

**ABRIDGED LETTER OF OFFER CONTAINING THE SALIENT FEATURES OF THE LETTER OF OFFER**



**Abridged Letter of Offer**

September 12, 2012

*For the Equity Shareholders of the Company only*

## SUDITI INDUSTRIES LIMITED

Company Registration No. 11-63245; CIN - L19101MH1991PLC063245

*[Our Company was originally incorporated as Suditi Hosiery Processors Limited on 12<sup>th</sup> September 1991 in Mumbai under the Companies Act, 1956. Subsequently the name of our company was changed to Suditi Industries Limited vide fresh Certificate of Incorporation consequent to change of name dated 21<sup>st</sup> October 1994 issued by the office of Registrar of Companies, Mumbai - Maharashtra].*

**Reg. Office:** A2, Shah & Nahar Industrial Estate, Unit No 23 / 26, Lower Parel, Mumbai 400013,

Tel No: +91-22-40332100; Fax No: +91-22-24954406

**Corporate Office:** C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawane Village, Navi Mumbai 400 705; Maharashtra. India

**Tel:** +91-22-67368600; **Fax:** +91-22-27683465; **E-mail:** rightsissue@suditi.in **Web:** [www.suditi.in](http://www.suditi.in)

**Contact Person:** Mr. H Gopalkrishnan – Company Secretary & Compliance Officer.

*(For details of changes in name, see section titled "History and Other Corporate Information" beginning on page 40 of the Letter of Offer)*

**PROMOTERS OF OUR COMPANY: MR. PAVAN K. AGARWAL & MR. ANAND K. AGARWAL**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**

**ISSUE OF 85,20,000 EQUITY SHARES WITH A FACE VALUE OF RS. 10/- EACH AT PAR AGGREGATING RS. 852.00 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF SUDITI INDUSTRIES LIMITED ("COMPANY") IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARE HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JULY 25, 2012.**

### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

**Specific attention of investors is invited to the statement of 'Risk Factors' on page 7 of this Abridged Letter of Offer before making an investment in this Issue.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The existing Equity Shares of our company are listed on the Bombay Stock Exchange, and the Equity Shares offered through the Letter of Offer are proposed to be listed on the Bombay Stock Exchange Limited ("BSE"). Our company has received an in-principle approval for listing of the equity shares from BSE vide its letter No DCS/PREF/PR/IP-RT/257/11-12 dated June 17, 2011.

### LEAD MANAGER TO THE ISSUE



**VERTEX SECURITIES LIMITED**  
403, Regent Chambers, Nariman Point,  
Mumbai – 400 021.

Tel No: +91-22-4001 0800/ 900

Fax No: +91-22-40010888/ 999

E Mail: [sil.rights@transwarranty.com](mailto:sil.rights@transwarranty.com)

Investor Grievance E-mail: [customercare@transwarranty.com](mailto:customercare@transwarranty.com)

Contact Person: Mr. Dilip Jagad

SEBI Regn. No. INM 000010965

Website: [www.transwarranty.com](http://www.transwarranty.com)

### REGISTRAR TO THE ISSUE



**Sharex Dynamic (India) Private Limited**

Unit-1, Luthra Industrial Premises, 1<sup>st</sup> Floor,  
44-E, M Vasanji Marg, Andheri-Kurla Road,

Safed pool, Andheri(E), Mumbai 400072

Tel No: +91-22 2851 5606 / 2851 5644;

Fax No: +91-22 2851 2885

Contact Person: Mr. B. S. Baliga

E mail: [sil.rights@sharexindia.com](mailto:sil.rights@sharexindia.com)

SEBI Registration No : INR000002102

Website : [www.sharexindia.com](http://www.sharexindia.com)

### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST OF SPLIT APPLICATION FORMS	ISSUE CLOSES ON
SEPTEMBER 20, 2012	SEPTEMBER 27, 2012	OCTOBER 4, 2012



## **GENERAL INSTRUCTIONS**

Applicants are advised to read the Letter of Offer and the information contained in this Abridged Letter of Offer carefully and satisfy themselves of the disclosures before making an application for subscription. For a copy of the Letter of Offer, the applicant may request the Company and/ or the Registrars to the Issue. Further, investors are advised to retain the copy of this Abridged Letter of Offer for their future reference.

## **OVERSEAS SHAREHOLDERS**

The distribution of this Abridged Letter of Offer/ the Letter of Offer and the Issue to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Abridged Letter of Offer / the Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company will dispatch the Abridged Letter of Offer and CAFs to such shareholders who have an Indian address.

This Abridged Letter of Offer /the Letter of Offer does not constitute and may not be used for in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company or the Lead Manager to permit an offering of Equity Shares or distribution of this Abridged Letter of Offer / the Letter of Offer in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Abridged Letter of Offer / the Letter of Offer nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons receiving a copy of this Abridged Letter of Offer / the Letter of Offer should not distribute or send the same in any jurisdiction where to do so would or may contravene local laws or regulations. If this Abridged Letter of Offer / the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights entitlements referred to in this Abridged Letter of Offer / the Letter of Offer.

The Rights Entitlement and the Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or any other securities laws of the United States of America (“United States” or “US”) and may not be offered, sold, resold, or otherwise transferred within the United States of America or the territories or possessions thereof, except in a transaction exempt from the registration requirement of the United States Securities Act of 1933, as amended. The Rights Entitlement referred to in this Abridged Letter of Offer / the Letter of Offer is being offered in India but not in the United States of America. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States, or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Abridged Letter of Offer / the Letter of Offer should not be forwarded to or transmitted in or into the United States by any person other than our Company at any time. None of our Company, the Lead Manager or any person acting on their behalf will accept subscriptions from any person, or his agent, who appears to be, or who our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this Abridged Letter of Offer / the Letter of Offer with the United States Securities and Exchange Commission. We are informed that there is no objection to a shareholder, resident of the United States, selling its Rights Entitlement in India.



## SUMMARY OF THE ISSUE

<b>Equity Shares proposed to be issued by our company on rights basis</b>	85,20,000 Equity Shares
<b>Rights Entitlement</b>	One Equity Shares for every One Equity Share held on Record Date
<b>Record Date</b>	July 25, 2012
<b>Issue Opens on</b>	September 20, 2012
<b>Issue Closes on</b>	October 4, 2012
<b>Issue Price Per Equity Share</b>	₹ 10/- per Equity Share
<b>Terms of Payment</b>	100 percent on application (i.e. ₹ 10/- per equity share)
<b>Equity Shares Outstanding Prior to the Issue</b>	85,20,000 Equity Shares
<b>Equity Shares Outstanding After the Issue</b>	1,70,40,000 Equity Shares
<b>Terms of the Issue</b>	For more information, please refer to “Issue Related Information” beginning on page 90 of the Letter of Offer



## I. GENERAL INFORMATION

**Dear Equity Shareholder(s),**

Pursuant to the resolution passed at the meeting of Board of Directors of our Company held on November 13, 2010 that it has been decided to make the following offer to the Equity Shareholders of our Company with a right to Renounce.

**ISSUE OF 85,20,000 EQUITY SHARES HAVING A FACE VALUE OF ₹ 10/- EACH FOR CASH AT PAR AGGREGATING ₹ 852.00 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF SUDITI INDUSTRIES LIMITED (“COMPANY”) IN THE RATIO OF 1 (ONE) EQUITY SHARE FOR EVERY 1 (ONE) FULLY PAID-UP EQUITY SHARE HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JULY 25, 2012 (THE “ISSUE”).**

**Registered Office:**

A2, Shah & Nahar Industrial Estate,  
Unit No 23 / 26, Lower Parel,  
Mumbai 400013  
**Tel:** +91-22-40332100  
**Fax:** +91-22-24954406  
**E-mail:** rightsissue@suditi.in  
**Website:** www.suditi.in  
Registration No: 11-63245;  
Company Identification No: L19101MH1991PLC063245

**Corporate Office:**

C-253/254, MIDC,  
TTC Industrial Area, Turbhe,  
Pawane Village, Navi Mumbai 400 705;  
Maharashtra. India  
**Tel:** +91-22-67368600  
**Fax:** +91-22-27683465  
**E-mail:** rightsissue@suditi.in

**Registrar of Companies, Mumbai**

100, Everest Building,  
Marine Drive, Mumbai – 400 002,  
Maharashtra, India.

The Offer is proposed to be listed on the Bombay Stock Exchange Limited, (BSE) where the existing shares of the company are presently listed.

**COMPLIANCE OFFICER**

Mr. H. Gopalkrishnan  
C-253/254, MIDC,  
TTC Industrial Area, Turbhe,  
Pawane Village, Navi Mumbai 400 705;  
Maharashtra. India  
**Tel:** +91-22-67368600  
**Fax:** +91-22-27683465  
**E-mail:** rightsissue@suditi.in

**Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any Pre-issue / Post-issue related problems such as non-receipt of letters of allotment/ share certificates/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders, etc..**

**BANKERS TO THE COMPANY**

**Union Bank of India**  
239, Vidhan Bhavan Marg,  
Nariman Point,  
Mumbai – 400 021



Tel. No.: +91-22-2289 2061  
Fax No.: +91-22-2202 4033

**HDFC Bank Limited**

Maneckji Wadia Building, Grd Floor,  
Nanik Motwani, Fort,  
Mumbai – 400 023  
Tel. No.: +91-22-6657 3574  
Fax No.: +91-22-2270 5520

**Indian Overseas Bank**

2/10 Elphinstone Building,  
Veer Nariman Road,  
Fort, Mumbai – 400 023  
Tel. No.: +91-22-2204 7341  
Fax No.: +91-22-2204 5669

**AUDITORS OF THE COMPANY**

**Chaturvedi & Co.**

81, Mittal Chambers,  
228 Nariman Point,  
Mumbai – 400 021  
Tel No: +91-22 2288 0465  
Fax No: +91-22 2287 2457

**LEGAL ADVISORS TO THE ISSUE**

**M/s. Rajesh Shah & Co.**

Advocates,  
16, Oriental Building,  
30, Nagindas Master Road,  
Flora Fountain, Fort,  
Mumbai – 400 001  
Tel. No.: +91-22-22656071  
Fax No.: +91-22-22630368  
Contact Person: Mr. Rajesh Shah  
Email: rajeshshah.co@gmail.com

**LEAD MANAGER TO THE ISSUE**

**Vertex Securities Limited**

403, Regent Chambers,  
Nariman Point, Mumbai – 400 021  
Tel No: +91-22-4001-0800/900;  
Fax No: +91-22-4001-0888/999  
Email: sil.rights@transwarranty.com  
Investor Grievance E-mail: customercare@transwarranty.com  
Contact Person: Mr. Dilip Jagad  
SEBI Regn. No. INM 000010965  
Website: www.transwarranty.com

**REGISTRARS TO THE ISSUE**

**Sharex Dynamic (India) Private Limited.**

Unit-1, Luthra Ind. Premises, 1<sup>st</sup> Floor,  
44-E, M VasANJI Marg, Andheri-Kurla Road,  
Safed pool, Andheri (E), Mumbai 400072  
Tel No: +91-22 2264 1376.  
Fax No: +91-22 2264 1349.  
Contact Person: Mr. Baliga  
E mail: sil.rights@sharexindia.com  
SEBI Registration No : INR000002102  
Website : [www.sharexindia.com](http://www.sharexindia.com)



Investors may contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post Issue related problems.

#### **BANKER TO THE ISSUE**

##### **IndusInd Bank Limited**

701, Solitaire Corporate Park,  
167, Guru Hargovindji Marg,  
Andheri (E), Mumbai - 400 093

**Tel No:** +91-22- 66412200/67

**Fax No:** - +91-22- 66412349

**Website:** www.indusind.com

**Email:** singh.harpal@indusind.com

**Contact Person:** Mr. Harpal Singh

#### **Self Certified Syndicate Bankers**

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above-mentioned SEBI website.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

#### **ISSUE SCHEDULE**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	<b>September 20, 2012</b>
Last Date for Receiving request for Split CAF's	<b>September 27, 2012</b>
Issue Closing Date	<b>October 04, 2012</b>

The Board or a duly authorised committee thereof may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

#### **INTER-SE ALLOCATION OF RESPONSIBILITIES**

Vertex Securities Limited is the sole Lead Manager to the Rights Issue and the responsibilities relating to and coordination and other activities in relation to the Rights Issue shall be performed by Vertex Securities Limited.

#### **CREDIT RATING**

As the Issue is of Rights Issue of Equity Shares, credit rating is not required.

#### **IPO GRADING**

As the Issue is of Rights Issue of Equity Shares, IPO grading is not applicable.

#### **TRUSTEES**

As the Issue is of Equity Shares, the appointment of trustees is not required.

#### **MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹ 50,000 lacs. Since the Issue size is less than ₹ 50,000 lacs, the Company has not appointed any monitoring agency for this Issue.



However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the company, would be monitoring the utilization of the proceeds of the issue.

#### APPRAISING ENTITY

The project has not been appraised by any independent body. All costs and other estimates that form a part of the Letter of Offer are based on management estimates.

#### MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest @ 15% for the delayed period, as per the provisions under Section 73 (2) and (2A) of the Companies Act, 1956.

#### RISK FACTORS

##### INTERNAL RISK FACTORS

- 1. There are certain outstanding litigations against our Company, our promoters, our directors and group Companies, that if determined against us, could have a material adverse effect on our financial condition and results of operations**

There are outstanding legal proceedings involving our Company, our promoters, our directors and our group companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. If a claim is determined against us, it could have an adverse effect on our results of operations and cash flows. The brief details of such outstanding litigations are as follows:

Sr. No.	Particulars	Brief Details about the litigations	Total number of pending cases/ disputes	Amount (₹ In Lacs)
A)	Litigations filed against Our Company	-	Nil	Nil
B)	Litigations filed by/against our Promoters	-	Nil	Nil
C)	Litigation filed by/against our Group Companies	-	Nil	Nil
D)	Litigation filed by/against our Directors	-	Nil	Nil
E)	Litigations filed by Our Company			
	• Criminal Case	Cases involving dishonour of cheques u/s 138 of the Negotiable Instruments Act, 1981, U/s 34, of IPC and 156(3) of the Cr.PC.	7	99.31
F)	Litigations filed by Our Company involving Civil matter			
	• Income Tax with CIT(A)	Appeal against demands raised by Income Tax Officer - A.Y. 2008-09 for Remission of liability and disallowance of loss due to fire. Income Tax Liability A.Y. 2008-09 amounting to ₹ 1141.00 Lacs, now reduced to ₹ 615.17 Lacs on account of rectification order passed by the Assessing Officer, giving	3	615.17



		effect to set-off of carried forward losses of earlier years, which was not considered.		
	• Excise Duty with Commissioner (Appeals)	Appeal against order passed due to interpretation of exemption notification of Excise Duty under Central Excise Act, 1944.	1	40.85
	• Sales Tax with Asst. Commissioner, Sales Tax, Mumbai.	Appeal against demand raised as per Assessment Orders for Financial Years 1996-97.1997-98 and 1998-99 including interest and penalty with Assistant Commissioner, Sales Tax, (Appeals), Mumbai.	3	156.82
	<b>TOTAL</b>			<b>912.15</b>

For further details of outstanding litigations against the Company, its Directors, Promoter, please see the section entitled "Outstanding Litigations and Material Developments" beginning on page 52 of this Abridged Letter of Offer.

- 2. Our Company has been admitted to the Board for Industrial and Financial Reconstruction (BIFR) in the past and our lenders had taken symbolic possession of our assets, which means, that the assets were still under the possession of the borrower, but the bank had served on the borrower a notice for taking over possession of assets and a copy of the notice had been pasted at a prominent place of the property, under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) in the past.**

As a result of financial difficulties and inability to repay our lenders, our Company was declared a sick industrial company and registered with the BIFR in the year 2002 under the Sick Industrial Companies (Special Provisions) Act, 1985. The BIFR vide its Order dated August 10, 2006 declared the company as a sick company. Our Company has fully discharged our dues and liabilities towards our lenders through a Negotiated Terms of Settlement with Stressed Asset Stabilisation Fund in case of IDBI and other financial institutions / banks during the financial year ending March 31, 2008 and in view of our net-worth exceeding the accumulated losses and BIFR, vide Order dated December 18, 2008, discharged our Company from the purview of the SICA/BIFR. There are no further / continuing orders against the Company or Promoters or Promoters Group which may affect the shareholders' interest currently or in the future.

- 3. We have entered into a One Time Settlement with our bankers, IDBI through Stressed Asset Stabilisation Fund, ING Vysya Bank, and SBI Commercial and International Bank, in the past. This track record, even though over three years old, could hinder our future fund raising activities and hence adversely affect our expansion plans and projections.**

Our Company offered a One Time Settlement (OTS) to IDBI through the Stressed Assets Stabilisation Fund (SASF) and individually with other Financial Institutions/Banks. The details are as under: -

S.No	Name	Purpose	Amount Outstanding (₹ in Lacs)	One Time Settlement Amount (₹ in Lacs)	Settlement Date
1	IDBI through SASF	Financial Assistance / Term Loans	4,694.62	1,350.00	March 13, 2008
2	ING Vysya Bank	Credit facilities	422.36	330.00	March 22, 2006
3	SBI Commercial and International Bank Limited	Financial Assistance	595.86	195.00	October 04, 2006
	<b>TOTAL</b>		<b>5,712.84</b>	<b>1,875.00</b>	

The above-mentioned financial institution and banks had given their consent for the OTS and we had cleared all the dues and received a No Due Certificate from them. There are no outstanding dues and there are no obligations pending towards any of these institutions currently.





Even though the Company has been declared viable after all the restructuring schemes and One Time Settlements in the year 2006/2008 and the Company has a zero default and rescheduling track record since then, no assurances can be given with respect to the fact that this track record will not affect our future fund raising activities and our future plans and projections thereof.

For further details of our major financial restructuring activities please refer “Major Events” in the section titled “History and Corporate Structure of the Company” on page 41 of the Letter of Offer.

**4. The Promoter / Persons Acting in Concert (PAC) of our company may not have complied with the provisions of SEBI (SAST) Regulations, 2011 and SEBI (Prohibition of Insider Trading), 1992 in the Financial year 2011-12.**

During the financial year 2011-12, Mr. Pavan Kishorilal Agarwal (Promoter) acquired 4,09,000 equity shares (i.e. 3,25,000 equity shares on 20.10.2011 and balance 84,000 equity shares on 02.03.2012) aggregating to 4.80% of the issued and paid up capital of the issuer company. Further there was off-market transfer of 4,02,100 equity shares on 29.02.2012 aggregating to 4.72% from Mrs. Pramila Agarwal (PAC – Wife of Mr. Anand Kishorilal Agarwal, Promoter Director) to Black Gold Leasing Private Limited (Promoter Group Company) which may not be exempted under SEBI (SAST) Regulations, 2011.

Based on the above information, Promoter and Persons Acting in Concert (PAC) together may have acquired/transferred shares aggregating to 9.52% of the issued and paid up capital of the issuer company, which may have triggered the open offer under of the SEBI (SAST) Regulations, 2011. The acquirer may have to file required returns under SEBI (SAST) Regulations, 2011 and under SEBI (Prohibition of Insider Trading) Regulations, 1992 for the above mentioned off-market transfer of shares.

