



NOTICE FOR THE NINETEENTH ANNUAL GENERAL MEETING:

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held on Friday the 3rd September, 2010, at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchant's Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020, to transact the following business.

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account of the Company for the year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Vivek Gangwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Anand Agarwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, as may be necessary, consent of the company be and is hereby accorded to the appointment of Shri. Pavan Agarwal as Managing Director of the Company for a period of 5 (five) years with effect from 1st February, 2010, with liberty to either party to terminate the appointment on three months notice in writing to the other and to his receiving remuneration, payments, perquisites and amenities from that date as given below:

The Managing Director shall be paid the following remuneration:

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

- (a) Salary: Rs. 40, 000/- per month

In the event of inadequacy of profits or loss in any particular financial year comprised in the period of appointment, the maximum salary payable shall be Rs.40,000 per month. Under such circumstances, no commission would be payable

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

For this purpose, the perquisites are classified into three categories

Part A

Part B

Part C

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

Part - A

1. Housing
 - i. The expenditure incurred by the Company on providing unfurnished accommodation to him will be subject to ceiling of 60% of the salary, over and above 10% payable by him.
 - ii. In case the accommodation is owned by the Company 10% of the salary shall be deducted by the Company.
 - iii. In case no accommodation is provided by the Company or the accommodation is owned or rented by him, House Rent Allowance will be 60% of the salary.
2. The expenditure on gas, electricity, water and furnishings shall be subject to a ceiling of 10% of the salary and shall be valued as per the Income-Tax Rules 1961.
3. Medical Reimbursement:
The Company shall reimburse medical expenses incurred by the Managing Director on himself or his family subject to ceiling as may be prescribed by the Board/ Remuneration Committee from time to time.
4. Leave Travel Concession:
For self and family, once in a year incurred in accordance with the rules of the Company.
5. Club Fees:
Fees of the clubs subject to a maximum of two clubs. This will not include admission and Life Membership fees.
6. Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 4,000/-.

Part - B

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

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Part - C

1. The Managing Director shall be provided with a car for use of Company's business subject to the condition that the use of the car for private purposes shall be billed by the Company to him.
2. Provision for use of telephone (including payment of local and long distance official calls) facsimile and computer facility at residence.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized from time to time to amend, alter or otherwise vary the terms and conditions of the re-appointment of Shri Pavan Agarwal including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of managerial remuneration as may be admissible to him within the overall limits specified in

the Act, as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board of Directors of the Company may deem fit;

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to this resolution".

By order of the Board of Directors
For **SUDITI INDUSTRIES LTD.**

Place: Mumbai
Date: 28.05.2010

H. GOPALKRISHNAN
COMPANY SECRETARY &
V. P. FINANCE

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

Item No. 5

Appointment of Managing Director:

Pursuant to section 269 of the companies act, 1956, Shri.Pavan Agarwal was appointed as the Managing Director of the company with effect from 1st February, 2010 for a period of 5 years on the terms set out in the said Resolution. Shri. Pavan Agarwal was appointed by the Board in their meeting held on 30th January 2010 in place of Shri. Anand Agarwal who has relinquished the office of the Managing Director with effect from 1st February, 2010. Shri.Pavan Agarwal has been associated with the company from the date of incorporation. His long and dedicated service with the company in various levels resulting in considerable experience eminently qualifies him for appointment as Managing Director of the company for a period of 5 years on the terms and conditions as set out in the resolution. The proposed remuneration is well within the limit as specified in schedule XIII and other relevant amendments/provisions of the companies act, 1956.

The appointment of Shri Pavan Agarwal as Managing Director for a term of 5 years has been reviewed and recommended to the Board by the Remuneration Committee. The Board of Directors recommends this resolution for your approval.

Shri. Anand Agarwal and Shri. Pavan Agarwal who are related to each other are deemed to be interested in this resolution to the extent of his individual appointment.

