointment for a term up to another five consecutive years on passing of a special resolution by the company and disclosure of such appointment in the board's report. As per the Act, an ID is not liable to retire by rotation.

Keeping in view the new provisions of the Companies Act, 2013 and considering the age and the term the IDs have already served on the board, the board considered and recommended for appointment of IDs for such terms as detailed in their respective appointment resolutions.

Shri. Vivek Gangwal and Shri. Sushil Kumar Kasliwal, non-executive directors of the company have given a declaration to the board that they meet the criteria of independence as provided under section 149 of the Act as well as clause 49 of the listing agreement. In the opinion of the board, each of these directors fulfills the conditions specified in the Act and Rules made there under for appointment as IDs and they are independent of the management.

The board recommends the appointment of these directors as independent directors for such terms as specified in the resolutions as set out in item nos.5 & 6 of the notice.

In compliance with the provisions of section 149 & 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and clause 49 of the listing agreement, the appointment of these directors is being placed before the members for their approval.

None of the key managerial personnel and directors of the company other than the directors who are to be appointed under the respective resolutions and their relatives are concerned or interested in the resolutions set forth in item nos.5 & 6 of the notice.

Item No.7:

Under section 180(1)(c) of the Companies Act, 2013 (the Act), sanction of the company is required for enabling the board of directors to borrow money in excess of paid-up share capital and free reserves of the company by way of a special resolution.

By a resolution passed at the annual general meeting held on 20th September, 1996, sanction was accorded by the members by way of an ordinary resolution to the board of directors to borrow money over and above the aggregate of the paid-up share capital and free reserves of the company up to a limit of Rs.200 crores.

Under section 180 of the Act, the above powers of the board are required to be exercised only with the consent of the company by a special resolution.

Hence, the resolution as set out in item no.7 is being sought, by way of a special resolution, pursuant to section 180(1)(c) of the Act seeking re-approval of the shareholders to authorize the directors to borrow in excess of the aggregate of the paid-up capital and free reserves up to a sum not exceeding Rs.200 crores.

The board recommends the resolution under item no.7 for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no.7 of the notice.

Item No.8:

As per the provisions of section 180(1)(a) of the Companies Act, 2013 (the Act), a company shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, unless approval of the shareholders is obtained by way of a special resolution.

In connection with the loan/credit facilities to be availed by the company, as and when required, through various sources for business purposes, the company might be required to create charges over its assets, properties and licenses by way of hypothecation, mortgage, lien, pledge etc. in favour of its lenders (up to the limits approved under section 180(1)(c) of the Act), for the purposes of securing the loan/credit facilities extended by them to the company. The company had obtained approval earlier from shareholders under section 293(1)(a) of the companies Act 1956 for creation of charge over its assets in favor of lenders against the loans granted by them towards working capital as well as for capital projects.

Accordingly, the board recommends the special resolution set forth in item no.8 of the notice for approval of the members.

None of the directors, key managerial personnel and their relatives is concerned or interested in the resolution set forth in item no.8 of the notice.

By Order of the Board of Directors
For **SUDITI INDUSTRIES LIMITED**
H.Gopalkrishnan
Company Secretary & V.P. Finance

Place : Mumbai
Dated : 27/05/2014
Registered Office:
A-2, Shah Nahar Estate,
Unit No.23/26, Lower Parel,
Mumbai - 400 013.

Twenty-Third Annual Report 2013 - 2014

DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date.

Financial Results: (Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2014	Previous Year Ended 31.03.2013
Export Sales	40.83	28.66
Local Sales	6166.55	5352.07
Other Income	23.61	21.44
Profit before Interest and Depreciation	429.05	294.46
Finance Cost	213.34	123.85
Profit after Finance Cost	215.71	170.61
Depreciation	119.89	99.00
Profit / (Loss) before Tax	95.82	71.61
Provision for Tax	18.50	13.52
Profit / (Loss) after Tax before extra ordinary items	77.32	58.09
Extra Ordinary Items (Net)	-	-
Net Profit	77.32	58.09
Add: Brought forward from the previous year	779.93	745.75
Transfer to General Reserve	-	-
Amount available for appropriation	857.25	803.84
Proposed Dividend	21.35	20.57
Tax on Proposed Dividend	3.63	3.34
Balance carried to Balance Sheet	832.27	779.93

Dividend:

In view of the requirement of funds to maintain the growth of the company as well as to fulfill the aspirations of the stakeholders, the promoters have in writing waived their entitlement on the profit distribution in the form of dividend, if any, declared by the company for the year 2013-14. Accordingly, the Board after considering all these aspects, has recommended a dividend for the year under review at the rate of Rs.0.50 per Equity Share only on the portion of the paid up equity capital held by the public as on 31st March 2014.