Further, as per the disclosures made under regulation 30 of the SEBI (SAST) Regulations, 2011 the issuer company has intimated to the stock exchange that the above mentioned off market transfer of 4,02,100 equity shares consisting of 4.72% of the issued and paid up capital of the issuer company were inadvertently transferred to Associate Company i.e. Black Gold Leasing Private Limited and are reversed and rectified.

Considering the above facts, SEBI may initiate suitable action against the acquirer at a later stage.

For Further details of the transaction is mentioned on page 13 and 14 of the Letter of Offer.

**5. The brand name “RIOT” is not owned by our Company, but by our Group Company, “Intime Knits Private Limited” and we use the brand name on the basis of an agreement entered into with our group company, Intime Knits Private Limited. In case our group concern does not permit us to use the brand name or there is any dispute regarding this in the future, our business, goodwill and revenues could be adversely affected.**

Our Company does not own brand name “RIOT” under which our Company markets readymade garments. The brand is owned by our group company, Intime Knits Private Limited, with whom our Company has entered into an agreement for the utilization of the brand name “RIOT” As per the Trademark Assignment Agreement between our Company and Intime Knits Private Limited, the “RIOT” trademark is to be exclusively used by our Company and is not used by any other entities (including promoter/promoter group/ directors, etc.). A fixed amount of ₹ 2 lacs is paid annually as consideration for the use of brand for a period of 3 years to Intime Knits Private Limited and the same is paid upto the year ended March 31, 2012. In case, our Company fails to pay the consideration to Intime Knits Private Limited they shall terminate the agreement before the expiry of the same i.e. three years. The effective date of the agreement is April 1, 2010 and the agreement is expected to be renewed for a period of three years on the expiry of the first period of three years on a mutual consent by both the parties.

In case Intime Knits Private Limited were to terminate the agreement after the expiry of three years or not renew the same on terms favorable to our company or market their products under the same brand, our visibility, business, goodwill and revenue could be adversely affected.

For further details regarding the use of “RIOT” and terms and conditions of the Agreement for using the Brand Name “RIOT” Under the Heading “Marketing and Distribution” on page 33 and the benefits accruing to us by using the name, please refer to Section “Particulars of the Issue”, Under the Heading “Setting up of Retail Chains” on page 19 of the Letter of Offer.



- 6. Our Company is yet to identify the locations and the premises to set up retail stores on owned and / or franchisee basis and an amount of ₹350.00 lacs has been earmarked for the same from the total issue proceeds. Any delay in identifying the premises could lead to increase in prices affecting our cost, revenue and profitability.**

Our Company has estimated an amount of ₹350.00 lacs for setting up of about 20 retail stores on owned and / or franchisee basis to market the branded garments “RIOT”. This amount of ₹ 350.00 Lacs will constitute 38.21 % of the total cost of project and 100% of the total cost of opening 20 retail stores on owned and/or franchisee basis. Although our Company has set up 12 outlets consisting of 5 (five) on ownership basis and 7 (seven) on franchisee basis. Our Company intends to set up additional 10 (ten) stores on ownership basis and balance 10 (ten) stores on franchisee basis. Our Company is yet to identify the places to set up these stores and any delay in identifying and setting up these stores could lead to cost escalation and this could in turn affect our revenues and profitability.

Further our Company is also selling readymade garment by using display space in 41 (forty one) Reliance Trends stores, 7 (seven) Maya Stores and 1 (one) Shop-in-Shop (SIS) in Goa, and the details of stores locations are given on page 42 in the section “History and Corporate Structure of the company of the Letter of Offer .

- 7. There are 10 (ten) Group companies out of which 5 (five) of them have not commenced operations and have also incurred losses since incorporation in one or more years. Sustained financial losses by our Group Companies may not be perceived positively by external parties such as customers, bankers, suppliers etc, which may affect our credibility and business operations.**

The following Group Companies promoted by the Promoters have incurred losses since incorporation in one or more years:

(₹ In Lacs)

Name of the Company	Date of Incorporation	FY 2011		FY 2010		FY 2009	
		Loss as a % of Turnover	Profit / (Loss)	Loss as a % of Turnover	Profit / (Loss)	Loss as a % of Turnover	Profit / (Loss)
Black Gold Developers Private Limited	July 10, 2008	-	2.77	-	(1.22)	-	(0.04)
Black Gold Gardens Private Limited	July 10, 2008	-	(0.12)	-	(0.15)	-	(0.04)
Black Gold Estates Private Limited	July 10, 2008	-	(2.12)	-	(0.15)	-	(0.04)
Black Gold Constructions Private Limited	July 10, 2008	-	(0.12)	-	(0.15)	-	(0.04)
Black Gold Realtors Private Limited	July 15, 2008	-	(0.12)	-	(0.15)	-	(0.04)

Above companies were incorporated by the promoter for entering into Real Estate development. These companies would not like to pursue real estate development activity at present on account of difficult real estate scenario.

- 8. 34.67% of our Sales has been contributed by the top 5 customers and 45.00% of our total sales has been contributed by the top 10 customers. The loss of any one or more of our major customers would have a material adverse effect on our business operations and profitability.**

Top 5 customers of our Company contributed approximately 34.67% of sales for the Financial Year ended March 31, 2012. Further, top ten customers contributed approximately 45.00% of sales for the same period. Any decline in quality standards and growing competition and any change in the demand for the company’s product by these customers may adversely impair our ability to retain these customers. The loss of major customers or a decrease in the volume of products purchased by them may adversely affect our company’s revenue and profitability. Our Company cannot assure you that our company shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our company’s operations and profitability. For further details regarding major customers, please refer to page 37 of the Letter of Offer

- 9. Our Company has contingent Liabilities not provided for, which may adversely affect the company’s financial operations.**



The following table sets forth our contingent liabilities, as of last audited financial statement i.e. 31<sup>st</sup> March 2012:

Particulars	₹ in Lacs	
	31.03.2012	31.03.2011
(a) Claims against the company not acknowledged as debts		
i. Sales tax matters	156.82	156.82
ii. Excise matters	40.86	40.86
iii. Income tax matters	615.17	615.17
<b>TOTAL (a)</b>	<b>812.85</b>	<b>812.85</b>
(b) Guarantee given to any Government Department or Corporation		
i. Asstt. Commissioner of Customs under EPCG Scheme towards export obligations	169.11	169.11
ii. Maharashtra Pollution Control Board	-	2.00
<b>TOTAL(b)</b>	<b>169.11</b>	<b>171.11</b>
<b>TOTAL (a+b)</b>	<b>981.96</b>	<b>983.96</b>

In the event these liabilities materialized, financial condition of our company may be affected. For further information see “Note no. 45” of the Auditors Report on page 48 of this Abridged Letter of Offer.

**10. Two entities of our Promoter Group have interests in businesses which are similar to our business and this may result in potential conflicts of interests with our Company.**

Two entities of our Promoters and Promoter Group, namely BLR Knits Private Limited and Intime Knits Private Limited have interests similar to that of our Company. A conflict of interest may occur between our business and the business of our Promoter group companies which could have an adverse affect on our operations. The issuer company is selling Knitted fabrics to Intime Knits Private Limited and Intime Knits Private Limited is one of the top 10 customers of the issuer company. BLR Knits Private Limited is manufacturer and exporter of garments.

The issuer company is engaged in the business of manufacturing Knitted fabrics, job-work of readymade garments and selling of garments under the brand “RIOTS”. This will ensure that all the companies operate in different segments, so that there is no direct conflict amongst the three entities.

**11. Our Company currently operates 12 stores consisting of 5 (five) stores on ownership basis and 7 (Seven) stores on a franchisee basis, and our limited experience of handling Retail Stores could impact our business operations.**

Our Company has limited experience of operating Retail outlets and currently operates only 12 retail stores on owned and/or franchise basis. Our Company plans to open 20 Retail outlets on owned and/or franchisee basis. Our Company intends to set up additional 10 (ten) stores on ownership basis and balance 10 (ten) stores on franchisee basis. This may entail substantial senior level management team and resources and may also not be able to anticipate or evaluate all the business risks. In addition, growth plans of our company are considerable and would put significant demand on the management team and other resources. The success of this exponential growth plan will be dependent on various factors, like maintenance of product quality, consumer satisfaction, handling of franchise business, development and improvement in our internal administrative infrastructure, internal control systems, communication systems, recruitment, training, retention of skilled manpower, and competition. Any inability to manage growth of the company may have an adverse impact on business and results of operations of our company.

For further details regarding the terms and conditions of our Franchisee Agreements, please refer to the Section “About the Issuer Company” under the Head “Marketing and Distribution” on page 34 of the Letter of Offer.

**12. Factory Land and Registered Office of Our Company are on Leasehold. Any non-renewal of such lease after its expiry period may have a material adverse effect on our financial condition and results of operations.**

Our Company has taken the premises on a long lease from below mentioned parties and non-renewal of such lease after its expiry period on favourable terms, or at all, may have a material adverse effect on our financial condition and results of operations.

Sr. No.	Location	Owned/Leased	Name of Sellers / Lessee	Purpose
1	C-253/254, MIDC, TTC Industrial Area, Pawne	Leased	Maharashtra Industrial Development Corporation	Factory Building



	Village, Turbhe, Navi Mumbai – 400 705		(MIDC)	
2	A2, Shah & Nahar Industrial Estate, Unit No 23 / 26, Lower Parel, Mumbai 400013	Leased	R. Piyarellal Private Limited	Registered Office

For further details regarding the terms and conditions of the lease agreement, please refer to the Section “Land and Property” on page 38 of the Letter of Offer.

**13. Our Company has reported Negative Cash Flows in the last three years.**

(₹ In Lacs)

Particulars	31.03.12	31.03.11	31.03.10
Net Cash generated from operating activities (A)	(77.09)	(50.35)	(238.41)
Net Cash (used in)/from investing activities (B)	(168.83)	(123.92)	(82.68)
Net Cash used in Financing activities (C)	212.98	163.68	202.00
<b>Net Cash flow for the year (A+B+C)</b>	<b>(32.94)</b>	<b>(10.59)</b>	<b>(119.09)</b>

Sustained negative cash flows in the future could affect our ability to service our debts and pay dividends. *For details, see “Cash flow Statement” on page 28 of this Abridged Letter of Offer*

The statement of cash flows is separated into three sections and the same is explained in brief

- A) cash flows from operating activities,
  - B) cash flows from investing activities, and
  - C) cash flows from financing activities.
- A) **The cash flows from operating activities** show how much cash the Company generated from its core business, as opposed to peripheral activities such as investing or borrowing. The issuer company shall focus mostly on this activity as it paints the best picture of how well business operations are producing cash that will ultimately benefit shareholders.
- B) **The cash flows from investing activities** shows the amount of Cash Company spend on investments. Investments are usually classified as either capital expenditures--money spent on items such as new equipment or anything else needed to keep the business running--or monetary investments such as the purchase or sale of government bonds.
- C) **The cash flows from financing activities** involve the company's owners or creditors. For example, the issuance or purchase of Securities, the issuance or repayment of debt, and dividends paid to investors.

The reason for negative cash flows from operating activities is due to high working capital requirement on account of increased in sales.

**14. Any discontinuation by our group company, Black Gold Leasing Private Limited, to allow our garment division to operate from their premises could disrupt our activities and this could have an adverse material impact on our operations and financial results.**

Our readymade garment operations are currently operational from the surplus space available with our group company, Black Gold Leasing Private Limited. The facility is adjacent to our factory premises and has been occupied on the basis of an informal arrangement with them, for which there is no formal lease agreement and we have paid a refundable deposit of ₹125.00 lacs and monthly rental of ₹ 5.00 Lacs w.e.f. April 1, 2012 to Black Gold Leasing Private Limited and further there are no other terms and conditions. In case our group company requires the land / building for their activities in the future, our garment division’s activities could be temporarily disrupted and this could affect our operations and consequently our profitability. However, since the land belongs to our group company only and our Company has been using the same since 2005, we are confident that the same would be available to us in the future also.

**15. Our Company is yet to place orders for entire plant and machinery aggregating to ₹ 200.00 lacs for the proposed expansion project. Any delay in procurement of plant and machinery may delay the implementation schedule which may also lead to increase in price and further affecting our cost, revenue and profitability.**



Our Company estimate to acquire plant and machinery to the extent of ₹ 200.00 Lacs, which constitutes 21.83 % of the total cost of project and 100% of the total plant and machinery required. Our Company has received quotations from the suppliers for all such plant and machinery. Our Company expects to place orders for the plant and machinery as per proposed implementation schedule disclosed in the section “Objects of the Issue” beginning on page 18 of this Abridged Letter of Offer. Any delay in supply of plant and machinery may adversely affect operations of our company. Any deviation in assumptions or market conditions could adversely affect business and financial results of our company. Further our company is also subject to the risk of increase in the price of plant and machinery.

**16. Our Company proposes to set up an Administrative Block at Navi Mumbai. While our company has identified the property, they are yet to enter into lease agreement. Any delay in entering into lease agreement for the said property could delay the implementation schedule and this could have an impact on operations and consequently profits of our company.**

Our Company proposes to set up Administrative Block on lease basis at C-3/B, MIDC, TTC Industrial Area, Pawne Village, Turbhe, Navi Mumbai – 400 705 for which our company has earmarked ₹350.00 Lacs out of the issue proceeds and this constitutes 38.21 % of the total cost of project. In case there is any delay in entering into a lease agreement the implementation schedule could be delayed and this may affect results of operations and consequently profits of our company.

**17. The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled “Objects of the Issue”. Any revision in the estimates may require us to reschedule our Project expenditure and may have a bearing on our expected revenues and earnings.**

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. We may have to revise our management estimates from time to time and consequently our funding requirements may change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure, which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our audit committee.

**18. There are certain restrictive covenants in the loan agreements of banks in respect of Term Loan and Working Capital facilities availed by our company from the bank.**

The Indian Overseas Bank has sanctioned Term Loan and working capital facilities to our company in pursuance of their sanction letters. Our Company shall be subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by our company. Following are some of the major restrictive covenants, which are material in nature:

- Entering in to borrowing arrangements, with other Banks, Financial Institutions, MIDC and other parties.
- Taking up any new project or large-scale expansion
- Making investment in or giving loans to subordinates, associate concerns, individuals and other parties.
- Effecting Mergers & acquisitions
- Paying dividend/making withdrawals, other than out of Current year’s earnings after making due provisions
- Giving guarantee on behalf of third parties
- Pre-mature repayment of Term Loans & discharge of other Liabilities.

Further the company has created a charge in favour of their bankers against the assets of the company. In case of default by the company in repayment of the loans, bankers may exercise their rights over the security, which may be detrimental to the interest of the company.

For details on the secured loan, please refer to the section titled “Details of Principal Terms of Loans and Assets charged” as Security on page 11 of the Letter of Offer.

**19. Our Company has entered into certain related party transactions aggregating to ₹ 437.73 lacs as at the end of the financial year March 31, 2012 and there is no assurance that our company**



**may not continue to do so in future. This could have an adverse effect on our financial condition and results of operation.**

During the course of business, our company has entered into certain transactions with related parties, aggregating to ₹437.73 lacs for the year ended March 31, 2012. While our company believes that all such transactions have been conducted on an arm's length basis, there can be no assurance that our company could not have obtained more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our company will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on financial condition and results of operations of our company. For details of Related Party Transactions please refer page 46 under section "Financial Statements" of this Abridged Letter of Offer.

The details of the all Related Party Transactions entered by our company as on March 31, 2012 are as under:

Name of the Party	Nature of Relationship	Purpose	Amount of Transactions (₹ in lacs)
Intime Knits Private Limited	Associate Company	Sales of Goods	207.38
Intime Knits Private Limited	Associate Company	Debtors	33.83
Black Gold Leasing Private Limited	Associate Company	Deposits	123.81
Intime Knits Private Limited	Associate Company	Reimbursement of repair & maintenance charges	1.80
Black Gold Leasing Private Limited	Associate Company	Reimbursement of repair & maintenance charges	42.67
Intime Knits Private Limited	Associate Company	Creditors	19.66
Pavan Kishorilal Agarwal	Managing Director	Remuneration	8.58
		<b>TOTAL</b>	<b>437.73</b>

**20. Existing manufacturing operations of our company are geographically located at one place at C-253/254, MIDC, TTC Industrial Area, Pawne Village, Turbhe, Navi Mumbai – 400 705 and C-3/B, MIDC, T.T.C. Industrial Area, Navi Mumbai – 400 705 (Maharashtra).**

Existing manufacturing operations of our company is having a single geographical location at C-253/254, MIDC, TTC Industrial Area, Pawne Village, Turbhe, Navi Mumbai – 400 705 and C-3/B, MIDC, T.T.C. Industrial Area, Navi Mumbai – 400 705. There had been a fire in garment unit i.e. C-3/B, MIDC, T.T.C. Industrial Area, Navi Mumbai – 400 705 in November 2007, due to which workings of garment unit of our company was disrupted.

Further, on account of labour unrest, power failures, fire, natural calamities like earthquake, flood etc., or civic unrest being a single point manufacturing facility may prove to be disadvantageous due to which operations of our company will have to be stalled and have a negative impact on production, delivery of goods and financial results of our company.

**21. Any loss or breakdown of our machineries, at our plant may have an adverse effect on our business, financial condition and results of operations.**

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. Although we have not had such occurrences in the past, the occurrence of such incidents in future is not ruled out and these risks could significantly affect our operating results. Although, we have taken precautions to minimize the risks of any significant operational issues at our manufacturing facilities, our business and operations may be adversely affected by any disruption of operations at manufacturing facilities.

**22. Insurance cover of our company may not be adequate to protect us against all material hazards.**

Our Company has various insurance policies covering stocks, building, furniture, plant and machinery, etc. for total insured amount of ₹ 1,243.00 Lacs, details of which are disclosed on page 39 of the Letter of Offer. While our company believes that the company has insured themselves against the majority of the risks associated with the business and are adequate to cover all normal risks associated with the operation of business, there can be no





assurance that any claim under the insurance policies maintained by the company will be honoured fully, in part or on time, or that our company has obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that our company suffer loss or damage for events for which our company is not insured or for which insurance is inadequate, the loss would have to be borne by the company, and, as a result, operations and financial condition could be adversely affected.

**23. Our Company faces competition from various brands and any inability to compete with them could adversely impact business and financial operations of our company.**

The garment industry is highly competitive and our company faces competition from the organized as well as the unorganized sector. The branded garment sector is not more than 25% of the total garment industry. The market share of our company is very minimal which is not quantifiable with respect to the total market size and its competitors in the garment industry.

Our Company would also have to directly compete with the leading apparel manufacturers of India as well as the local brands. This competition could put pressure in respect of pricing, product quality and our inability to compete with this intense competition may put strain on profit margins which may consequently affect the financial position of our Company.

**24. Our Company has not paid any dividends in the past and any material adverse effect on our future earnings, financial condition, cash flows will affect our ability to pay dividends in the future.**

The Company has never paid dividends to its equity shareholders in the past. Our ability to pay dividends in the future will depend on the earnings, financial condition and capital requirements. Our ability to pay dividends is also restricted under certain financing arrangements. Our Company may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements financial condition and results of operations.