Operations:

The company continues to record substantial improvement in the overall performance during the year under review in comparison to the previous year. The company has achieved an increase of over 15% in the sales figures and around 34% in the net profits before tax in comparison to the previous year. However, the growth in the sales of the Retail division is lower than anticipated for the year and consequently the company has to absorb the losses generated by the Retail business activities. Because of this, the overall profit recorded by the company is lower than the projections for the year under review. The economic conditions in the country remained sluggish and pessimistic throughout the year. The situation remained same all over the world barring few countries. This was a matter of concern for the industry particularly textiles and other capital goods industry. There was no major growth in the demand witnessed by any major sectors of the industry. Lack of government initiatives, weak fiscal conditions and inflation in food prices has created a major slump in the

demand for goods in the domestic market. This has affected the growth of the company particularly in the export business and in garment sales.

The company has undertaken a major revamping of the Retail business division to strengthen the operations in order to make it a profitable division. Accordingly, the company discontinued the operations of some of the unviable stores like in Goa, Belgaum etc and also the counters operating through Large Format Stores (LFS) like Reliance/Maya etc. In its place the company has started new identical numbers of counters through other LFS like Pantaloon, Shoppers Stop, Lifestyle and Arvind Megamart. In addition to these outlets, the company has expanded the business through wholesale dealers and online sales network. The company proposes to add some more counters in the LFS formats and exclusive retail outlets in different parts of the country. The "Riot" brand name taken by the company is now fully acquired and used exclusively by the company for its Retail business activities. Apart from this, and in order to increase the profitability, the company has merged the activities of the Buying agency division with the existing marketing set up. Similarly, the company has closed the depot and merged the depot business with the existing marketing set up. The company has also discontinued the operations at Bhiwandi unit. Further, in respect of the pending EPCG License issues, the company is actively pursuing the matter with the DGFT office.

Export Sales:

There is some marginal increase in the exports in comparison to the previous year. However, the overall export performance is not as per the estimates made by the company. This is mainly due to unfavorable market conditions for clothing and other apparels in the European market and other parts of the world. Therefore, the company, during the year under review, continued to remain focused predominantly in the local market. The exports were mainly sent in the form of finished fabrics to neighboring countries like Bangladesh. The company continues to take initiatives to increase the volume of shipments to Bangladesh as the prospects to increase the same are very good. The company is now taking effective measures to explore the possibility of developing new markets in African and Far East countries. Also the company is observing some positive changes in the global market because of some economic recovery in the US and some European economies. The company is relentlessly taking various efforts to start the exports business particularly in these markets as they offer potential for supply of garments in huge volume. The long term objective of the company is to achieve a target of exporting 50% of its capacity in the overseas market. Alongside, the company continues its efforts to align with some large reputed brands in the overseas market to ensure continuity of exports in large volume.

The company continues to maintain the market development programme by taking active participation in various international Fairs/exhibitions as well as selling garments by using the brand and logos of some important sports events. One such effort undertaken by the company was by acquiring the licentiate rights of FIFA 2014 which is very encouraging and the company would be undertaking similar efforts in the future also. This has been followed with the objective of identifying some new avenues like selling of garments by developing new markets in these regions. As the global markets are now within the reach of Indian textile exporters in terms of competition the prospects are good for better unit value realization and volumes. The company has added various products like printed garments and fabrics to attract high end customers who offer better rates and attractive margins to undertake volume based business on regular basis. In view of these, the company continues to pursue its plans to increase the exports business in sizable volume in the future.



FIFA 2014 (Foot Ball World Cup – Brazil):

The company has developed and produced wide range of garments with FIFA brand LOGOS embossed on the garments by using licentiate rights acquired for India. The sale of garments embossed with FIFA LOGOS have already started in full scale and are expected to last till the end of July, 2014. As a part of expansion of the Retail business activities, the company proposes to continue the market development programme through selling licensed garments of various prestigious clubs promoting big sports events. The company is in the process of finalizing the agreements with other sports related organizations/clubs like "Real Madrid" in Spain & "Manchester City" in England. This will provide great opportunity for the company to establish the brand name in the market as well as to boost the sale of garments in the domestic market.

Expansion:

Since the company has completed almost all planned projects, the management has decided not to undertake any new projects for some time. Accordingly there will not be any major expansion plan for some period except addition of some balancing and replacement of old machineries and equipments. As per the detailed plan of capital expenditure given in the Rights Issue offer document, the company has completed the construction/acquisition of new administrative block to centralize all administrative and back office operations, new garment unit as well as significant portion of the expansion of Retails Business through setting up new stores. The remaining portion of the retail expansion plan will be undertaken gradually over a period of time in the next few years depending upon the market conditions.