However our company has declared dividend of 5% for the financial year 2011-12 subject to the approval of Equity shareholders in the ensuing Annual General Meeting.

**EXTERNAL RISK FACTOR AND BEYOND THE CONTROL OF THE ISSUER COMPANY**

**25. Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.**

Our Company is incorporated in India, derives its revenues in India and all of its assets are located in India. Consequently, the Company's performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India.

Since 1991, successive governments have pursued policies of economic and financial sector liberalization and deregulation and encouraged infrastructure projects. The previous coalition-led Governments implemented policies and took initiatives that supported the economic liberalization policies that had been pursued by prior governments. The new Government, which has come to power in May 2009 has announced policies and taken initiatives that support the economic liberalization program pursued by previous governments. The policies of the new Government may change the rate of economic liberalization, the investment in real estate and infrastructure projects and specific laws and policies affecting education, foreign investment and other matters affecting investment in the Equity Shares. While the new Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued. A significant change in the Government's policies in the future, in particular, those relating to the real estate sector in India, could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

**26. Financial instability in Indian financial markets could adversely affect the Company's results of operations and financial condition.**



The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The current global financial turmoil, an outcome of the sub-prime mortgage crisis, which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

**27. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Company's business and its profitability.**

Certain events that are beyond the control of the Company, such as terrorist attacks and other acts of violence or war, including those involving India, China, the UK, the US or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect the Company's business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighboring countries, including India, Pakistan and China. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Political tensions could create a perception that there is a risk of disruption of business provided by India-based companies, which could have an adverse effect on the Company's business, future financial performance and price of the Shares. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that are protracted or involve the threat or use of nuclear weapons, the Company's operations might be significantly affected. India has from time to time experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. Events of this nature in the future could have a material adverse effect on the Company's ability to develop its business. As a result, the Company's business, results of operations and financial condition may be adversely affected.

**28. Natural calamities could have a Negative effect on the Indian economy and adversely affect the Company's business.**

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting the Company's business and the price of its Equity Shares.

**29. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessment of the Company's financial condition.**

As stated in the reports of the Company's independent auditor included in the Letter of Offer, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in the Letter of Offer to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

**30. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect the Company's business.**

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm the Company's business and financial performance, ability to obtain financing for capital expenditures and the price of the Company's Equity Shares.





## PROMINENT NOTES:

- Investors may contact the Lead Manager, i.e. Vertex Securities Ltd., for any complaints, information or clarifications pertaining to the Issue.
- Our Net worth was ₹ 1,597.75 Lacs, as per the audited financial statements of our Company as on March 31, 2012 as disclosed in the section titled “Financial Information” beginning on page 23 of this Abridged Letter of Offer.
- The book value per share was ₹ 18.75 as on March 31, 2012, included in the section titled “Financial Information” beginning on page 23 of this Abridged Letter of Offer.
- Issue of 85,20,000 Equity Shares with a face value of ₹ 10.00 each at par for an amount aggregating to ₹852.00 Lacs on a rights basis to the existing equity shareholders of our Company in the ratio of One (1) equity shares for every One (1) fully paid-up equity shares held by the existing Equity Shareholders on the record date, that is on July 25, 2012. The issue price is the same as the face value of the Equity Shares of the company.
- For details of transactions between our Company and our Group Entities in the last one year preceding the date of the Letter of Offer please refer to “Related Party Transactions” as described in “Note no. 42” of the Auditor’s Report on page 46 of this Abridged Letter of Offer.
- There are no financing arrangements whereby our Promoter Group, the Directors of companies forming a part of our Promoters, our Directors and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the Financier during the period of six months immediately preceding the date of filing the Letter of Offer with SEBI.
- Any clarification or information relating to the Issue shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
- All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA Account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.
- The Company satisfies the following conditions as prescribed under Regulation 57(2) (b) of Part E of Schedule VIII of the ICDR Regulations.
  - a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Letter of Offer with the designated stock exchange.
  - b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE) the recognized stock exchange with nationwide trading terminals.
  - c. The Company has investor grievance – handling mechanism which includes meeting of the Shareholder’s or Investor’s Grievance Committee at frequent intervals, appropriate delegation of power by the board of directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
- The Lead Manager and the Company shall update the Letter of Offer and keep the shareholders / public informed of any material changes till the listing and trading commencement and the Company shall continue to make all material disclosures as per the terms of the listing agreement.

## CAPITAL STRUCTURE

Our capital structure of our company and related information as on the date of filing of the Letter of Offer is set forth below:

Sr. No.	Particulars	Nominal Value (₹ in Lacs)	Aggregate Value (₹ in Lacs)
A.	<b>Authorised Capital</b>		
	1,80,00,000 Equity Shares of ₹10/- each	1800.00	1800.00
B.	<b>Issued, Subscribed and Paid up Capital</b>		
	85,20,000 Equity shares of ₹10/- each	852.00	852.00
C.	<b>Rights issue of existing equity shareholders in terms of the Letter of Offer</b>		



	85,20,000 Equity shares of ₹10/- each	852.00	852.00
<b>D.</b>	<b>Paid-Up Capital after the Rights Issue<sup>^</sup></b>		
	1,70,40,000 Equity Shares of ₹10/- each fully paid-up	1704.00	1704.00
<b>E.</b>	<b>Share Premium Account</b>		
	Existing Share Premium Account		-
	Share Premium Account after the issue assuming allotment of all Equity Shares Offered		-

<sup>^</sup> Post Issue Shareholding is based on the assumption that all shareholders will subscribe in full to their entire Rights entitlement.

Please refer page 12 to 16 of the Letter of Offer for Note to the Capital Structure.

The Equity shares offered through this rights issue shall be made fully paid up or forfeited within twelve months from the date of allotment of the equity shares.

### **INTENTION OF OUR PROMOTERS TO SUBSCRIBE TO THEIR ENTITLEMENT**

The Promoters and the members of the Promoter Group holding Equity Shares in our Company have vide their letter date May 18, 2011 undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement by themselves including by subscribing for Equity Shares pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. They have also undertaken to apply for the Equity Shares in addition to their rights entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining approvals required under applicable law, if any. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Further, such acquisition by them of additional Equity Shares shall (i) not result in a change of control of the management of our Company; and (ii) subject to compliance of the conditions stipulated under 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) Regulations, 2011, be exempt from making an open offer as stipulated under Regulation 3(2) of SEBI (SAST) Regulations, 2011.

### **TERMS OF THE ISSUE**

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Abridged Letter of Offer, the enclosed Composite Application Form (“CAF”), the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, approvals from the RBI, guidelines or regulations issued by SEBI, approvals from the Stock Exchanges where Equity Shares of our Company are listed, FEMA, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate, the provisions of the Depositories Act, to the extent applicable and any other legislative enactments and rules as may be applicable and introduced from time to time.

### **OBJECTS OF THE ISSUE**

The object of this Issue is to raise funds to:

1. Enhance the performance capacity of the Garment Unit from the current 12,00,000 pieces per year to 36,00,000 pieces per year by installing new machinery.
2. To set up new retail chain stores in order to market brand “RIOT”, which has been assigned by our group company “Intime Knits Private Limited” vide an agreement dated September 18, 2008 and the effective date of this Agreement is from April 01, 2010 and is valid for a period of 3 years.
3. To set up an Administrative Block in order to centralize all the back office and other administrative operations.
4. To meet the Rights Issue expenses.

The main object clauses of our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised through this Issue.



The fund requirements and the intended use of the proceeds as described herein are based on management estimates, current quotations from suppliers and our current business plan and the same have not been appraised by any bank or financial institution.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed from the internal accruals of the company.

#### FUND REQUIREMENTS

Sr. No.	Particulars	(₹ in Lacs)
1	Expansion at the Readymade Garment Unit	200.00
2	Expansion of our Retail network by adding new stores	350.00
3	Administrative Block	350.00
4	Rights Issue Expenses	16.00
	<b>TOTAL</b>	<b>916.00</b>

#### MEANS OF FINANCE

Sr. No	Particulars	(₹ in Lacs)
1	Rights Issue Proceeds	852.00
2	Internal Accruals	64.00
	<b>TOTAL</b>	<b>916.00</b>

The entire requirement of funds is proposed to be funded by the proceeds from the rights issue and internal accruals. As on 31.03.2012, the balance in the reserves and surplus stood at ₹745.75 Lacs.

#### DETAILS OF THE OBJECTS

##### A. Expansion of the Garment Unit

Our company currently has an installed capacity to produce 12,00,000 garments every year and proposes to expand the current facility by increasing the installed capacity to 36,00,000 pieces per year. We do not require any new land for the expansion as we propose to use our existing facilities for the expansion. Our Company is looking at purchasing additional plant and machinery in order to achieve this objective. The company proposes to import this machinery and expects to incur ₹ 200.00 lacs towards them. The details of the machinery are given below:

Sl.No	Equipment	Number of Units	Supplier / Manufacturer	Amount (₹ in lacs)
	<b>A. Cutting Section</b>			
1	Blue Streak straight knife cutting M/C	8	Eastman	4.50
2	Band Knife cutting machine	4	Eastman	8.06
3	End Cutter	4	Eastman	0.90
	<b>Total (A)</b>			<b>13.46</b>
	<b>B. Sewing Section</b>			
4	Single Needle Lockstitch	120	Juki, Japan	23.15
5	Two needle four thread over lock	24	Yamato, Japan	9.50
6	Two needle four thread over lock with tape cutter	8	Yamato, Japan	4.50
7	Two needle four thread over lock with backlatch	16	Yamato, Japan	11.50
8	Cylinder bed flat lock	16	Yamato, Japan	17.00



	machine			
9	same with fabric trimmer & built in compressor	16	Yamato, Japan	25.00
	<b>Total(B)</b>			<b>90.65</b>
	<b>C. Finishing Section</b>			
10	Vacuum ironing table	16	Ngaishing	3.50
11	Steam Iron	16	Ngaishing	0.80
12	Boiler	2	Ngaishing	2.50
13	Buttonhole Machine set-DDCC	8	Juki, Japan	22.00
14	Electronic lockstitch button stitch machine	8	Juki, Japan	16.50
	<b>Total (C)</b>			<b>45.30</b>
	<b>D. Cutting Section</b>			
15	Gerber CAD System	1	Gerber-USA	14.75
16	Gerber Spreading Machine	1	Gerber-USA	28.30
17	Mable Spreading Table	1	Gerber-USA	7.00
	<b>Total (D)</b>			<b>50.05</b>
	<b>E. Miscellaneous Expenses</b>			<b>0.54</b>
			<b>TOTAL (A+B+C+D+E)</b>	<b>200.00</b>

The above rates are based on the quotation No: IIGM: BBY: 196 dated May 25, 2012 received from IIGM Private Limited, Mumbai.

We have considered the above quotations for the budgetary estimate purpose and have not placed orders for any of the above plant and machinery. The actual cost of procurement and actual supplier/dealer may vary. We do not intend to purchase any second hand machineries. None of the machine suppliers are related to our company and its promoters. All the above quotations are valid for a period for 6 months.

#### B. Setting up of Retail Chains

As on the date of the Letter of Offer, We have already set up 12 shops consisting of 5 (five) retail store owned by the company and 7 (seven) stores on franchisee basis at places like Mumbai, Navi Mumbai, Nashik, Pune, Vadodara, Ahmedabad, Aurangabad, Goa and Raipur. Further we have also started our retail business for selling of our branded garment “RIOT” by using the display space in 41 (Forty One) Reliance Trends stores, 7 (Seven) in Maya Stores and 1 (One) through Shop-in-shop (SIS) model.. We have hired floor space at leading malls for the sale of branded garments “RIOT”. We propose to set up a further 20 shops on a retail chain basis in different parts of the country either on a leased premises or on a franchisee basis. We are yet to finalise the locations for the proposed outlets.

The total cost in setting up of these retail outlets has been arrived is ₹ 350.00 Lacs, on the basis of the standard norm for setting up such shops and our experience in setting up shops earlier. The average size of each shop would be 600 sq. feet and the cost of setting up each shop would be approximately ₹17.00 lacs per shop. The cost includes Lease deposit and furniture, fixtures and other equipment required to set up such shops.

The Brand “RIOT” is not owned by us and has been assigned to us by our group company “Intime Knits Private Limited” vide an agreement dated September 18, 2008 and the effective date of this Agreement is from April 01, 2010 and is valid for a period of 3 years.

“RIOT” is already established as a clothing material brand by our group company. The purpose and idea behind using the word “RIOT” means a riot of colors and designs particularly targeting the youth segment, as we intend to cater to the requirements and tastes of the youth segment, which forms the major consumer of clothing materials and apparels irrespective of price tags. We opted for this brand and decided to revive this brand for readymade garments which has not been used by our associate company for the last many years. By utilizing an established brand, which is owned by our associate



company, we only need to develop this brand instead of setting up a new brand, which will save time and energy. At the same time this also fits into requirements in totality.

### C. Building an Administrative Block

We propose to set up our Administrative Block on lease basis in Navi Mumbai for which we have earmarked ₹350.00 Lacs out of the issue proceeds and this constitutes 38.38 % of the total cost of project. As per the quotation received from Economy Interior, Mumbai the details of proposed expenditure are as under:

Sr. No	Particulars	Amount (₹ In Lacs)
1	Civil Works	3.00
2	Partition and Associated Works	48.33
3	Doors and Ironmongery	20.94
4	Internal Finishes	49.62
5	Custom Furniture	52.25
6	Loose Furniture	7.08
7	Chairs	38.34
8	System Furniture	73.02
9	Plumbing and Sanitary Works	4.38
10	Electrical Works - Low side works	6.00
11	Electrical Works - High side works	5.40
12	Additional work	2.00
	<b>TOTAL</b>	<b>310.36</b>
	Add Applicable VAT of 8% ON TOTAL	24.83
	Add Applicable SERVICE TAX of 3.43% ON TOTAL	10.65
	<b>TOTAL (Inclusive of Tax)</b>	<b>345.84</b>
	Miscellaneous Expenses	4.16
	<b>GRAND TOTAL</b>	<b>350.00</b>
	Rate per Sq.ft.	2,881.99

### D. Rights Issue expenses

The expenses of this Issue include, among others, management fees, printing and distribution expenses, legal fees, Fees to SCSBs for ASBA applications, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Nature of Expenses	Amount in (₹ Lacs)	% of total expenses of the issue	% of total issue size
Lead Management fees and Legal Counsel charges	6.00	37.50%	0.70%
Registrars, Auditor, Printers, Postage, Dispatch expenses, Fees to SCSBs for ASBA applications, Advertisement & publicity expenses, travelling & conveyance	5.00	31.25%	0.59%
SEBI, Listing Expenses, Contingencies & Other Expenses	5.00	31.25%	0.59%
<b>TOTAL</b>	<b>16.00</b>	<b>100.00%</b>	<b>1.88%</b>

### SCHEDULE OF IMPLEMENTATION AND DEPLOYMENT OF FUNDS

Sr. No.	Particulars	Expected Month of Commencement	Expected Month of Completion
1.	Placement of Order of Plant & Machinery	October 2012	October 2012
2.	Delivery of Machinery and Erection	November 2012	February 2013
3.	Setting up of Retail Outlets	December 2012	June 2013
4.	Setting up of Administrative Block	December 2012	March 2013



#### DEPLOYMENT OF FUNDS IN THE PROJECT

The Company has already deployed a sum of ₹ 6.01 Lacs upto March 31, 2012 towards the objects of the present issue. The same has been certified by Chaturvedi & Co., Chartered Accountants, statutory auditors of the Company, vide their certificate dated May 29, 2012. The details of the funds already deployed are as under:

(₹ in Lacs)

Sr. No.	Particulars	Amount
1.	Rights Issue Expenses	6.01

#### SOURCES OF FUND ALREADY DEPLOYED

(₹ in Lacs)

Sr. No.	Particulars	Amount
1.	Internal Accruals of the Company	6.01

#### YEAR WISE SCHEDULE OF DEPLOYMENT OF FUNDS

(₹ In Lacs)

Sr. No.	Particulars	Funds Already Deployed	FY 2012-13	Total
1	Purchase of Plant and Machinery for the proposed Expansion	0.00	200.00	200.00
2	Setting up of Retail Outlets	0.00	350.00	350.00
3	Construction of Administrative Blocks	0.00	350.00	350.00
4	Rights Issue Expenses	6.01	9.99	16.00
	<b>TOTAL</b>	<b>6.01</b>	<b>909.99</b>	<b>916.00</b>

#### BRIDGE LOAN

We have not entered into any bridge loan facility that will be repaid from the Issue Proceeds.

#### INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities as may be approved by the Board. Such transactions would be at the prevailing commercial rates at the time of investment. We may also apply a part of the Issue Proceeds, pending utilization for the purposes described above, towards our working capital requirements. Should we utilize the funds towards our working capital requirements, we undertake that we will ensure consistent and timely availability of the Issue Proceeds so temporarily used to meet the fund requirement for the objects of the Issue contained herein.

#### MONITORING UTILISATION OF FUNDS

The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue. As required under clause 43 of the Listing Agreement, we will disclose the details of the utilization of the Issue proceeds periodically, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized.

Except as mentioned above, no part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group companies or key managerial employees, except in the normal course of our business.

#### INTEREST OF PROMOTERS AND DIRECTORS

None of our Directors or Promoters has any interest in any Objects of the Issue for which the Issue Proceeds are proposed to be utilised. All our Directors may be interested in the Equity Shares already held by them or that may be allotted to them pursuant to the Issue and / or that may be allotted to companies, firms and trusts in which they are directors, members, partners or trustees, as the case may be.

The Director(s) may have further interest to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. Our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board and reimbursement of expenses payable to them and to the extent of remuneration package payable to our Managing Director and Executive Director(s) for their services as Managing Director and Executive Director(s) respectively of our Company, if any.