Industrial Relations:

Industrial relations with the employees at the Company's plant at MIDC, TTC Industrial Area, Pawne Village, Navi Mumbai and in the other locations continued to remain healthy and cordial.

Suditi Employee Stock option Plan 2011 (Suditi ESOP 2011):

During the last year the company had granted options to the employees under the Suditi Employee Stock Option Plan 2011. Each option is equal to one share at par (Rs.10/- each) being the price fixed for exercising the right. To facilitate the employees to exercise their right to buy the options granted to them, the Company has divided the total options granted on certain prescribed basis over a period of 5 years. The share arising on exercise of the options shall be subject to a lock in period of 1 year from the date of allotment. The first part of the grant has been vested during the month of March 2014. The details are as follows:

Granted		Accepted		Rejected		Vested
No of Employees	Total options (Nos.)	No of Employees	Total options Grant	No of Employees	Total options (Nos.)	First part of Grant
48	278700	18	219500	30	59200	21950

The disclosure of the details is as follows:-

- (i) options granted; 278700
- (ii) options accepted; 219500
- (b) the pricing formula; At par
- (c) options vested; 21950
- (d) options exercised; Nil
- (e) the total number of shares arising as a result of exercise of option; Nil
- (f) options lapsed; 59200
- (g) variation of terms of options; NA
- (h) money realised by exercise of options; Nil
- (i) total number of options in force; 219500
- (j) employee wise details of options granted to;-
 - senior managerial personnel; 206000

- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; Nil
 - identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; Nil
- (k) diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'. No options are exercised till date.
- (l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.
- The impact on account of this will reduce the profits by Rs.339567/- and accordingly, on proforma basis, the company's basic and diluted earnings would have been Rs.0.44 and Rs.0.44 respectively.
- (m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. NA
- (n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:
- risk-free interest rate, 8.51%
 - expected life, 5 years
 - expected volatility, 4.30%
 - expected dividends, Rs.0.50 per share
 - the price of the underlying share in market at the time of option grant, Rs.7.68

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, as there are no employees covered by that section.

Deposits:

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

Energy, Technology and Foreign Exchange:

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

Directors:

The Board wishes to place on record the sad demise of Shri. Indu Sekhar Rao and acknowledges with gratitude the valuable contribution made by Shri. Indu Sekhar Rao towards the growth of the company during his tenure as Director of the company. Accordingly Shri. Indu Sekhar Rao ceases to be the member of the Board with effect from 7th April 2014. The Board also wishes to place on record with grief the sad demise of founder Chairman Shri. Kishorilal Agarwal and acknowledges with deep gratitude the valuable contribution made by Shri. Kishorilal Agarwal towards the growth of the company during his tenure in the past as Chairman of the company.

Twenty-Third Annual Report 2013 - 2014

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri. Vivek Gangwal & Shri Sushil Kumar Kasliwal, would 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 have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the annual accounts on a 'going concern' basis.

Corporate Governance:

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

Cost Audit:

The Company had appointed M/s. Talati & Associates (Prof. V.J. Talati – Reg. No.-2203), Cost Accountants as the Cost Auditor to audit the cost records maintained by the Company for the year 2013-14. This is as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company. For the year 2014-15 the company has appointed M/s. NNT & Co. (Reg. No. 100911) cost accountants as the cost auditor in place of M/s. Talati & Associates who has expressed their inability to accept the assignment due to personal reasons.

Auditors:

M/s. Chaturvedi & Co, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Appreciation:

Your Company and its Directors wish to place on record their sincere appreciation for the support and assistance extended by different Central and State Government Departments and Agencies, Banks and Financial Institutions, Insurance companies, Customers and Vendors. Your Directors are thankful to the esteemed shareholders for their continued support and confidence reposed in the company and its management. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding contribution towards the operations of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 27.05.2014

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

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 2014.

A) Conservation of Energy:

- a) Energy Conservation measures taken: -

Energy conservation is recognized as an important and crucial task for the development of any country. The company understands the importance of the energy conservation measures and takes all possible measures to implement the plan all over the manufacturing units. Timely review and evaluation of all energy conservation measures are made to ensure that systems and methods followed are very effective and adopts the latest developments in the field of energy conservation activities. The company has created awareness among all the departments and sections of the employees working in the organization, to ensure that energy resources are utilized in a more appropriate and economical way.