## FINANCIAL STATEMENTS

### AUDITOR'S REPORT

To,

**The Members of  
SUDITI INDUSTRIES LIMITED**

- 1) We have audited the attached Balance Sheet of **SUDITI INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31<sup>st</sup> March 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given and management representations made to us, the said financial statements read together with the accounting policies and other notes thereon and attached thereto give, the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012
    - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

**For CHATURVEDI & CO.**  
*Chartered Accountants*  
(Registration No.302137E)

(S.N. Chaturvedi)  
Partner  
Membership Number: 040479

Place: Mumbai  
Date: May 29, 2012





**ANNEXURE TO THE AUDITORS' REPORT**  
**Referred to in paragraph 3 of our Report of even date**

- 1)
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
  - b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c) As the assets disposed during the year are not very significant, it does not have any bearing on the going concern assumption followed by the company.
- 2)
  - a) The inventory has been physically verified by the management at reasonable intervals during the year.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- 3) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5)
  - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b) As regards transactions made in pursuance of contracts or arrangement entered into the registers maintained under Section 301 and exceeding the value of rupees five lac in respect of any party during the year, in our opinion and according to the information and explanation given to us, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9)
  - a) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practice in India, in our opinion, there have been occasional delays in depositing Profession Tax, Employees State Insurance and Income Tax. However, there were no dues outstanding at the year end. Other statutory dues as applicable have been deposited in time with the appropriate authorities.
  - b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at 31st March 2012, the following are the particulars of dues that have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Forum where dispute is pending
Central Excise Act, 1944	On account of interpretation of exemption notification of Excise duty for the period (a) March, 2002 to November, 2002	33.78	Commissioner (Appeals)





	(b) December, 2002 to January, 2003 (c) September, 1998 to September, 1999	6.34 0.73	
Income Tax	Demand raised for A.Y.2008-09	615.17	Commissioner of Income Tax
Sales Tax	Demand raised as per Assessment Order - 1997-98	11.42	Asst. Commissioner, Sales Tax, (Appeals) Mumbai
	1996-97	65.17	
	Revised order for - 1998-99	80.23	

- 10) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 11) According to the records examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or Bank as at the Balance Sheet date.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) On the basis of the records examined by us and according to the information and explanation given to us, the Company has, during the year, obtained a sanction for a term loan of ₹ 113 Lacs from Indian Overseas Bank. Disbursement of the said term loan, in the nature of reimbursement of expenses incurred by the company towards the project to the tune of ₹ 21,38,145/-, was received on 29<sup>th</sup> March, 2012.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- 18) During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) During the period covered under audit, the company has not issued any debentures.
- 20) The company has not raised any money through public issue during the year.
- 21) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For CHATURVEDI & CO.**  
*Chartered Accountants*  
(Registration No.302137E)

(S.N. Chaturvedi)  
Partner  
Membership Number: 040479

Place: Mumbai  
Date : May 29, 2012



Statement of Balance Sheet as at

(₹ In Lacs)

Particulars	Note	31.03.2012	31.03.2011
<b>I. Equity and Liabilities</b>			
1. Shareholders' Funds			
a. Share Capital	3	852.00	852.00
b. Reserves and Surplus	4	745.75	729.91
		<b>1,597.75</b>	<b>1,581.91</b>
2. Non-Current Liabilities			
a. Long-term Borrowings	5	21.38	-
b. Other Long-term Liabilities	6	44.00	43.50
		<b>65.38</b>	<b>43.50</b>
3. Current Liabilities			
a. Short-term Borrowings	7	739.11	415.33
b. Trade Payables	8	727.75	667.03
c. Other Current Liabilities	9	157.76	178.21
d. Short-term Provisions	10	53.41	57.41
		<b>1,678.02</b>	<b>1,317.98</b>
<b>TOTAL</b>		<b>3,341.15</b>	<b>2,943.38</b>
<b>II. Assets</b>			
1. Non-Current Assets			
a. Fixed Assets	11		
i. Tangible Assets		744.88	657.16
ii. Intangible Assets		4.87	5.96
iii. Capital Work-in-Progress		8.53	-
iv. Intangible Assets Under Development		17.69	17.69
Total (a)		<b>775.98</b>	<b>680.81</b>
b. Deferred Tax Assets (Net)	12	<b>170.80</b>	<b>170.80</b>
c. Long-term Loans and Advances*	13	<b>249.66</b>	<b>203.35</b>
2. Current Assets			
a. Current Investments	14	2.34	2.34
b. Inventories	15	1,190.65	1,019.27
c. Trade Receivables	16	672.29	654.33
d. Cash and Bank Balances	17	14.54	47.48
e. Short-term Loans and Advances*	18	183.11	122.27
f. Other Current Assets*	19	81.78	42.72
		<b>2,144.71</b>	<b>1888.41</b>
<b>TOTAL</b>		<b>3,341.15</b>	<b>2,943.38</b>



**Statement of Profit and Loss for the Year Ended**

(₹ In Lacs)

Sr. No.	Particulars (Refer Notes Below)	Notes	31.03.2012 Audited	31.03.2011 Audited
1	<b>Income from operations</b>			
	(a) Net sales/ income from operations (Net of excise duty)		4,118.33	3,083.58
	(b) Other operating income		82.41	18.86
	<b>Total income from operations (net)</b>	20	<b>4,200.74</b>	<b>3,102.44</b>
2	<b>Expenses</b>			
	(a) Cost of materials consumed	22	1,856.40	1,381.04
	(b) Purchases of stock-in-trade		19.54	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(313.39)	(418.71)
	(d) Employee benefits expense	24	471.90	369.70
	(e) Depreciation and amortisation expense		77.98	68.67
	(f) Other expenses	25	1,995.26	1,570.03
	<b>Total Expenses</b>		<b>4,107.69</b>	<b>2,970.73</b>
3	<b>Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>		<b>93.05</b>	<b>131.71</b>
4	Other income	21	64.92	58.29
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)</b>		<b>157.97</b>	<b>190.00</b>
6	Finance costs	26	77.66	39.57
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 + 6)</b>		<b>80.31</b>	<b>150.43</b>
8	Exceptional items		-	-
9	<b>Profit / (Loss) from ordinary activities before tax (7 + 8)</b>		<b>80.31</b>	<b>150.43</b>
10	Tax expense			
	Current Tax		15.40	30.75
	Income Tax provisions for earlier year's written back		(0.44)	-
11	<b>Net Profit / (Loss) from ordinary activities after tax (9 + 10)</b>		<b>65.36</b>	<b>119.68</b>
12	Extraordinary items (net of tax expense ₹ _____ Lacs)		-	-
13	<b>Net Profit / (Loss) for the period (11 + 12)</b>		<b>65.36</b>	<b>119.68</b>
14	Share of profit / (loss) of associates		-	-
15	Minority interest		-	-
16	<b>Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 + 14 + 15)</b>		<b>65.36</b>	<b>119.68</b>
17	Paid-up equity share capital (Face Value of the Share shall be indicated)		852.00	852.00
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year		745.75	729.91
19.i	<b>Earnings per share (before extraordinary items) (of ₹ 10/- each) (not annualised):</b>			
	(a) Basic		0.77	1.40
	(b) Diluted		0.77	1.40
19.ii	<b>Earnings per share (after extraordinary items) (of ₹ 10/- each) (not annualised):</b>			
	(a) Basic		0.77	1.40
	(b) Diluted		0.77	1.40

See accompanying note to the financial results



Cash Flow Statement for the year ended 31st March, 2012

(₹ In Lacs)

PARTICULARS	31.03.2012 (AUDITED)	31.03.2011 (AUDITED)
<b>A. Cash flow from operating activities</b>		
Net Profit before Tax	80.31	150.42
<b>Adjustments for -</b>		
Depreciation and Amortisation Expense	77.98	68.67
Interest Income	(4.21)	(8.02)
Interest Expense	77.66	39.57
Dividend Received	(0.10)	(0.09)
<b>Operating profit before working capital changes</b>	<b>231.64</b>	<b>250.55</b>
<b>Adjustments for -</b>		
Trade and Other Receivables	(158.65)	233.58
Inventories	(171.38)	(571.06)
Trade and Other Payables	36.26	67.33
<b>Cash generated from operations</b>	<b>(62.13)</b>	<b>(19.60)</b>
Direct Taxes paid (net of refund of taxes)	(14.96)	(30.75)
<b>Net cash from operating activities (A)</b>	<b>(77.09)</b>	<b>(50.35)</b>
<b>B. Cash flow from investing activities</b>		
Purchases of Fixed Assets	(173.14)	(132.03)
Sale of Fixed Assets	-	-
Dividend Received	0.10	0.09
Interest received	4.21	8.02
<b>Net cash used in investing activities (B)</b>	<b>(168.83)</b>	<b>(123.92)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of Share Capital	-	-
Proceeds from Long-term Borrowings	21.38	-
Repayment of Long-term Borrowings	-	-
Proceeds from/(Repayment of) Short-term Borrowings	323.78	204.25
Dividend paid	(42.60)	-
Expenses in connection with the Right Issue	(5.01)	(1.00)
Tax paid on Dividend	(6.91)	-
Interest paid	(77.66)	(39.57)
<b>Net cash used in financing activities (C)</b>	<b>212.98</b>	<b>163.68</b>
Net increase/(decrease) in cash and cash equivalents	(32.94)	(10.59)
Cash and Cash Equivalents - Opening Balance	47.48	58.07
Cash and Cash Equivalents - Closing Balance [Refer Note below]	14.54	47.48

**Notes:**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements, notified under sub-section (3C) of Section 211 of the Companies Act, 1956.
2. Previous year figures have been regrouped where necessary.

**For CHATURVEDI & CO.**  
Chartered Accountants  
(Registration No.302137E)

(S.N. Chaturvedi)  
Partner  
Membership Number: 040479

Place: Mumbai  
Date : May 29, 2012



## Notes forming part of the Financial Statements for the year ended 31st March, 2012

### 1. Corporate information

Suditi Industries Limited (the 'company') was incorporated on 12th September, 1991 as Suditi Hosiery Processors Limited. The name of the company was subsequently changed to Suditi Industries Limited on 21st October, 1994.

The company is in the business of processing and manufacturing of knitted hosiery fabrics and readymade garments. The company also has started business in retail sector.

### 2. Significant Accounting Policies

#### 1. Basis of Preparation

The financial statements are prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. The financial statements are prepared to comply in all material aspects with the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') and the other relevant provisions of the Act.

All assets and liabilities are classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2. The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 3. Inventories

Inventories are valued at lower of cost and net realisable value. Raw Materials Stores and spares and Packing Material is determined on cost basis.

Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the company. The cost formula used for determination of cost is on FIFO basis.

#### 4. Cash Flow

The cash flow statement is prepared by the "Indirect Method" set out in Accounting Standard (AS) –3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and cash equivalents presented in the Cash Flow Statement consists of cash on hand and deposits with banks.

#### 5. Depreciation / Amortisation

- a) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956.
- b) Depreciation on fixed assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.



## 6. Revenue Recognition

### (a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from domestic sales is recognised on delivery of products to customers, from the factories and depots of the Company. Revenue from export sales is recognised when the significant risks and rewards of ownership of products are transferred to the customers, which is based upon the terms of the applicable contract. Revenue from sale of goods has been presented both gross and net of excise duty.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances. The finished goods include Fabrics and Grey cloth which are exempted from Excise duty and Branded Apparels & Garments on which Excise duty is applicable.

### (b) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

## 7. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment loss. Cost comprises of purchase/acquisition price, taxes (net of CENVAT and MVAT credit availed), borrowing costs and any directly attributable cost for bringing the asset to its working condition for its intended use.

Assets costing ₹ 5,000 or less are fully depreciated in the year of acquisition.

## 8. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transaction. Foreign currency denominated current assets and current liabilities are translated at the year-end exchange rates. The resulting gain/loss is recognised in the Profit & Loss account.

Foreign Currency liabilities incurred for the acquisition of fixed assets are translated at exchange rates prevailing on the last working day of the accounting year. The resulting gain/loss is recognised in the Profit & Loss account.

## 9. Government Grants

Capital grants relating to fixed assets are reduced from the gross value of fixed assets. Other capital grants are credited to capital reserve. Revenue grants are credited in profit and loss account or deducted from related expenses.

## 10. Investments

Long-term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of Long term Investments. Current Investments are stated at lower of cost and fair value.

## 11. Employee Benefits

### (i) Short-term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term



employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period.

(ii) Long-term Employee Benefits

(a) Defined Contribution Plans

Provident Fund

Provident Fund contributions are made to P.F. authorities administered by the Central Government. P.F. authorities make investment and are settling member's claims.

(b) Defined Benefit Plan

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; such benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation under such defined plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The appropriate discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) Other Long-term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the long term risk free investments as at the balance sheet date.

12. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard (AS) – 16 on "Borrowing Costs" are capitalized as part of the cost of such assets up to the date when the asset is ready for its intended use.

Other borrowing costs are expensed as incurred.

13. Segment Reporting

The company is presently engaged in the business of manufacturing and processing of knitted hosiery fabrics and readymade garments. Disclosures relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS) – 17 issued by The Institute of Chartered Accountants of India have been made for a single product and for two geographical segments—local & exports.



14. Leases

Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

15. Earnings Per Share

Basic and diluted earnings per share have been computed by dividing net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding for the period in accordance with AS-20, "Earnings per Share" issued by The Institute of Chartered Accountants of India.

16. Taxes on Income

Income tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. The deferred tax assets and liabilities are calculated on the accumulated timing difference at the end of an accounting period based on prevailing enacted tax rates. Deferred tax assets are not recognised on un-absorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

17. Expenditure on Research and Development

Revenue expenditure is recognised as expense in the year in which it is incurred and the expenditure on capital assets is depreciated over the useful lives of the assets.

18. Impairment

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the same is appropriately dealt within the books after determining to the extent of impairment of loss.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

19. Contingent Liabilities

Contingent liabilities as defined in Accounting Standard (AS) – 29 on "Provisions, contingent liabilities and contingent assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

20. Custom duty

Custom duty payable on imported Raw materials, components, stores/spares etc. is recognised to the extent assessed and charged by the customs department.

21. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.





### 3. Share Capital

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Authorised Capital</b>		
18000000 Equity Shares of ₹ 10 each	1800.00	1800.00
<b>Issued, Subscribed and Paid-up</b>		
8520000 Equity Shares of ₹ 10 each, fully paid up	852.00	852.00

#### (a) Reconciliation of Number of Shares

Particulars	31.03.2012		31.03.2011	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Number of shares outstanding as at the beginning of the year	8520000	852.00	8520000	852.00
Add: Shares issued on conversion of Share Warrants	0	0.00	0	0.00
Add: Shares allotted under the Employee Stock Option Plan	0	0.00	0	0.00
Number of shares outstanding as at the end of the year	<b>8520000</b>	<b>852.00</b>	<b>8520000</b>	<b>852.00</b>

(b) The company has only one class of shares i.e. Equity Shares having a face value of ₹ 10 each. Each shareholder is eligible for one vote per share held.

#### (c) List of shareholders holding more than 5% shares as at the Balance Sheet date

Particulars	31.03.2012		31.03.2011	
	No. of Shares	% of holding	No. of Shares	% of holding
Pavan Kishorilal Agarwal	1581800	18.566	1172800	13.765
Gowind Agarwal	880000	10.329	880000	10.329
Kishorilal Agarwal	780000	9.155	780000	9.155
Anand Agarwal	536500	6.297	536500	6.297

#### (d) Shares reserved for issue under options

960000 shares are to be issued under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual General Meeting held on 2nd, September, 2011.

(e) The company has decided to implement its proposal for rights issue of equity shares pursuant to a resolution passed in its Board of Directors' meeting held on 19th May, 2011.

(f) Shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012).

There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2012).

### 4. Reserves and Surplus

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	729.91	610.23
Profit for the year	65.35	119.67
	<b>795.26</b>	<b>729.91</b>
<b>Less: Appropriations</b>		
Proposed Dividend	42.60	-



Tax on Proposed Dividend	6.91	-
<b>Balance as at the end of the year</b>	<b>745.75</b>	<b>729.91</b>

5. Long-term Borrowings		
(₹ In Lacs)		
Particulars	31.03.2012	31.03.2011
Secured		
Term Loans from Bank	21.38	-
<b>TOTAL</b>	<b>21.38</b>	<b>-</b>

(a) Nature of security and terms of repayment for secured borrowings

- (i) Terms Loans from Banks are secured by hypothecation of specific assets purchased under loans. The loan is collaterally secured by Land and Building and Plant and machinery located at Turbhe-Mahape Plant, Navi Mumbai.
- (ii) Repayable is in 57 Monthly Installments beginning after three months from the time loan is taken along with interest @ rate of 13.75% p.a.

The total term loan of ₹113.00 Lacs is sanctioned by the bank out of which the company has availed the loan amounting to ₹21.36 Lacs on 29th March, 2012 and bank has debited interest of ₹0.02 Lacs till 31st March, 2012.

6. Other Long-term Liabilities		
(₹ In Lacs)		
Particulars	31.03.2012	31.03.2011
Security Deposit	44.00	43.50
<b>TOTAL</b>	<b>44.00</b>	<b>43.50</b>

7. Short-term Borrowings		
(₹ In Lacs)		
Particulars	31.03.2012	31.03.2011
Loan repayable on demand from bank		
Secured	739.11	415.33
<b>TOTAL</b>	<b>739.11</b>	<b>415.33</b>

Rate of interest charged for the working capital borrowing is 13.75% p.a. Working capital loan is secured by hypothecation of inventories and book debts. The loan is collaterally secured by Land & Building and Plant & machinery located at Turbhe-Mahape, Navi Mumbai.

8. Trade Payables		
(₹ In Lacs)		
Particulars	31.03.2012	31.03.2011
Micro and Small Enterprises*	70.49	95.36
Others	657.27	571.68
<b>TOTAL</b>	<b>727.75</b>	<b>667.03</b>

\*Micro and Small Enterprises

i. Principal Amount Remaining unpaid	70.49	95.36
ii. Interest	Nil	Nil
iii.Total of a & b	70.49	95.36
iv.Interest in term of sec 16	Nil	Nil
v.Interest due & payable for the period of delay in payment	Nil	Nil
vi.Interest accrued & remaining unpaid	Nil	Nil
vii.Interest due & payable even in succeeding years	Nil	Nil



Note: There are no delayed payments to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 during the year. Further, there are no dues to such parties which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the company. This has been relied upon by the auditors.

9. Other Current Liabilities

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Other payables</b>		
ESIC	1.33	1.16
Provident fund	3.13	3.25
Salary & remuneration	29.46	15.91
Sales tax	-	45.51
TDS	6.54	7.01
Gratuity	1.63	6.16
Professional tax	0.40	0.66
Security Deposits	10.00	-
Dividend Payable	42.60	-
Advances from customers	62.66	98.56
<b>TOTAL</b>	<b>157.76</b>	<b>178.21</b>

There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Act as at the year end.