Some of the important energy conservation measures implemented/developed during the year under review by the Company are listed below:

- 1) The company has continued the installation of Auto dosing controllers on specified dyeing machines to reduce the process time considerably, thereby enabling the company to save energy.
- 2) The company has replaced some of the existing machines with new energy saving machines to save energy considerably. The company maintained proper balance and synergy in the process quantity and capacity of the machines to avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
- 3) The continuous monitoring of energy consumption pattern of each and every important machine related to production is recorded to study, monitor and control the usage as well as to develop a proper program to reduce energy consumption on a sustainable basis.
- 4) In addition to this, the company continued to follow all preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal which has helped the Company to regulate the usage of energy in a more economical way thereby reducing the wastage significantly.
- b) Additional Investment and proposals being implemented for reduction in the Consumption of energy: -
 - 1) There is a plan to introduce next generation active harmonic filter to improve the power.
 - 2) The company shall continue to install the programmable logic controllers on all the remaining machines to cut down energy consumption and wastage.
 - 3) The company proposes to replace high-energy consumption equipments with energy saver equipments as well as new boiler designed for coal fire whenever any fresh investment on machinery is approved.
 - c) Impact of measures taken at a) & b) above for reduction of energy consumption and consequent impact on the cost of production of goods: -
 - 1) Remarkable improvement in the effective utilization of energy resources thereby achieving economy in the cost of operations.
 - 2) The company is able to economize the cost of production, improve quality standards and productivity. Further, these measures also help the Company to maintain competitiveness both in the domestic and International market.



B) Technology Absorption:

a) Research & Development:

1. Specific area in which R&D is carried out by the Company:
 - a) New recipe are developed on regular basis with the objective of economizing the cost of production as well as to ensure improved finishing and feel of the fabric.
 - b) Company is actively involved in the development of new product ranges which are more of import substitutes with added features.
2. Benefits derived as a result of the above R&D:
 - a) Company is able to remain competitive in terms of cost and quality in the market. Further it helps the Company to enhance the reputation in the market for strict quality standards with wide product range.
3. Future Plan of Action:
 - a) The Company plans to develop some specific new input mix to economize the cost of production as well as to bring new product ranges exclusively designed for some specified uses.
 - b) The Company monitors various developments in the industry on regular basis and accordingly carries out the R&D activities particularly in the utilization of input materials, better processing methods, and reduction in wastage levels as well as to comply with all environmental regulations.

Expenditure on R&D (Rs. in lakhs)

The company carries out all the R&D efforts along side with the normal production activities. Hence, the aggregate expenditure in R&D both in the nature of capital and revenue is not very significant.

b) Technology absorption, adoption, & innovation

There are no major developments recorded in the company during the year in respect of technology absorption, adoption or innovation. However the Company continues to monitor all significant technological development and initiates necessary action wherever the need arises for the same which includes up gradation of the units with latest superior technology machineries. The company continues to participate in any study intended to develop new combination of chemicals, colors, etc. in collaboration with vendors. The Company closely follows all the new developments in these areas and timely induction/absorption of these technologies are made to maintain the competitive strength in the market.

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

Particulars	(Rs. in Lakhs)	
	Current Year (2013-14)	Previous Year (2012-13)
Total Foreign Exchange used	78.93	14.03
Total Foreign Exchange earned (FOB Value)	32.84	28.67

Form - A

(See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

	Current Year (2013-14)	Previous Year (2012-13)
1. Electricity		
Units (KWH)	3841690	3958818
Total Amount (Rs.)	26403481	27551540
Average Rate	6.87	6.96
2. Diesel Oil		
Quantity (Lt.)	32483	21845
Total Amount (Rs.)	2036400	1081121
Average Rate (Rs./Lt.)	62.69	49.49
3. Steam Coal		
Quantity (Kgs)	4601618	5256253
Total Amount (Rs.)	30351899	29068665
Average Rate (Rs./Kgs.)	6.60	5.53

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.03	1.17
Diesel Oil (Lt./Kg.)	0.009	0.006
Steam Coal (Kg./Kg.)	1.24	1.55

For and on behalf of the Board of Directors

Place : Mumbai

PAWAN AGARWAL

Date : 27.05.2014

CHAIRMAN & MANAGING DIRECTOR

Note: Electricity exclusive of Retail Shops/Depot.