10. Short-term Provisions

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Provision for employee benefits</b>		
Bonus payable	7.97	3.57
Leave salary	24.03	18.31
	<b>31.99</b>	<b>21.88</b>
<b>Provision others</b>		
Provision for expenses	21.41	35.33
<b>TOTAL</b>	<b>53.41</b>	<b>57.41</b>



11. Fixed Assets

(₹ In Lacs)

Sr.No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.2011	Additions	Deduction/ Adjustments	As at 31.03.2012	For the Period	Deduction/ Adjustments	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets</b>									
1	Land (Leasehold)	16.42	-	-	16.42	-	-	16.42	16.42
2	Building	162.15	39.48	-	201.63	5.63	96.35	105.27	71.43
3	Plant & Machinery	2,718.21	43.90	1.34	2,760.77	47.52	2,393.17	367.60	372.56
4	Furniture & Fixtures	139.69	34.20	12.00	161.88	5.81	66.28	95.60	79.22
5	Office & Other Equip.	49.39	2.45	0.15	51.69	2.41	25.90	25.79	25.90
6	Computers	59.55	44.10	-	103.65	7.81	42.03	61.62	25.33
7	Electrical Installation	91.11	8.19	0.18	99.12	4.41	55.43	43.69	40.08
8	Vehicles	31.57	5.96	-	37.53	3.29	8.64	28.89	26.22
	<b>Intangible Assets</b>	<b>3,268.08</b>	<b>178.28</b>	<b>13.66</b>	<b>3,432.69</b>	<b>76.89</b>	<b>2,687.81</b>	<b>744.88</b>	<b>657.16</b>
1	Software	6.74	-	-	6.74	1.09	1.87	4.87	5.96
	Previous Year	<b>3,274.82</b>	<b>178.28</b>	<b>13.66</b>	<b>3,439.43</b>	<b>77.98</b>	<b>2,689.67</b>	<b>749.75</b>	<b>663.12</b>
	Capital Work In Progress	3,160.48	114.33	-	3,274.82	68.67	2,611.70	663.12	617.46
	<b>Intangible Assets Under Development</b>							8.53	17.69



12. Deferred tax (liability) / asset

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	47.69	41.64
On expenditure deferred in the books but allowable for tax purposes	5.50	6.27
<b>Tax effect of items constituting deferred tax liability</b>	<b>53.18</b>	<b>47.91</b>
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	1.80	0.68
Unabsorbed depreciation carried forward	251.48	275.71
Brought forward business losses	-	98.90
<b>Tax effect of items constituting deferred tax assets</b>	<b>253.28</b>	<b>375.29</b>
<b>Net deferred tax (liability) / asset</b>	<b>200.09</b>	<b>327.39</b>

In terms of Accounting Standard 22 “Accounting for Taxes on Income” issued by The Institute of Chartered Accountants of India, the Company has computed Net Deferred Tax Asset for the F.Y. 2011-2012 amounting to ₹200.09 Lacs (previous year ₹327.39 Lacs). The Management does not consider it appropriate to account for the Net Deferred Tax Asset due to uncertainty of future profits. Hence, the previous outstanding balance (₹ 170.80 Lacs) in the account has been continued for the current year.

13. Long-term Loans and Advances

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	27.92	27.92
<b>Security Deposits</b>		
Considered Good	215.73	174.44
	<b>243.65</b>	<b>202.35</b>
Other Loans and Advances	6.01	1.00
<b>TOTAL</b>	<b>249.66</b>	<b>203.35</b>

14. Current Investments

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Investments Equity Shares of IDBI Bank Ltd (Quoted)		
[2880 (Including Bonus Shares issues of 1080 shares)] (Aggregate Market Value ₹ 3,01,536/- P.Y. ₹4,10,256/-)	2.34	2.34
<b>TOTAL</b>	<b>2.34</b>	<b>2.34</b>

15. Inventories

(At lower of cost and net realisable value)

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Raw Materials	257.74	411.69
Work in Progress	88.41	22.93
Finished Goods	742.57	513.79
Stock In Trade	19.14	-
Stores and Spares	78.37	68.71
Fuel & Oil	4.43	2.15
<b>TOTAL</b>	<b>1,190.65</b>	<b>1,019.27</b>



16. Trade Receivables

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, Considered Good	214.63	250.69
<b>Less: Provision for Doubtful Debts</b>	-	-
	<b>214.63</b>	<b>250.69</b>
<b>Others</b>		
Unsecured, Considered Good	457.66	403.64
<b>TOTAL</b>	<b>672.29</b>	<b>654.33</b>

17. Cash and Bank Balances

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
Current Accounts	5.93	2.43
Deposit Accounts	-	25.00
	<b>5.93</b>	<b>27.43</b>
Cash on Hand	8.61	20.05
<b>TOTAL</b>	<b>14.54</b>	<b>47.48</b>

18. Short-term Loans and Advances  
(Unsecured, Considered Good)

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Loans and advances to employees	11.54	0.24
Prepaid expenses	2.97	3.34
<b>Balances with government authorities</b>		
Central Excise and Customs	24.72	5.98
Service Tax	0.30	-
Sales tax Refund and Set-off	41.54	41.82
Income Tax (Net)	93.81	59.15
Loans and advances to Others	1.21	-
Advances to Suppliers	7.01	11.73
<b>TOTAL</b>	<b>183.11</b>	<b>122.27</b>

19. Other Current Assets

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Others</b>		
Receivable in Cash or Kind	81.78	42.72
<b>TOTAL</b>	<b>81.78</b>	<b>42.72</b>

20. Revenue from Operations

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Sale of products (Refer Note (i) below)	4,302.56	3,240.48
Sale of services (Refer Note (ii) below)	0.33	1.56
Other operating revenues (Refer Note (iii) below)	82.41	18.86
<b>Revenue from Operations (Gross)</b>	<b>4,385.29</b>	<b>3,260.90</b>
Less: Excise Duty	184.56	158.46
<b>Revenue from Operations (Net)</b>	<b>4,200.73</b>	<b>3,102.44</b>



Notes:

(₹ In Lacs)

Sr. No.	Particulars	31.03.2012	31.03.2011
(i)	<b>Sale of products:</b>		
	Manufactured Goods		
	Knitted Fabrics	2,576.04	2,056.11
	Garments & Apparels	1,726.10	1,184.01
		4,302.14	3,240.12
	Traded Goods		
	Trading Goods	0.42	0.36
	<b>TOTAL</b>	<b>4,302.56</b>	<b>3,240.48</b>
(ii)	Sale of services:		
	Commission	0.33	1.56
	<b>TOTAL</b>	<b>0.33</b>	<b>1.56</b>
(iii)	Other operating revenues:		
	Scrap Sales	81.19	18.24
	Duty Drawback	1.22	0.63
	<b>TOTAL</b>	<b>82.41</b>	<b>18.86</b>

21. Other Income

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Interest Income from Banks on Deposits	1.79	1.25
Interest on Income Tax Refund	0.42	4.77
Interest on loans and advances	1.35	-
Interest on overdue trade receivables	0.58	0.66
Other Interest	0.07	1.35
	<b>4.21</b>	<b>8.02</b>
Dividend Income	0.10	0.09
Other Income	60.62	50.18
<b>TOTAL</b>	<b>64.92</b>	<b>58.29</b>

22. Cost of Materials consumed

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Opening stock	411.69	245.20
Add: Purchases	1,702.45	1,547.54
Less: Closing stock	257.74	411.69
<b>TOTAL</b>	<b>1,856.40</b>	<b>1,381.04</b>
Material consumed:		
Chemicals	358.61	354.31
Dyes	178.15	168.39
Yarn & Fabric	1,136.09	791.61
Other Raw Materials	183.56	66.73
<b>TOTAL</b>	<b>1,856.40</b>	<b>1,381.04</b>



23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
<b>Inventories at the end of the year:</b>		
Finished goods	742.57	513.79
Work-in-progress	88.41	22.93
Stock-in-trade	19.14	-
<b>TOTAL (A)</b>	<b>850.11</b>	<b>536.73</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	513.79	0.92
Work-in-progress	22.93	117.10
Stock-in-trade	-	-
<b>TOTAL (B)</b>	<b>536.73</b>	<b>118.01</b>
<b>TOTAL (B) – (A)</b>	<b>(313.39)</b>	<b>(418.71)</b>

24. Employee Benefits Expense

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Salaries and wages	417.47	328.08
Contributions to provident and other funds	20.55	14.86
Expense on employee stock option (ESOP) scheme	2.85	-
Staff welfare expenses	31.03	26.77
<b>TOTAL</b>	<b>471.90</b>	<b>369.70</b>

25. Other Expenses

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Stores & Spares Consumable	161.50	183.57
Consumption Of Packing Materials	69.02	52.37
Sub Contracting	483.69	362.65
Power & Fuel	553.26	461.22
Water	67.80	77.45
Rent Including Lease Rentals	100.44	56.94
Repair & Maintenance:		
Building	15.28	6.17
Machinery	19.73	21.82
Others	31.30	23.45
Insurance	9.48	2.78
Garment Expenses	20.26	3.68
Rates & Taxes	37.99	21.91
Communication	20.96	10.36
Travelling & Conveyance	68.08	30.46
Printing & Stationery	11.51	12.39
Freight & Forwarding	1.00	0.58
Sales Commission	23.37	17.70
Business Promotion Expenses	53.03	13.82
Donations & Contributions	0.02	0.08
Legal & Professional	51.89	26.95
Statutory Auditors Remuneration	2.81	1.65
Transportation Charges	50.29	60.90





Bank Charges, Commission & Others	44.12	8.20
Advertisement Expenses	14.12	10.67
Motor Car Expenses	15.84	13.01
Security Charges	25.45	23.59
Registrar & Transfer Expenses	0.74	0.47
Subscription & Membership	0.56	0.34
Sundry Balance W/Off	0.79	21.92
Prior Period Expenses	3.03	8.62
Miscellaneous Expenses	37.91	34.34
<b>TOTAL</b>	<b>1,995.26</b>	<b>1,570.03</b>

#### 26. Finance Costs

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Interest Expenses on:		
Borrowings	74.69	36.41
Trade Payables	2.79	3.16
Others		
Interest on delayed / deferred payment of income tax	0.18	-
<b>TOTAL</b>	<b>77.66</b>	<b>39.57</b>

#### 27. Auditors' Remuneration

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Statutory Audit Fees	2.53	1.38
Tax Audit Fees	0.28	0.28
Other Services	1.17	0.41
Reimbursement of Expenses	0.44	0.16
<b>TOTAL</b>	<b>4.41</b>	<b>2.23</b>

#### 28. Proposed Dividend

Particulars	31.03.2012	31.03.2011
Proposed Dividend (₹ in Lacs)	42.60	-
Number of shares outstanding as at the end of the year	85,20,000	85,20,000
Dividend per Share (₹ per Equity Share of ₹ 10 each)	0.50	-

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

#### 29. Employees' Stock Option Plan 2011

Pursuant to a special resolution passed by the Shareholders at the 20th Annual General Meeting held on 2nd September, 2011 the company adopted the Employee Stock Option Scheme titled 'SUDITI EMPLOYEES' STOCK OPTION PLAN, 2011(SUDITI ESOP 2011) for employees and directors of the company. The said Issue has been approved by Bombay Stock Exchange Limited on 13th March, 2012 in pursuance to guidelines issued by SEBI (ESOS and ESOS) Guidelines, 1999 with maximum issue and allotment of 9,60,000 Equity Shares and the company is required to complete and comply with all related terms and conditions stipulated in the sanction letter.



### 30. Proposed Rights Issue

The proposal of Rights Issue is presented and approved by the Board of Directors of the Company in its meeting held on 19th May, 2011. The said proposal has also been sanctioned by the Bombay Stock Exchange Limited vide their letter dt.17th June, 2011. The draft Offer Document prepared by the Lead Manager to the Rights Issue had been filed with SEBI and their observations are in the process of being responded.

### 31. Consumption of Raw, Stores & Spares and Packing Materials

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	₹ In Lacs	Quantity	₹ In Lacs
<b>Inventories at the end of the year:</b>					
Chemicals			358.61		354.31
Dyes			178.15		168.39
Yarn & Fabric	<b>Kgs.</b>	<b>565,977</b>	1,136.09	499,852	791.61
Other Raw Materials			183.56		66.73
Stores & Spares			161.50		183.57
Packing Materials			69.02		52.37
<b>TOTAL</b>			<b>2,086.92</b>		<b>1,616.98</b>
		<b>%</b>	<b>₹ In Lacs</b>	<b>%</b>	<b>₹ In Lacs</b>
Imported		0.50	10.42	1.03	16.74
Indigenous		99.50	2,076.50	98.97	1,600.25
<b>TOTAL</b>		<b>100.00</b>	<b>2,086.92</b>	<b>100.00</b>	<b>1,616.98</b>

**Note:**

- (a) The above details of consumption consists of Raw materials which are consumed directly for manufacture of finished product and other items which are indirectly related to manufacture of finished products, i.e. stores, spares and packing materials.

### 32. Opening Stock

Sr. No.	Particulars	Unit	31.03.2012		31.03.2011	
			Quantity	₹ In Lacs	Quantity	₹ In Lacs
1.	Yarn	Kgs	93,496	140.16	38,335	56.98
2.	Grey fabric	Kgs	99,548	239.19	110,429	161.09
3.	Chemicals		-	17.59	-	13.81
4.	Stores, Spares & Other items		-	61.92	-	81.48
5.	Packing Materials		-	11.21	-	3.51
6.	Dyes		-	12.47	-	13.32
7.	Stock in trade		-	-	-	-
8.	Work in Progress	Kgs	9,265	22.93	43,109	117.10
9.	Finished Goods					
	Finished Fabric	Kgs	32,201	105.66	886	0.40
	Finished Garments	Pcs	318,361	408.14	2,725	0.52
	<b>TOTAL</b>			<b>1,019.27</b>		<b>448.21</b>

### 33. Sales\*

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	₹ In Lacs	Quantity	₹ In Lacs
Processed Fabric	Kgs	2,976,547	2,567.04	2,578,939	2,057.95
Ready Made Garments	Pcs	903,718	1,251.76	756,371	922.42
Garments & Apparels (Retail Division)	Pcs	62,427	298.78	24,727	101.29



Trading Sales		-	0.42	-	0.36
<b>TOTAL</b>			<b>4118.00</b>		<b>3,082.02</b>

\*Sales figures are net off excise liabilities.

#### 34. Purchase of Stock-in-trade

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	₹ In Lacs	Quantity	₹ In Lacs
Purchases - Footwear	Pcs	7,200	19.38	-	-
Purchases - Items related with hospitality	Nos	41	0.16	-	-
<b>TOTAL</b>			<b>19.54</b>		<b>-</b>

#### 35. Closing Stock

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	₹ In Lacs	Quantity	₹ In Lacs
Yarn	Kgs	26,641	54.95	93,496	140.16
Grey fabric	Kgs	67,570	165.46	99,548	239.19
Chemicals			14.80		17.59
Stores, Spares & Other items			79.70		61.92
Packing Materials			10.26		11.21
Dyes			15.36		12.47
Stock in trade (Footwear)	Pcs	7,112	19.14	-	-
Work in Progress	Kgs	19,324	61.70	9,265	22.93
	Pcs	60,934	26.71	-	-
Finished Goods					
-Finished Fabric	Kgs	32,898	82.46	32,201	105.66
-Finished Garments	Pcs	300,200	660.11	318,361	408.14
<b>TOTAL</b>			<b>1,190.65</b>		<b>1,019.27</b>

#### 36. CIF Value of Imports

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Components and Spare Parts	10.42	16.74
Capital Goods	1.41	8.25
<b>TOTAL</b>	<b>11.83</b>	<b>24.99</b>

#### 37. Expenditure in Foreign Currency

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Travelling	2.69	0.82
Others	7.76	-
<b>TOTAL</b>	<b>10.45</b>	<b>0.82</b>



### 38. Earnings in Foreign Exchange

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
FOB Value of Exports	32.57	9.01
<b>TOTAL</b>	<b>32.57</b>	<b>9.01</b>

### 39. Forward Contracts and Unhedged Foreign Currency Outstanding Balances

The company has not executed any forward contract for hedging exchange rate risk, the outstanding unhedged foreign currency

- (a) The foreign currency outstanding balances that have not been hedged by any derivative instrument or otherwise as at the Balance Sheet date are as follows:

Particulars	31.03.2012		31.03.2011	
	Amount (in Foreign Currency)	Amount (Rupees in Lacs)	Amount (in Foreign Currency)	Amount (Rupees in Lacs)
<b>Receivables</b>				
US Dollar	34,429	16.46	19,350	8.73
Euro	1,001	0.72	1,001	0.72

Payables#

# There is no amount payable in foreign currency outstanding as on 31st March, 2012.

### 40. Employee Benefits

The company has classified various employee benefits as under:

- (A) Defined Contribution Plans

The company has recognised the following amounts in the Statement of Profit and Loss for the year:

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
Contribution to Provident Fund	15.05	9.35
Contribution to Employees' State Insurance Scheme	8.26	6.51
<b>TOTAL</b>	<b>23.31</b>	<b>15.86</b>

- (B) Defined Benefit Plan

Valuation in respect of Gratuity has been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	31.03.2012		31.03.2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Discount Rate (per annum)	8.65%	8.65%	8.25%	8.25%
Rate of increase in Compensation Levels	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	-	8.50%	-	8.00%



Expected Average remaining working lives of employees in number of years	-	31.75	-	31.75
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(i) Changes in the Present Value of Obligation

(₹ In Lacs)

Particulars	31.03.2012		31.03.2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Opening Present Value of Obligation	18.31	19.38	7.69	14.85
Interest Cost	2.16	1.72	0.60	1.10
Past Service Cost	-	-	-	1.58
Current Service Cost	8.92	3.20	2.08	1.37
Benefits Paid	(2.07)	(3.23)	(3.58)	(1.81)
Actuarial Gain/(Loss)	(3.29)	1.79	11.53	2.29
Closing Present Value of Obligation	24.03	22.87	18.31	19.38

(ii) Changes in the Fair Value of Plan Assets

(₹ In Lacs)

Particulars	31.03.2012		31.03.2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Opening Fair Value of Plan Assets	-	9.96	-	10.94
Expected Return on Plan Assets	-	1.27	-	0.83
Actuarial Gain/(Loss)	-	(0.05)	-	-
Employers' Contributions	-	13.28	-	-
Benefits Paid	-	(3.23)	-	(1.81)
Closing Fair Value of Plan Assets	-	21.24	-	9.96

(iii) Amount recognised in the Balance Sheet

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
	Gratuity	Gratuity
Present Value of Obligation as at the year end	22.87	19.39
Fair Value of Plan Assets as at the year end	21.24	9.96
(Asset)/Liability recognised in the Balance Sheet	1.63	9.42

(iv) Expenses recognised in the Statement of Profit and Loss

(₹ In Lacs)

Particulars	31.03.2012		31.03.2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
Current Service Cost	8.92	3.21	2.08	1.37
Past Service Cost	-	-	-	1.58
Interest Cost	2.16	1.73	0.60	1.10
Expected Return on Plan Assets	-	(1.27)	-	(0.83)
Net Actuarial Gain/(Loss)	(3.29)	1.83	11.53	2.29
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>7.79</b>	<b>5.49</b>	<b>14.20</b>	<b>5.51</b>



**NOTES:**

- i. Leave Encashment liability is determined by an independent actuary and relevant provisions are made in the books of account. The payment towards the liability is made by the company as and when the employee becomes eligible to claim the encashment.
- ii. The liability towards gratuity is determined by an independent actuary and the relevant amounts towards gratuity liability are paid by the company to the "Suditi Employees Group Gratuity Trust". The said Trust administers the scheme.

41. Segment Information

(A) Information in respect of Primary Segments Refer Note (a) below

(B) Information in respect of Secondary Segments

Particulars	₹ In Lacs	
	31.03.2012	31.03.2011
<b>Segment Revenue</b>		
-India	4,168.17	3,093.43
-Other Countries	32.56	9.01
<b>(Net of Excise)</b>	<b>4,200.73</b>	<b>3,102.44</b>
<b>Carrying Amount of Segment Assets</b>		
-India	3,439.43	3,274.82
-Other Countries	-	-
	<b>3,439.43</b>	<b>3,274.82</b>
<b>Capital Expenditure</b>		
-India	178.28	2,611.70
-Other Countries	-	-
	<b>178.28</b>	<b>2,611.70</b>

Notes:

- (a) The primary reporting of the company is based on the business segment. The company has no substantial amount of business in other segment except manufacturing of knitted hosiery fabrics and readymade garments. During the year the company has provided service through buying house agency and received commission of ₹0.33 Lacs only.
- (b) Secondary segment reporting is based on the geographical location of customers. Revenue is segregated in to two segments namely India and Other Countries for the purpose of reporting geographical segments.
- (c) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 2.
- (d) In the opinion of the Company it is not practicable to provide segment wise disclosure relating to the Capital Employed as it cannot be bifurcated between segments considering the nature of production facilities which are common and combined for all the segments.

42. Related Party Disclosures

Related parties with whom the company had transactions during year

(a) Key Management Personnel

1. Mr. Pawan Agarwal - Chairman and Managing Director



2. Relatives of Key Management Personnel:

1. Mr. Kishorilal Agarwal (Father)
2. Mr. Anand Agarwal (Brother)
3. Mr. Rajendra Agarwal (Brother)
4. Mrs. Pramila Agarwal (Wife of Anand Agarwal)
5. Mrs. Shalini Agarwal (Wife of Pawan Agarwal)

(b) Enterprises under Common control of the Promoters:

1. BLR Knits Pvt. Ltd.
2. Intime Knits Pvt. Ltd.
3. Black Gold Leasing Pvt. Ltd.

Disclosure of transactions between the company and related parties

A) Key Management Personnel – Remuneration

Particulars	₹ in Lacs	
	31.03.2012	31.03.2011
1. Mr. Pawan Agarwal	8.58	8.68
<b>TOTAL</b>	<b>8.58</b>	<b>8.68</b>

B) Enterprises under Common control of the Promoters

Particulars	₹ in Lacs	
	31.03.2012	31.03.2011
a) Sale of Goods		
1. Intime Knits Pvt. Ltd.	207.38	171.93
b) Purchase of Goods		
1. Intime Knits Pvt. Ltd.	19.66	-
c) Payment for Services Rendered		
1. Intime Knits Pvt. Ltd.	1.80	1.80
2. Black Gold Leasing Pvt. Ltd.	42.67	35.94
d) Balance Outstanding as at the year end		
1. BLR Knits Pvt. Ltd. (Receivable)	-	0.95
2. Intime Knits Pvt. Ltd. (Net Receivable)	33.83	65.74
3. Black Gold Leasing Pvt. Ltd. (Deposits Payables)	123.81	100.80

43. Leases

(I) Disclosures for Finance Leases

The company has not entered into any finance lease arrangement during the year.

(II) Disclosures for Operating Leases

Disclosures in respect of premises taken on lease

Particulars	₹ in Lacs	
	31.03.2012	31.03.2011
a. Lease payments recognised in the Statement of Profit and Loss	100.44	56.94
b. Significant leasing arrangements The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc.		



i) Terms of Leases (Renewal of lease terms after first 3 years)	3 - 9 year	3 - 9 year
ii) Incremental / Escalation rate after every 3 years term	12%-15%	12%-15%
iii) Terms of cancellation (By issuing notice varying from 1-3 months subject to locking period or on expiry of the term of agreement)		
c. Future minimum lease payments under non cancellable agreements		
i) Not later than one year	96.13	72.45
ii) Later than one year and not later than five years	221.14	99.77
iii) Later than five years	-	-
<b>TOTAL</b>	<b>317.27</b>	<b>172.22</b>

#### 44. Earnings per Share

Basic earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year. Diluted earnings per share has been calculated by dividing profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. Dilutive potential equity shares that have been converted in to equity shares during the year are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion and from the date of conversion, the resulting equity shares are included in computing both basic and diluted earnings per share. Earnings per Share have been computed as under:

Particulars	31.03.2012	31.03.2011
Profit for the year (₹ In Lacs)	65.35	119.67
Weighted average number of Shares for Basic Earnings per Share	85,20,000	85,20,000
Add: Effect of Dilutive Potential Shares (Share Warrants)	-	-
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	-	-
Weighted average number of Shares for Diluted Earnings per Share	85,20,000	85,20,000
Earnings per Share (₹ per Equity Share of ₹ 10 each)		
- Basic	0.77	1.40
- Diluted	0.77	1.40

#### 45. Contingent Liabilities

(₹ In Lacs)

Particulars	31.03.2012	31.03.2011
(c) Claims against the company not acknowledged as debts		
iv. Sales tax matters	156.82	156.82
v. Excise matters	40.86	40.86
vi. Income tax matters	615.17	615.17
<b>TOTAL</b>	<b>812.85</b>	<b>812.85</b>
(d) Guarantee given to any Government Department or Corporation		





iii.	Asstt. Commissioner of Customs under EPCG Scheme towards export obligations	169.11	169.11
iv.	Maharashtra Pollution Control Board	-	2.00
	<b>TOTAL</b>	<b>169.11</b>	<b>171.11</b>

Note:

- i) Future cash outflows in respect of (a) above are determinable only on receipt of judgments/decisions pending with various authorities/forums and/or final outcome of the matters.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil (Previous year ₹ Nil).

46. The financial statements for the year ended 31st March, 2011 were prepared as per the applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

**For CHATURVEDI & CO.**

*Chartered Accountants*  
(Registration No.302137E)

(S.N. Chaturvedi)

Partner

Membership Number: 040479

Place: Mumbai

Date : May 29, 2012.



## ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT

### ACCOUNTING RATIOS

Sr. No.	Particulars	31.03.2012	31.03.2011
1	Earnings Per Share (Basic) (₹)	0.77	1.40
2	Return on Networth (₹)	0.04	0.08
3	Net Asset Value Per Share (₹)	18.75	18.57

The Ratio has been computed as below:

<b>Earnings Per Share (Basic) (₹)</b>	Net profit attributable to Equity Shareholders / Weighted Average number of Equity Shares outstanding during the year
<b>Return On Net worth (%)</b>	Net profit attributable to Equity Shareholders / Net Worth at the end of the year (excluding revaluation reserves)
<b>Net Asset Value per Share (₹)</b>	Net Worth at the end of the year / Net shares outstanding at the end of financial year

### CAPITALIZATION STATEMENT

(₹ in Lacs)

Particulars	Pre-Issue as at March 31, 2012	Post Issue
<b>A. Total Debts</b>		
a) Short Term Debts	739.11	739.11
b) Long Term Debts	21.38	21.38
<b>Total A (A+B)</b>	<b>760.49</b>	<b>760.49</b>
<b>B. Shareholder's Funds (Equity)</b>		
a) Equity Shares Capital	852.00	1,704.00
b) Reserves and Surplus	745.75	745.75
<b>Total B (A+B)</b>	<b>1,597.75</b>	<b>2,449.75</b>
<b>Long Term Debts/Equity</b>	<b>0.48</b>	<b>0.31</b>
<b>Debt/Equity (A/B)</b>	<b>0.48:1</b>	<b>0.31:1</b>

### Notes

- The Capitalization statement, adjusted for Rights Issue is prepared on the assumption that the proposed rights issue of 85,20,000 equity shares of ₹ 10/- each will be fully subscribed.
- Long term debt is debt with tenure of more than one year.
- The figures disclosed above are based on the Financial Statement of the Company as at March 31, 2012.



## CERTAIN OTHER FINANCIAL INFORMATION

INFORMATION AS REQUIRED BY THE GOVERNMENT OF INDIA, MINISTRY OF FINANCE CIRCULAR NO. F2/5/SE/76 DATED FEBRUARY 5, 1977 AS AMENDED VIDE THEIR CIRCULAR OF EVEN NUMBER DATED MARCH 8, 1977 IS GIVEN BELOW:

1. **Working Results of the Company for the period from Un-audited Financial Results for the period between April 1, 2012 to May 31, 2012:**

Particulars	₹ in Lacs
Income from Operations	842.56
Other Income	1.66
Total Income	844.22
Total Expenditure	825.28
Interest	16.78
Gross Profit after Interest but before Depreciation and amortization	2.16
Depreciation and amortization	12.11
Profit / (Loss) Before Tax	(9.95)
Provision for Tax	-
Estimated Net Profit / (Loss) after Tax	-

*As per the disclosure made to Stock Exchanges under Clause 41 of Listing Agreement*

- a) Save as stated elsewhere in the Letter of Offer, there are no material changes and commitments which are likely to affect the financial position of the Company since March 31, 2012.
- b) The Issue price has been arrived at in consultation between the Issuer and the Lead Manager

2. **Material Changes and Commitments, if any affecting financial position of our Company**

There are no Material changes and commitments, if any affecting financial position of our Company.

3. **Week-end prices for the last four weeks, current market price; and highest and lowest prices of equity shares during the period with the relative dates.**

For details in connection with the week-end prices for the last four weeks, current market prices, and highest and lowest prices of our Equity Shares, please refer to the section entitled "Market Price Information" beginning on page 76 of the Letter of Offer.



## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors, our Promoter and our Group Entities that would have a material adverse effect on our business. Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference shares that would have a material adverse effect on our business.

This section has been divided into four parts:

- Part 1 Contingent Liabilities of our Company
- Part 2 Litigation filed against our Company
- Part 3 Litigation relating to our Promoter and Group Companies
- Part 4 Litigation filed against our Directors
- Part 5 Litigation filed by our Company

### Part 1 Contingent Liabilities not provided as of 31<sup>st</sup> March 2012:-

			(₹ in Lacs)	
Particulars	31.03.2012	31.03.2011		
(e) Claims against the company not acknowledged as debts				
vii. Sales tax matters	156.82	156.82		
viii. Excise matters	40.86	40.86		
ix. Income tax matters	615.17	615.17		
<b>TOTAL (a)</b>	<b>812.85</b>	<b>812.85</b>		
(f) Guarantee given to any Government Department or Corporation				
v. Asstt. Commissioner of Customs under EPCG Scheme towards export obligations	169.11	169.11		
vi. Maharashtra Pollution Control Board	-	2.00		
<b>TOTAL(b)</b>	<b>169.11</b>	<b>171.11</b>		
<b>TOTAL (a+b)</b>	<b>981.96</b>	<b>983.96</b>		

**Part 2: Litigation filed against our Company: Nil**

**Part 3: Litigation relating to our Promoter and Group Companies: Nil**

**Part 4: Litigation filed against our Directors: Nil**

**Part 5: Litigation filed by our Company**

### Litigation Involving Criminal Laws

Sr No.	Case No. (s)	Parties	Authority	Subject Matter and relief sought / brief history	Amount involved (in Lacs)	Present Status
1	1612/02 1613/02 992/02 993/02	G. Dayaram	Court of J.M.F.C. Vashi at CBD	Under Section 138 of N. I. Act.	₹ 8.80 lacs combined for 4 c/s. of G.Dayaram	Pending
2	155/03	Horomonic	Court of Addl.	Under Section 138 of N. I.	₹ 68.99 lacs	Pending



		Fabric Fashions Pvt. Ltd.	Metropolitan Magistrate	Act.		
3	307/55/2011	Rubinsha Exports Private Limited	Court of Metropolitan Magistrate	Under Section 138 of N. I. Act.	₹1.88 Lacs	Pending
4	630/SW/2011	Grauer & Weil (India) Limited & Others	Court of Metropolitan Magistrate	Under Section 34, 407, 410, 420 of IPC and 156 of Cr.PC	₹ 19.64 Lacs	Pending

The Horomonic Fabric Fashions Pvt. Ltd. is not associated with promoter or promoter group companies.

#### Litigation Involving Civil Matters

Sr No.	Case No. (s)	Parties	Authority	Subject Matter and relief sought / brief history	Amount involved (₹ in Lacs)	Present Status
1)	E/Extn/748/10-MUM E/2642/04-MUM	Central Excise Act, 1944	Commissioner (Appeals)	On account of interpretation of exemption notification of Excise duty for the period (a) March, 2002 to November, 2002 (b) December, 2002 to January, 2003 (c) September, 1998 to September, 1999	33.78 6.34 0.73	Appeal is pending
2)	D/CAPP/P-II/BA-238/239/06-07 B-233  DC/APP/P-II/BA-248-CA-249/06-07 B-234  D/CAPP/P-II/BA-343/06-07 B-223	Sales Tax	Asst. Commissioner, Sales Tax, (Appeals) Mumbai	Demand raised as per Revised Order for F.Y.1996-97 including Interest & Penalty  Demand raised as per Revised Order for F.Y.1997-98 including Interest & Penalty  Demand raised as per Revised Order for F.Y.1998-99 including Interest	40.43 <u>24.75</u> <b>65.18</b>  3.30 <u>8.11</u> <b>11.41</b>  58.99 <u>21.24</u> <b>80.23</b>	Appeal is pending
3)	CIT(A) 22/ACIT 10(3)/IT-225/10-11	Income Tax	Commissioner Appeals	Appeal against demands raised by Income Tax Officer - A.Y. 2008-09 for Remission of liability and disallowance of loss due to fire. Income Tax Liability A.Y. 2008-09 amounting to ₹ 1141.00 Lacs, now reduced to ₹ 615.17 Lacs on account of rectification order passed by the Assessing	615.17	Appeal filed with Commissioner Appeals. Also application for stay of demand sent to AO.



				Officer, giving effect to set-off of carried forward losses of earlier years, which was not considered.		
4)	474/Mum-2010	Income Tax	ITAT	Allowance of Expenditure / Relief for Assessment year 2006-07	-	Pending
5)	CIT (A) 22A CIT-10(3)/IT- 524/09-10	Income Tax	Commissioner Appeals	Relief for allowance of OTS payment of ₹ 1.95 cr	-	Direction given to AO for disposal of application under section 154. Disposal is pending

#### **MATERIAL DEVELOPMENTS**

There are no material developments after the date of last financial statements disclosed in the Letter of Offer which is likely to materially and adversely affect or is likely to affect the profitability of our company or the value of the assets, or its ability to pay its liabilities.



## GOVERNMENT AND OTHER STATUTORY APPROVALS

### **Incorporation Details**

Certificate of Incorporation No. 11-63245 dated 12-09-1991 is issued to Suditi Hosiery Processors Limited by the Registrar of Companies, and Subsequently the name of our company was changed to Suditi Industries Limited vide fresh Certificate of Incorporation consequent to change of name dated 21st October 1994 issued by the office of Registrar of Companies, Mumbai, Maharashtra. The Company Identification Number is L19101MH1991PLC063245

### **Approvals in relation to the Issue**

#### *Corporate Approvals*

1. Our Board of Directors has, pursuant to a resolution dated November 13, 2010, authorized the Issue, under Section 81 (1) and (1A) of the Companies Act, 1956.
2. Board resolution dated May 29, 2012 passed by the Board of the Company approving the Letter of Offer.

#### *In-principle approval from BSE*

1. We have received in-principle approvals from BSE for the listing of the Equity Shares issued through this Rights Issue vide its letter no: DCS/PREF/PR/IP-RT/257/11-12 dated June 17, 2011.

#### *Observation Letter from SEBI*

1. Observation Letter CFD/DIL/SP/EK/29998/2011 dated September 21, 2011 issued by Securities and Exchange Board of India (SEBI).

### **Approvals to carry on our Business**

#### *Tax Approvals*

Name of Registration	Number
Permanent Account Number ("PAN")	AADCSO967L
Tax Deduction Account Number ("TAN")	MUMS34968D
Central Excise Registration Number	AADCS0967LXMOO1
Service Tax Number	AADCS0967LST001
Maharashtra Value Added Tax Act, 2002(Local)	27690078478V
Central Excise Tax (Registration & Turnover) Rules, 1957	27690078478C
Certificate under Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1976	1/1/27/18/1889& 1/1/27/12118

#### *Other Approvals*

Details of the Approval	Reference No.
Bombay Textiles Committee Registration Number	X/1/Gen/96-IN-Regn/Vol-II dated 17/07/98
Registration of Employees under the Employees State Insurance Act, 1948.	ESIC Code 34000083600000106
Importer – Exporter Code (IEC)	0392016729



### Approvals Received by the Company

Sr. No	Nature of Registration / License	Issuing Authorities	Registration/ Approval/ Consent/ Code/ Reference No.	Date of Registration	Period of Validity, if specified
1	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Regional Provident Fund Commissioner	A/c/MH/96115	Not Available	-
2	Factory License – C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawane Village, Navi Mumbai – 400 705	Directorate of Industries, District Industries Centre, Govt. of Maharashtra	License No. 086837 Registration No. 2(m)(i)/17301	January 10, 2006	December 31, 2012
3	Factory License -- Plot C-3/B, MIDC, TTC Industrial Area, Turbhe, Navi Mumbai – 400 705	Directorate of Industries, District Industries Centre, Govt. of Maharashtra	License No. 086862 Registration No. 2(m)(i)/17/04/18109	February 4, 2006	December 31, 2012
4	Electric connection for sanctioned load upto 266 KW and sanctioned demand upto 195 KVA.- for the readymade garment unit	MSEB	SE/WC/TECH/W-1009/1290	March 17, 2003	-
5	Electric connection for sanctioned load upto 800 KW and sanctioned demand upto 535 KVA.- for fabric hosiery unit	MSEDC	-	March 15, 1993	-
6	Consent for commissioning of the unit under Water (Prevention & Control of Pollution ) Act, 1974, (Air (Prevention & Control of Pollution ) Act, 1981 and Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003- Readymade Garment unit	Maharashtra Pollution Control Board	SRO/NM-1/CCHWA/C-33	May 07, 2007	April 30, 2016
7	Consent for commissioning of the unit under Water (Prevention & Control of Pollution ) Act, 1974, (Air (Prevention & Control of Pollution ) Act, 1981 and Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003- Fabric Hosiery Unit	Maharashtra Pollution Control Board	MPCB/PCI-III/EIC-NM-1735=10/56	March 11, 2011	December 31, 2014
8	Certificate of Registration of	Registrar of	Trade Mark	March 15, 2001	-





	Trade Mark under Trade and Merchandise Act, 1968	Trademarks	No.:652076		
9	Acknowledgement in receipt of Memorandum for the manufacture of following: Dyed & Processed Hosiery Fabric of Cotton and Man-Made Fibres: Capacity-4050 Tonnes	Secretariat for Industrial Approvals	2208/SIA/IMO/96	May 30, 1996	-
10	Registration under Contract Labour (Regulation and Abolition) Act, 1970	Assistant Commission of Labour	R.C. No. 19/7	March 22, 1995	-
11	Industrial Entrepreneurs' Memorandum (IEM) for the manufacture of Apparel and all types Textile Garments and Clothing Accessories N.E.C acknowledged by Government of India, Ministry of Commerce and Industry, Secretariat for Industrial Assistance, Public Relation and Complaints Section	Secretariat for Industrial Approvals	1510/SIA/IMO/2011	May 11, 2011	-

Except as stated above, our Company has received the necessary consents, licenses, permissions and approvals from the government and various governmental agencies required for its present business and no further approvals are required for carrying on its present business.

The objects clause of the Memorandum of Association enables our Company to undertake its existing activities.