Corporate Governance:

Report of the Directors on Corporate Governance:

The company follows and practices the corporate governance policies and procedures based on the norms laid down by the Board within the overall framework of rules and regulations. The company pursues the best ethical, professional, and legal standards in all the transactions. The standard of business conduct are based on the commitment made by the management to follow fair transparent, honest and equitable business practices, respect the confidentiality entrusted, obey the law of land and rules, honest and accurate reporting to stakeholders. The Company understands the importance of best Board practices, transparent disclosures, and Shareholders empowerment for creating Shareholders wealth.

Board of Directors:

The Board is constituted after considering the various provisions of the Companies Act including amendments from time to time and the listing requirement of the Bombay Stock Exchange Ltd. The details are furnished in the table given below. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he is a Director.

Twenty-Third Annual Report 2013 - 2014

Composition of Board of Directors:

The Board consists of a combination of Executive and Non-Executive Directors as well as Independent Directors with necessary expertise from different fields.

Name of Directors	Executive or Non-Executive	Independent	Total No. of Directorships (including SL)	No. of other Outside Committee Membership	No. of other Outside Committee Chairperson
Pawan Agarwal	Executive	No	1	–	–
Sushil Kumar Kasliwal	Non-Executive	Yes	1	–	–
Vivek Gangwal	Non-Executive	Yes	1	–	–
A.Indusekhar Rao (Late)	Non-Executive	Yes	1	–	–

Note: Number of Directorship/Memberships held in other companies excludes Directorships/Memberships in Private Limited Companies, Foreign Companies, companies under section 25 of the Companies Act, 1956, membership of managing committees of various chambers/bodies and alternate Directorships.

Responsibilities and role of Independent Directors:

The responsibility of the Board covers wide range of activities including those laid down by various statutes & provisions with a greater emphasis on providing strategic direction to the Company towards achieving its goal. The role of Independent directors is very significant in the implementation of Corporate Governance policies and practices. They enrich the Board with their vast experience and knowledge. During the meetings, they take active part in the deliberations and play important role particularly in the functioning of various committees.

Board Meetings:

Generally the Board Meetings are held once in every quarter to review the quarterly results and additional meetings are also held to consider any specific agenda of items wherever necessary. The Board Meetings are conducted in accordance with the provision of Companies Act and also in accordance with the regulations of Clause 49 of Listing Agreement. The Board is apprised and informed of all important matters relating to the business of the Company including those listed in Annexure-1A of clause 49 of the listing agreement. Senior Management Personnel & Auditors are also intimated to attend the Board meeting, to provide additional inputs to the items being discussed by the Board. Notice and Agenda for the meeting along with relevant notes/explanations are circulated in advance to enable the Board to discharge its responsibilities effectively and take informed decisions.

Four Board Meetings were held during the year from 1st April 2013 to 31st March 2014, i.e. on 29th May 2013, 9th August 2013, 6th November 2013, & 12th February 2014. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Pawan Agarwal	4	Yes
Shri A.Indu Sekhar Rao (Late)	4	No
Shri Sushilkumar Kasliwal	1	Yes
Shri Vivek Gangwal	4	Yes

Details of Directors being appointed/re-appointed:

During the year under review, no new Director has been inducted to the Board. Shri. Vivek Gangwal & Shri Sushil Kumar Kasliwal, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. Further Shri A. Indu Sekhar Rao has ceased to be the director of the board pursuant to his demise.

Board Committee:

The following committees are constituted by the board to provide specialized and focused attention relating to all the activities falling within the terms of reference as decided by the Board including the assignments of its Members thereof Viz., Audit Committee, Shareholders Grievances Committee, Remuneration Committee and Compensation committee.

Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri Pawan Agarwal and Shri A. Indu Sekhar Rao (Late). Due to the sad demise of Shri. Indusekhar Rao the Board has appointed Shri. Sushilkumar Kasliwal.

- Shri. Vivek Gangwal is a Chartered Accountant and an expert in Investment and Securities market operations.
- Shri. A.Indu Sekhar Rao (late) was a qualified technocrat and expert in Textile Industry.
- Shri. Pawan Agarwal is a Commerce Graduate with marketing and commercial expertise in Garment manufacturing and exports.
- Shri. Sushilkumar Kasliwal is a technically qualified and an expert in Textile Industry.

All the committee members are professionals and also financially literate within the meaning of Sub-clause (ii) explanation 1 of clause 49 II (A) of the listing Agreement. The terms of reference of the Audit Committee cover the matters specified in respect of such committee under clause 49 of the Listing Agreement, as amended from time to time and Section 292A of the Companies Act, 1956.

Brief Description and terms of reference:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment, and if required, the re-placement or removal of the statutory auditor and the fixation of audit fees;
- Approval of payments to the statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - Significant changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgments by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft Audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.). The statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;