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest @ 15% for the delayed period, as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Present Issue

This issue is pursuant to the resolution passed by the Board in their meeting held on November 13, 2010. The Company has decided to offer 85,20,000 Equity shares of ₹ 10/- each at par i.e. ₹ 10/- per share aggregating ₹ 852.00 Lacs to the existing Equity shareholders of the Company on rights basis in the ratio of one equity shares for the every one equity share held as on the Record Date July 25, 2012 .

### Prohibition by SEBI, RBI or governmental authorities

Neither our Company, nor our Promoters, our Directors or any of the Promoter Group Entities, or companies or entities with which the Company's Directors are associated with, as directors or promoters, or persons in control of our Promoters have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither we nor our Directors, our Promoters, Promoter Group Entities or relatives of Promoters have been identified as wilful defaulters by RBI / Government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past.

As of date of the Letter of Offer, our Directors are not associated with the securities market in manner other than as mentioned below:

Name of Director	Association with SEBI Registered Entity	Action Initiated by SEBI against the SEBI registered entity
Mr. Vivek Gangwal	Director of S.S.J. Finance & Securities Private Ltd	Nil

### Eligibility for the Issue

Suditi Industries Limited is an existing company registered under the Indian Companies Act, 1956, whose Equity Shares are listed on the Bombay Stock Exchange Limited (BSE). It is eligible to offer this Issue in terms of SEBI (ICDR) Regulations.

Our Company is in compliance with the provisions specified in Part E of the Schedule VIII of the SEBI (ICDR) Regulations, 2009 Regulations.

### DISCLAIMER CLAUSE OF SEBI

**AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI.**

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER “VERTEX SECURITIES LIMITED” HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VERTEX SECURITIES LIMITED HAS FURNISHED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) A DUE DILIGENCE CERTIFICATE DATED 13<sup>TH</sup> MAY 2011 WHICH READ AS FOLLOWS:**



**1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

**2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER.**

**WE CONFIRM THAT:**

**(a) THE LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**(b) ALL THE LEGAL REQUIREMENTS RELATING TO ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**(c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

**3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

**4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE**

**5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS/ PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS/ PROSPECTUS. NOT APPLICABLE**

**(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE RED HERRING PROSPECTUS/ PROSPECTUS. NOT APPLICABLE**

**(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT**



SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES, WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM



**THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME; WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN LETTER OF OFFER."**

#### **Caution / Disclaimer clause of the Issuer and the Lead Manager**

**The Issuer and the Lead Manager accepts no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his / her / their own risk.**

**Investors who invest in the Issue will be deemed to have been represented by the Issuer Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.**

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.

#### **DISCLAIMER CLAUSE OF THE BSE**

As required, a copy of the Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

#### **Disclaimer with respect to jurisdiction**

The Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations there under. The distribution of the Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons in whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

#### **Selling Restrictions**

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Shares on a rights basis to the shareholders of our Company and will dispatch the Letter of Offer and CAFs to shareholders who have provided an Indian address. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares. Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.



## Filing

The Letter of Offer was filed with SEBI, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. A copy of the Letter of Offer also has been filed with the Bombay Stock Exchange Limited (BSE) having attached thereto the Material Contracts and Documents. All legal requirements applicable till date of filing the Letter of Offer with the Stock Exchanges have been complied with.

## Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (1) of Section 68A of the companies Act, 1956 which is reproduced below:

*“Any person*

- a. who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or*
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

## Dematerialized Dealing

The Company has agreements dated March 25, 2006 and February 10, 2005 with CDSL and NSDL respectively and its Equity Shares bear the ISIN No. INE691D01012.

## Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Banker to the Issue and Banker to the Company to act in their respective capacities have been obtained and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchange.

The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in the Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the stock exchange.

To the best of the Company's knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by the Company.

## Issue Expenses

The expenses for this Issue include lead management fees, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately ₹ 16.00 Lacs, which is 1.88% of the issue size.

The estimated issue related expenses are as follows:

Nature of Expenses	Amount in (₹ Lacs)	% of total expenses of the issue	% of total issue size
Lead Management fees and Legal Counsel charges	6.00	37.50%	0.70%
Registrars, Auditor, Printers, Postage, Dispatch expenses, Fees to SCSBs for ASBA applications, Advertisement & publicity expenses, travelling & conveyance	5.00	31.25%	0.59%
SEBI, Listing Expenses, Contingencies & Other Expenses	5.00	31.25%	0.59%
<b>TOTAL</b>	<b>16.00</b>	<b>100.00%</b>	<b>1.88%</b>



## Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints and well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by our registrar and share transfer agent (Sharex Dynamic (India) Private Limited). Letters are filed category wise after having attended to redressal norm for response time for all correspondence including shareholders complaints is within 7 days.

The investor grievances arising out of the Issue will be handled by Mr. H Gopalkrishnan, Compliance Officer, and Sharex Dynamic (India) Private Limited who are the Registrars to the Issue.

All grievances relating to the Issue may be addressed to the Registrars to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the details of the Renouncee should be furnished.

The normal time taken by the Company for redressal of investor grievance is given below:

Sr. No.	Type of Request	Normal Time Taken (No. of Days)
1	Issue of Duplicate Share Certificate	Within 30 days
2	Transfer of shares	Within 30 days
3	Transmission of shares	Within 30 days
4	Demat / Remat of shares	Within 30/21 days
5	Non receipt of dividend	Within 15 to 30 days
6	Non receipt of Annual Report	Within 7 to 15 days
7	Change of residential address / Bank mandate	Within 15 to 30 days
8	Consolidation / split of share certificates / Remat	Within 30 days

Investors are advised to contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment / share certificates / demat credit / refund orders etc.

Mr. H. Gopalkrishnan  
C-253/254, MIDC,  
TTC Industrial Area, Turbhe,  
Pawane Village, Navi Mumbai 400 705;  
Maharashtra. India  
**Tel:** +91-22-67368600  
**Fax:** +91-22-27683465





## **OFFERING INFORMATION**

### **TERMS OF THE ISSUE**

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Abridged Letter of Offer, the enclosed Composite Application Form (“CAF”), the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, approvals from the RBI, guidelines or regulations issued by SEBI, approvals from the Stock Exchanges where Equity Shares of our Company are listed, FEMA, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate, the provisions of the Depositories Act, to the extent applicable and any other legislative enactments and rules as may be applicable and introduced from time to time.

#### **Authority for the Issue**

This issue is pursuant to the resolution passed by the Board in their meeting held on November 13, 2010.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares allotted pursuant to this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend.

#### **Mode of Payment of Dividend**

Our Company shall pay dividend to the shareholders as per the provisions of the Companies Act.

#### **Basis for the Issue**

The Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in electronic form and on the Register of Members of our Company in respect of the Equity Shares held in the physical form at the close of business hours on the Record Date i.e. July 25, 2012, fixed in consultation with the Designated Stock Exchange.

#### **Fractional Entitlement**

Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same to be adjusted from one of the promoter’s entitlement.

#### **Offer to Non-Resident Equity Shareholders/Applicants**

Applications received from NRIs for allotment of Equity Shares shall be, *inter alia*, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment/share certificates, payment of interest, dividends, etc. The Equity Shares purchased by NRIs shall be subject to the same conditions including restrictions in regard to the reparability as are applicable to the original shares against which Equity Shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003. The circular stipulates that an OCB shall not be eligible to purchase equity or preference shares or convertible debentures offered on right basis by an Indian company, and no Indian company shall offer equity or preference shares or convertible debentures on right basis to an OCB. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003





that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Bank at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Applications received from the NRIs for the allotment of Equity Shares shall, among other things, be subject to conditions as may be imposed, from time to time, by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

### **Rights Entitlement**

As your name appears as a beneficial owner in respect of the Equity Shares held in electronic form or appears in the Register of Members as an Equity Shareholder on the Record Date, you are entitled to the number of Equity Shares shown in Block I of Part A of the enclosed CAF.

The Eligible Equity Shareholders are entitled to One Equity Share for every One Equity Shares held on the Record Date i.e. July 25, 2012.

**The distribution of the Letter of Offer and the issue of the Rights Issue Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Rights Issue Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or the Rights Issue Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Issue Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.**

### **Principal Terms of the Equity Shares**

#### ***Face value***

Each Equity Share shall have a face value of ₹ 10/-.

#### ***Issue Price***

Each Equity Share is being offered at a price of ₹ 10 /- per Equity Share).

#### **Payment terms**

All Investors shall have to make the full payment of the Issue Price of ₹ 10/- per Equity Share at the time of making an Application.

**For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported by Blocked Amounts (“ASBA”) Process beginning on page 73 of this Abridged Letter of Offer.**

#### **Rights of the Equity Shareholders**

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;



- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

### **Arrangements for Disposal of Odd Lots**

Our Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1(One) share.

### **General terms of the Issue**

#### **Market Lot**

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is 1 (one) Equity Share. In case of holding of Equity Shares in physical form, our Company would issue to the allottees 1 (one) certificate for the Equity Shares allotted to each folio (“Consolidated Certificate”). In respect of consolidated certificates, our Company will upon receipt of a request from the respective holder of Equity Shares, split such consolidated certificates into smaller denominations within three weeks time from the receipt of the request in respect thereof.

#### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles.

#### **Nomination**

In accordance with Section 109A of the Companies Act, only individuals applying as sole applicants/ joint applicants can nominate, non-individuals including society, trust, body corporate, partnership firm, holder of power of attorney cannot nominate. In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or to our Company's Registrar and Transfer Agents. The Applicant can make the nomination by filling in the relevant portion of the CAF. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.



In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

### **Notices**

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one Marathi daily newspaper in Mumbai with wide circulation and / or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares from time to time.

### ***Additional Subscription by the Promoter***

Under the provisions of regulation 3 read with regulation 10 of the Takeover Regulations a shareholder is exempt from the obligation of making an open offer for acquiring Rights Issue Equity Shares (including Rights Issue Equity Shares acquired beyond Rights Entitlement), upon fulfillment of conditions stated therein. In the event, the acquisition of Rights Issue Equity Shares beyond Rights Entitlement results in acquisition of control of the Company by the acquirer, the Takeover Regulations does not provide for an exemption from making an open offer. The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Takeover Regulations, the Promoter and Promoter Group reserve their right to subscribe for Rights Issue Equity Shares by subscribing to Rights Issue Equity Shares beyond Rights Entitlement. The Promoter and Promoter Group have provided an undertaking dated May 8, 2011 to us to apply for additional Rights Issue Equity Shares, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Rights Issue Equity Shares beyond their Rights Entitlement, which may result in an increase of their shareholding being above their current shareholding with the Rights Entitlement. Such subscription and acquisition of Equity Shares beyond Rights Entitlement by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of our management.

We hereby certify that such subscription to any unsubscribed portion of the Issue by the Promoter and the Promoter Group, in the manner contemplated above, shall be subject to compliance with the provisions of Rule 19A(1) of the SCRR and clause 40A of the Listing Agreement with respect to the requirement of minimum public shareholding of 25% of the post-Issue paid-up capital of our Company.

For details, please see “Terms of the Issue - Basis of Allotment” on page 81.

### **Listing and trading of the Equity Shares proposed to be issued**

Our Company’s existing Equity Shares are currently listed on the BSE under the ISIN INE691D01012. The fully paid up Equity Shares proposed to be issued shall be listed and admitted for trading on the BSE under the existing ISIN for fully paid up Equity Shares of our Company.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than 7 working days from the date of finalization of basis of allotment. Our Company had made an application for “in-principle” approval for listing of the Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE and has received such approval from the BSE vide their letters no. DCS/PREF/PR/IP-RT/257/11-12 dated June 17, 2011.

The distribution of the Letter of Offer and the Issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Our Company is making this Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address.



### ***Rights of the Equity Shareholder***

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Rights Issue Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association

### **Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest @ 15% for the delayed period, as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

### **Utilization of Issue Proceeds**

The Board of Directors declares that:

- i. All monies received out of this Issue shall be transferred to a separate bank;
- ii. Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised;
- iii. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- iv. We may utilize the funds collected in the Issue only after listing and trading permission is received from the Stock Exchange in respect of this Issue

### **Undertakings by our Company**

Our Company undertakes that:

1. the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily.
2. all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. the funds required for making dispatch of refund orders/allotment letters/certificates as per the mode(s) disclosed shall be made available to the Registrar to the issue.
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment
6. that the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.



7. that no further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. Our Company accepts full responsibility for the accuracy of information given in the Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
9. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
10. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

### **Procedure for Application**

**For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process beginning on page 73 of this Abridged Letter of Offer.**

The CAF for Rights Issue Equity Shares would be printed for all Equity Shareholders. In case the original CAF is not received by the Investor or is misplaced by the Investor, the Investor may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the Specimen registered with us, the application is liable to be rejected.

### **The CAF consists of four parts:**

- Part A: Form for accepting the Equity Shares and for applying for additional Equity Shares;
- Part B: Form for renunciation;
- Part C: Form for application for renunciation;
- Part D: Form for request for split Application forms.

### **Application by Mutual Funds**

In case of a mutual fund, a separate application can be made in respect of each scheme of the mutual fund registered with SEBI and such application in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the applications clearly indicate the scheme concerned for which the application has been made. Applications made by AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of our Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

### **Options available to the Eligible Equity Shareholders**

The CAF will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;



- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

### **Renunciation**

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favor of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register the Equity Shares in favor of more than 3 persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares).

This Issue includes a right exercisable by you to renounce the Rights Issue Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that, pursuant to the RBI letter received on March 12, 2012, in relation to renunciation of rights entitlement by and to persons resident outside India, renunciation is allowed by Non-Resident Shareholders who are otherwise eligible to hold Equity Shares and to FIIs and NRIs only, on the floor of BSE, who are eligible to acquire equity shares, in accordance with RBI Notification No.20/2000-RB dated May 3, 2000 and in-terms of Notification 205/ 2010-RB dated April 7, 2010. We shall not Allot and / or register and Rights Issue Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Rights Issue Equity Shares or Rights Entitlement under applicable securities laws.

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case to case basis. Equity Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares of the CAF to receive allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for Allotment to Renounee(s) without assigning any reason thereof.

### **Procedure of renunciation**

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.



To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into the requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms, September 27, 2012. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in the paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

### **Renounee(s)**

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renounee cannot further renounce.

### **Change and/ or introduction of additional holders**

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renounee(s) without assigning any reason thereof.

### **Instructions for options**

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of 1 (one) Equity Shares or, in multiples thereof and one split form for the balance Equity Shares, if any.
- A request by the Investor for the split Application form should reach our Company on or before September 27, 2012.
- Only the Eligible Equity Shareholders to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for split application forms. Forms once split cannot be split further.
- Split form(s) will be sent to the Investor(s) by post at the Investors' risk.

### **Additional Equity Shares**

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the paragraph titled "Basis of Allotment" beginning page 81 of this Abridged Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renounee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.





Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option	Option Available	Action Required
1	Accept whole or part of your entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3	Renounce your entitlement in full to one person (Renouncee) (Joint renouncees not exceeding three are considered as one renouncee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand over the entire CAF to the renouncee. The renouncees must fill in and sign Part C of the CAF (All joint renouncees must sign)
4	Accept a part of your entitlement and renounce the balance to one or more renouncee(s) OR Renounce your entitlement to all the Equity Shares offered to you to more than one renouncee	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. 1) For the Equity Shares you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). 2) For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand over the split CAFs to the renouncees. 3) Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them
5	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in & sign Part C

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

**Investors must write their CAF Number at the back of the cheque/demand draft.**

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received / found subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

#### **Application on Plain Paper**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favor of “**SIL – Rights Issue**” and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.





If any shareholder makes an application on application form as well as on plain paper, both his applications shall be liable to be rejected at the option of the issuer.

The envelope should be super scribed “**SIL – Rights Issue**” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Suditi Industries Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 10/- per Equity Share ;
- Separate cheques / DDs are to be attached for amounts to be paid for Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Equity Shares. Our Company shall refund such application amount to the Investor without any interest thereon.

#### **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

SEBI, by its circular dated August 20, 2009, introduced in rights issues the process of applications supported by blocked amounts wherein the application money remains in the ASBA Account until allotment. Since this is a new mode of payment in rights issues, the procedure for applying under the ASBA procedure as detailed in SEBI Circular dated December 30, 2009 and April 29, 2011 set out below for the benefit of the shareholders.

**This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Shareholder do not exceed the applicable limits under laws or regulations**

Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders does not exceed the applicable limits under laws or regulations.

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned link.



## **ASBA Process**

An ASBA Investor can submit his application through CAF/plain paper, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Investor or bank account utilized by the ASBA Investor is maintained. The SCSB shall block an amount equal to the application amount in the ASBA Account specified in the CAF, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the CAF. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI -SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The amount payable on application shall remain blocked in the ASBA Account until finalization of the Basis of Allotment and consequent transfer of the amount against the allocated Equity Shares to the separate account opened by our Company for Rights Issue or until failure of the Issue or until rejection of the ASBA application, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investors to the separate account opened by our Company for Rights Issue. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

### **Equity Shareholders who are eligible to apply under the ASBA Process:**

The option of applying for Equity Shares in the Issue through the ASBA Process is available to all Equity Shareholders of our Company on the Record Date i.e. July 25, 2012.

All QIBs and Non – Institutional Investors must and all Retail Individual Investors may apply through the ASBA process subject to satisfaction of the following parameters:

To qualify as ASBA Applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Rights Issue Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not be Renounees; and
- should apply through blocking of funds in bank accounts maintained with SCSBs

## **CAF**

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the Record Date for the Issue. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility.

The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.



Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

### **Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Suditi Industries Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 10/- per Equity Share ;
- Separate cheques / DDs are to be attached for amounts to be paid for Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Equity Shares. The Company shall refund such application amount to the Investor without any interest thereon.

### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAF sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

### **Mode of payment**

The Shareholder applying under the ASBA Process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB. After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the issue.

Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations into the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, 1956. The



balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process**

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available

#### **Options available to the Shareholder applying under the ASBA Process**

The summary of options available to the Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar:

<b>Sr. No.</b>	<b>Option Available</b>	<b>Action Required</b>
1	Accept whole or part of your entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3	Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (All joint Renounees must sign).

**The Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required details as mentioned therein. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Shareholder has selected to apply through the ASBA process option.**

**Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.**



### **Additional Equity Shares**

The Equity Shareholder is eligible to apply for additional Equity Shares over and above the number of Equity Shares that he is entitled too, provided that he have applied for all the shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 81 of this Abridged Letter of Offer.

If you desire to apply for additional shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

### **Renunciation under the ASBA Process**

Renouncees cannot participate in the ASBA Process.

### **Last date of Application**

The last date for submission of the duly filled in CAF is October 4, 2012. The Issue will be kept open for a minimum of 15 (fifteen) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date i.e. September 20, 2012. If the CAF together with the amount payable is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board of Directors, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment” on page 81 of this Abridged Letter of Offer.

### **Option to receive Securities in Dematerialized Form**

**SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

### **Issuance of Intimation Letters**

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

### **General instructions for Shareholders applying under the ASBA Process**

- a) Please read the instructions printed on the CAF carefully.
- b) Application should be made on the printed CAF / plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- c) The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the



Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.

- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs / plain paper application without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Rights Issue Equity Shares shall be made into the accounts of such Investors.**
- e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF /plain paper application as per the specimen signature recorded with our Company/Depositories.
- g) In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Shareholder, folio numbers and CAF number.
- i) Only the person or persons to whom the Rights Issue Equity Shares have been offered shall be eligible to participate under the ASBA Process.
- j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Issue Equity Shares under applicable securities laws are eligible to participate.
- k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- m) **Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors or are applying in this Issue for Rights Issue Equity Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility. All QIBs and Non-Insitutional Investors, complying with the eligibilty conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process**
- n) Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.
- o) All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.”

#### **Do’s:**

- a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper with all necessary details as required under the para “Application on plain paper” appearing under the procedure for application under ASBA.
- b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that the CAF / plain paper application is submitted at the SCSBs whose details of bank account have been provided in the CAF / plain paper application.
- e) Ensure that you have mentioned the correct bank account number in the CAF / plain paper application.
- f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price per Equity Shares as the case may be}) available in the bank account maintained with the SCSB mentioned in





the CAF / plain paper application before submitting the CAF to the respective Designated Branch of the SCSB.

- g) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.
- h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF / plain paper application in physical form.
- i) Each applicant should mention their Permanent Account Number (“PAN”) allotted under the Income Tax Act.
- j) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.
- k) Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts:**

- a) Do not apply on duplicate CAF after you have submitted a CAF / plain paper application to a Designated Branch of the SCSB.
- b) Do not pay the amount payable on application in cash, money order or by postal order.
- c) Do not send your physical CAFs / plain paper application to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- e) Do not instruct their respective banks to release the funds blocked under the ASBA Process.
- f) Do not apply if the ASBA account has been used for five applicants.

**Grounds for Technical Rejection for ASBA Process:**

In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” beginning on page 88 of this Abridged Letter of Offer, applications under ASBA Process may be rejected on following additional grounds:

- a) Application for entitlements or additional shares in physical form.
- b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- c) Sending CAF / plain paper application to the Lead Manager / Issuer / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- d) Insufficient funds are available with the SCSB for blocking the amount.
- e) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- f) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- g) Application on split form.
- h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- i) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- j) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- k) QIBs and Non – Institutional Investors who holds Equity Shares in dematerialised form and is not a Renouncee not applying through the ASBA process.



- l) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2.00 Lacs but has applied separately through split CAFs of less than ₹ 2.00 Lacs and has not done so through the ASBA process.
- m) Submitting GIR instead of PAN.
- n) **Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.**

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

#### **Depository account and bank details for Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.**

**Shareholders applying under the ASBA Process should note that on the basis of name of these Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Shareholders such as address, bank account details for printing on refund orders / advice and occupation ("Demographic Details"). Hence, Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.**

These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblock of bank account of the respective Shareholder. The Demographic Details given by Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAF / plain paper application, the Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Shareholders applying under the ASBA Process and none of the SCSBs, Company or the Lead Manager shall be liable to compensate the Shareholder applying**





**under the ASBA Process for any losses caused to such Shareholder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

### **Disposal of Investor Grievances**

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

### **Last date of Application**

The last date for submission of the duly filled in CAF is October 4, 2012. The Issue will be kept open for 15 days and the Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue on or before the closure of banking hours on the aforesaid last date or such date as may be extended by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose off the Equity Shares hereby offered, as provided in the paragraph titled "Basis of Allotment" on page 81 of this Abridged Letter of Offer.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

### **Basis of Allotment**

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

- a) Full allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Allotment pertaining to fractional entitlements if any will be rounded off to the next higher integer and the share required for the same to be adjusted from one of the promoter's entitlement
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Equity Shares will be on a proportionate basis at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.



After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) regulations, 2011 be exempt from making an open offer as stipulated under 3(2) of SEBI (SAST) regulations, 2011 which would be available for allocation under (c), (d) and (e) above.

Under the provisions of regulation 3 read with regulation 10 of the Takeover Regulations a shareholder is exempt from the obligation of making an open offer for acquiring Rights Issue Equity Shares (including Rights Issue Equity Shares acquired beyond Rights Entitlement), upon fulfillment of conditions stated therein. In the event, the acquisition of Rights Equity Shares beyond Rights Entitlement results in acquisition of control of the Company by the acquirer, the Takeover Regulations does not provide for an exemption from making an open offer. The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Takeover Regulations, the Promoter and Promoter Group reserve their right to subscribe for Rights Issue Equity Shares by subscribing to Rights Issue Equity Shares beyond their Rights Entitlement. The Promoter and Promoter Group have further provided an undertaking dated May 8, 2011 to us to apply for additional Rights Issue Equity Shares, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent Allotment, the Promoter and Promoter Group may acquire Rights Issue Equity Shares beyond their Rights Entitlement, which may result in an increase of their shareholding being above their current shareholding with the Rights Entitlement. Such subscription and acquisition of Equity Shares beyond Rights Entitlement by the Promoter and the Promoter Group through this Issue, if any, will not result in change of control of our management.

We hereby certify that such subscription to any unsubscribed portion of the Issue by the Promoter and the Promoter Group, in the manner contemplated above, shall be subject to compliance with the provisions of Rule 19A(1) of the SCRR and clause 40A of the Listing Agreement with respect to the requirement of minimum public shareholding of 25% of the post-Issue paid-up capital of our Company.

After considering the above Allotment, any additional Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to our Company and the decision of the Board in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Our Company expects to complete the allotment of Equity Shares within a period of 15 days from the date of closure of the Issue in accordance with the listing agreement with the BSE and NSE. In case of delay in allotment our Company shall, as stipulated under Section 73(2A) of the Act, be required to pay interest on the same at a rate of 15 per cent p.a.

#### **Allotment / Refund**

Our Company will issue and dispatch letter of allotment / share certificates / demat credit and / or letters of regret along with refund orders or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the Issue Closing Date. If such money is not repaid within eight days from the day our Company becomes liable to pay it, our Company shall pay that money with interest @ 15% for the delayed period, as stipulated under Section 73 of the Companies Act.

Investors residing in the 68 cities specified by SEBI pursuant to its circular dated February 1, 2008, will get refunds through ECS (Electronic Clearing Service) only except where Investors are otherwise disclosed as applicable / eligible to get refunds through direct credit and RTGS provided the MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive the Equity Shares in dematerialized form using electronic credit under the depository system, an advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through certificate of posting intimating them about the mode of credit of refund within a period of fifteen (15) days from the Issue Closing Date.

In case of those Investors who have opted to receive the Equity Shares in physical form, our Company will issue the corresponding share certificates under Section 113 of the Companies Act or other applicable provisions, if any.



In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the refund to be made within 15 days of the Issue Closing Date.

Any refund order exceeding ₹ 1,500 would be sent by registered post / speed post to the sole / first Investor's registered address. Refund orders up to the value of ₹ 1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

### **Payment of Refund**

#### **Mode of making refunds**

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS/NECS – Payment of refund would be done through ECS/NECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS/NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS/NECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Manager may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS (Real Time Gross Settlement) – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 50.00 lacs, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to ₹ 1,500 and through speed



post / registered post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.

### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### **Allotment advice / Share Certificates / Demat Credit**

Allotment advice / share certificates / demat credit will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from the Issue Closing Date.

### **Option to receive the Equity Shares in Dematerialized Form**

The Investors have an option to get the Equity Shares in physical or demat form.

Our Company has signed a tripartite agreement dated February 10, 2005 with NSDL and the Registrar to our Company and a tripartite agreement dated March 25, 2006 with CDSL and the Registrar to our Company, which enables the Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. In this Issue, the allottees who have opted for the Equity Shares in dematerialized form will receive the Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate applications for Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Equity Shares will be liable to be rejected.

The Equity Shares will be listed on the BSE.

The procedure for availing of the facility for allotment of the Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account (s) need not adhere to this step.
- For the Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be the same as registered with the Investor's Depository Participant.



- Equity Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Equity Shares in physical form.
- The Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

#### **General instructions for NON-ASBA Investors**

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Applications should be made on the printed CAF, provided by our Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- c) The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or to the Registrar to the Issue and not to our Company or the Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their application forms to the Registrar to the Issue by Registered Post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) Applications for any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her Permanent Account Number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**



- e) Investors are advised that it is mandatory to provide information as to their savings / current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.
- f) All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or the Depositories.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the memorandum and articles of association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint applicants, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- k) All communications in connection with applications for the Equity Shares, including any change in addresses of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of the Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar to the Issue, in the case of Equity Shares held in physical form and to the respective Depository Participant, in case of Equity Shares held in dematerialized form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom the Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain split forms.
- n) Investors must write their CAF number at the back of the cheque / demand draft.
- o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub-member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.





- p) A separate cheque / demand draft must accompany each CAF. Outstation cheques / demand drafts or postdated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

***Do's for NON-ASBA Investors:***

- a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Issue Equity Shares will be Allotted in the dematerialized form only;
- d) Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- e) Ensure that the CAFs are submitted at the collection centres of the syndicate only on forms bearing the stamp of the Lead Manager;
- f) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Rights Issue Equity Shares applied for) X (Issue Price of Rights Issue Equity Shares, as the case may be) before submission of the CAF;
- g) Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;
- h) Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- j) Ensure that the demographic details are updated, true and correct, in all respects.

***Don'ts for non-ASBA Investors:***

- a) Do not apply if you are in the United States of America or are not eligible to participate in the Issue the securities laws applicable to your jurisdiction;
- b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;
- c) Do not pay the amount payable on application in cash, by money order or by postal order;
- d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;



- e) Do not submit Application accompanied with Stock invest

### **Grounds for Technical Rejections for non-ASBA Investors**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- PAN not mentioned for application of any value;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder on the CAF does not match with the records available with our Company and/or the Depositories and in case of application by Renounees, if the signature of the Renounees do not match with the records available with their Depositories;
- If the Investor desires to have Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investors within the time prescribed as per the application form and the Letter of Offer;
- Applications not duly signed by the sole / joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue.
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being dispatched from the US;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- Applications where our Company believes that the CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
- Multiple applications
- Applications by renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

### **Mode of payment for Resident Eligible Equity Shareholders / Investors**

- All cheques / demand drafts accompanying the CAFs should be crossed 'A/c Payee only' and drawn in favour of "SIL - Rights Issue".
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount, net of bank and postal charges crossed 'A/c Payee only' and drawn in favour of "**SIL - Rights Issue**" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

### **Mode of payment for Non-Resident Eligible Equity Shareholders / Investors**

Our Company is making this Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer / Abridged Letter of Offer and the CAF to the Eligible Equity





Shareholders who have provided an Indian address. Further, please refer to the paragraphs titled ‘Availability of duplicate CAF’ and ‘Application on Plain Paper’.

As regards the application by non-resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

#### **Application with repatriation benefits**

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- All cheques / demand drafts submitted by non-residents applying on repatriable basis should be drawn in favour of “SIL - Rights Issue – NR” payable at Mumbai and crossed ‘A/c Payee only’ for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor’s Bankers.

#### **Application without repatriation benefits**

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of “SIL - Rights Issue” payable at Mumbai and must be crossed ‘A/c Payee only’ for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from resident Indian to NRI.



#### Notes:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Our Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renounees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address alongwith the cheque / demand draft payable at Mumbai so that the same are received on or before the closure of the Issue.

#### Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-Issue paid up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its subaccounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of our Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. As of date, the FII investment in our Company is limited to 24% of the total paid-up capital of our Company.

#### Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulations 5 and 6 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

#### Impersonation

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:**

*“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.*

#### Payment by Stockinvest



In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stock Invest would not be accepted in this Issue.

### **Disposal of application and application money**

The Board reserves the right to reject applications in case the application concerned is not made in terms of the Letter of Offer. In case an application is rejected in full the whole of the application money received will be refunded to the first named applicant and where an application is rejected in part, the excess application money will be refunded to the first named applicant within 15 days from the date of closure of the subscription list in accordance with Section 73 of the Act. If there is delay of refund of application money by more than 8 days after our Company becomes liable to pay (i.e. forty-two days after the closure of Issue), the Company will pay interest for the delayed period at the rate prescribed under sub-Section (2) and (2A) of Section 73 of the Act.

The subscription monies received in respect of this Issue will be kept in a separate bank account and the Company will not have access to nor appropriate the funds until it has satisfied the Stock Exchange with suitable documentary evidence that minimum subscription of 90% of the application money for the Issue has been received.

No acknowledgment will be issued for the application monies received by our Company. However, the Bankers to the Issue at its collection branches to the Issue receiving the CAF as applicable as per the terms of this Abridged Letter of Offer, will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Except for the reasons stated under “Grounds for Technical Rejections for non ASBA investors” on page 88 of this Abridged Letter of Offer and subject to valid application, acknowledgement of receipt of application money given by the collection agent shall be valid and binding on issuer and other persons connected with the Issue.

### **Letters of allotment or refund orders**

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Rights Issue Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day we become liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest @ 15% for the delayed period, as prescribed under the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service (“NECS”) except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Issue Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please refer to the Chapter titled “Terms of the Issue” on page 64.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investor’s registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

For Non-Resident Applicants, refunds, if any, will be made as under:



- Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.
- Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques are drawn and details of which are provided in the CAF.

### **Mode of Payment of Refund**

Applicants should note that on the basis of name of the applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the depositories the applicant's bank account details including nine digit MICR code. Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicant at the applicant's sole risk and neither the Lead Manager nor our Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, shall be undertaken in any of the following manners:

1. NEFT: Payment of refund shall be undertaken through National Electronic Fund Transfer (NEFT) wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the Demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
2. ECS/NECS: Payment of refund would be done through ECS/NECS for applicants having an account at any of the centres where such facility is made available. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS/NECS is mandatory for applicants having a bank account at any of the centres, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
3. Direct Credit: Applicants having bank accounts with the Banker(s) to the Issue / Refund Banker(s), as appointed by our Company, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Banker(s) to the Issue / Refund Banker(s) for the same would be borne by the Issuer.
4. RTGS: Applicants having a bank account at any of the abovementioned fifteen centers and whose refund amount exceeds ₹ 50 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Banker(s) to the Issue / Refund Banker(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under Certificate of Posting for value up to ₹ 1,500 and through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the refund banker as appointed by our Company, and payable at par.



### **Interest in case of delay in allotment /despatch**

If there is delay in the refund of subscription by more than 8 days after our Company becomes liable to pay the subscription amount (i.e. fifteen days) after closure of the issue, our Company will pay interest @ 15% for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

### **Undertaking**

Our Company undertakes that:

- A. The complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- B. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of basis of allotment.
- C. Funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- D. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant after closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- E. Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.
- F. At any given time there shall be only one denomination for the shares of our Company
- G. It shall comply with such disclosure and accounting norms specified by SEBI from time to time.

The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

### **Important**

- Please read this Abridged Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Abridged Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed "SIL - Rights Issue" on the envelope) to the Registrar to the Issue at the following address:

#### **Sharex Dynamic (India) Private Limited**

Unit-1, Luthra Industrial Premises, 1<sup>st</sup> Floor,  
44-E, M VasANJI Marg, Andheri-Kurla Road,  
Safed pool, Andheri (E), Mumbai 400072  
Tel No: +91-22 2851 5606 / 2851 5644;  
Fax No: +91-22 2851 2885  
Contact Person: Mr. B. S. Baliga

**It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled 'Risk Factors' beginning on page 7 of this Abridged Letter of Offer.**

The Issue will not be kept open for more than 15 days unless extended, in which case it will be kept open for a maximum of 30 days.



## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company.

These contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawane Village, Navi Mumbai 400 705, Maharashtra, India from 10.00 a.m. to 5.00 p.m., from the date of the Letter of Offer until the Issue Closing Date, on all working days.

### A. MATERIAL CONTRACTS

1. Engagement letter dated 1<sup>st</sup> February 2011 appointing Vertex Securities Limited as the Lead Manager to the Rights Issue.
2. A Copy Memorandum of Understanding dated 18<sup>th</sup> February 2011 between the Company and Vertex Securities Limited.
3. A Copy Memorandum of Understanding dated 18<sup>th</sup> February 2011 between the Company and Sharex Dynamic (India) Private Limited as Registrar to the Issue
4. Engagement letter dated 1<sup>st</sup> March, 2011 issued by the Company appointing Rajesh Shah & Co. as the Legal Advisors to the Issue.
5. Tripartite Agreement dated 25<sup>th</sup> March 2006 between the Company, Sharex Dynamic India Private Limited and CDSL to establish direct connectivity with CSDL.
6. Tripartite Agreement dated 10<sup>th</sup> February 2005 between the Company, Sharex Dynamic India Private Limited and NSDL to establish direct connectivity with NSDL.

### B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of Suditi Industries Limited.
2. A Copy of the resolution passed at the meeting of Board of Directors of our Company held on November 13, 2010 for approving the Rights Issue.
3. Consents of the Directors, Statutory Auditors, Independent Auditor, Company Secretary & Compliance Officer, Lead Manager to the Issue, Legal Advisors to the Issue, Bankers to the Company, Bankers to the Issue, Registrars to the Issue and to include their names in the Letter of Offer and to act in their respective capacities.
4. Copies of the Annual Reports of our Company for the years ended March 31, 2008, 2009, 2010, 2011 and 2012.
5. Letter dated May 29, 2012 from the Auditor of our Company confirming the Statement of Tax Benefits as disclosed in the Letter of Offer.
6. The Report of the Auditors dated May 29, 2012 as set out herein in relation to the audited financials of our Company for the FY 2011-12.
7. In-principle approval from BSE vide its letter no: DCS/PREF/PR/IP-RT/257/11-12 dated June 17, 2011 for listing of securities offered in this issue.
8. SEBI Observation Letter No. CFD/DIL/SP/EK/29998/2011 dated September 21, 2011 issued by SEBI for the Issue.
9. Due Diligence Certificate dated May 13, 2011 from the Lead Manager.
10. Prospectus dated January 18, 1994 for the public issue of 33,00,000 equity shares of face value ₹10/- each of our Company.
11. Certificate from the Statutory Auditor stating all the Accounting Policies adopted by the issuer company in the preparation of financial statement disclosed in the Letter of Offer are in Compliance with the applicable Accounting Standards.



*Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.*

C. Time and place at which the contracts, together with documents, will be available for inspection from the date of Letter of Offer until the date of closing of the subscription list at the Registered Office of the Company.

**SUDITI INDUSTRIES LIMITED**

A2, Shah & Nahar Industrial Estate, Unit No 23 / 26, Lower Parel, Mumbai 400013, Maharashtra, India.



## **DECLARATION**

No Statement made in this Abridged Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the issue as also the guidelines, instructions, etc. issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with.

All the Directors, Company Secretary of the Company certify that all disclosures made in the Letter of Offer are true and correct.

Yours truly,

**FOR SUDITI INDUSTRIES LIMITED**

**Signed by all the Directors**

Mr. Pavan Agarwal (CMD & CEO / CFO)

Mr. A. Indu Sekhar Rao

Mr. Vivek Gangwal

Mr. Sushilkumar Kasliwal

**Signed by the V.P. – Finance & Company Secretary**

Mr. H Gopalkrishnan

Place: Mumbai

Date: May 29, 2012