By order of the Board of Directors
For **SUDITI INDUSTRIES LTD.**

Place: Mumbai
Date: 28.05.2010

H. GOPALKRISHNAN
COMPANY SECRETARY &
V. P. FINANCE

NOTES:

1. An Explanatory statement relating to special business as set in the notice is annexed hereto, pursuant to section 173 (2) of the Companies act, 1956.
2. A member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy form to be valid shall be deposited with the company not later than forty eight hours before the time for holding the meeting.
3. The relevant details in respect of Item No. 2, 3 & 5 pursuant to clause 49 of the Listing agreements with the Stock Exchanges are annexed hereto.
4. The Register of members and the Share Transfer Books of the Company will remain closed from Friday the 27th August, 2010, to Friday the 3rd September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
5. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
7. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

SUDITI INDUSTRIES LTD.



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

Name of Director	Shri Vivek Gangwal	Shri Anand Agarwal	Shri Pavan Agarwal
Date of Birth	17.12.1970	02.01.1953	19.02.1965
Date of Appointment	16.06.2003	12.09.1991	12.09.1991
Expertise in specific Functional areas	Shri Vivek Gangwal has vast experience and knowledge in the various aspects of primary and secondary market operations, port folio management, equity research. His experience span over a period of more than 12 years and also traveled for enhancing and sharing his wide business experience.	Shri Anand Agarwal has more than 30 years of experience in the Textile Industry and has been closely associated with technical, commercial and other aspects of the Textile Industry. Undergone extensive training in Kobe-Japan for the manufacture of Knitted Fabrics.	Shri Pavan Agarwal has more than two decades of experience in the finance, marketing & other related matters particularly with reference to manufacture and export of garments
Qualifications	A graduate in Commerce and. Chartered Accountant	A graduate in Commerce	A graduate in Commerce
Directorships held in other companies (excluding foreign companies)	S.S.J.Finance Securities Ltd. S.S.J.Holding Ltd., Soba Inf osec P.Ltd. Soba Financial Services P.Ltd.	Black Gold Leasing Pvt. Ltd. Black Gold Holdings Pvt. Ltd. Black Gold Developers Pvt. Ltd. Black Gold Estates Pvt. Ltd. Black Gold Gardens Pvt. Ltd. Black Gold Constructions Pvt. Ltd. Black Gold Realtors Pvt. Ltd.	R.Piyarellal Pvt.Ltd. Intime Knits Pvt. Ltd
Committee position held in other companies	NIL	NIL	NIL
No.of Shares held	NIL	536500	762500

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DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date.

Financial Results:

Particulars	(Rs. in Lakhs)	
	Current Year Ended	Previous Year Ended
	31.03.2010	31.03.2009
Export Sales	160.03	105.60
Local Sales	2877.89	2220.07
Other Income	98.15	126.77
Profit before Interest and Depreciation	176.69	34.37
Interest	9.07	-
Profit after Interest	167.62	34.37
Depreciation	65.07	48.93
Profit / (Loss) before Tax	102.55	(14.56)
Provision for Tax	18.00	6.32
Profit / (Loss) after Tax before extra ordinary items	84.55	(20.88)
Extra Ordinary Items (Net)	-	75.91
Net Profit	84.55	55.03
Add: Brought forward from the previous year	525.68	470.65
Transfer from General Reserve	-	-
Amount available for appropriation	610.23	55.03
Balance carried to Balance Sheet	610.23	525.68

Dividend:

Considering the need for conserving the resources for expansion of business activities, your Directors have decided not to recommend for payment of any dividend on the Equity Shares for the year ended 31st March 2010.

Operations:

There is substantial improvement in the performance during the year under review in comparison to previous year. The global economic conditions continue to remain subdued for the major part of the year. However some amount positive signs of economic recovery were seen in U.S.A and Japan. Further the performance of the Garment unit has also shown some remarkable improvement in terms of productivity and profitability. The overall turnover has registered a growth level of around 31% in comparison to previous year. Similarly the Garment unit have also recorded an increase in the turnover from Rs. 5.66 crores to Rs. 10.67 crores thus registering growth of almost 89% in comparison to last year.

The process house as well as garment units are now fully stabilized and the Company is now poised to take full advantage of its strength in the production of quality fabrics and Garments. Based on these strengths, the company is now venturing into Retail as well as Buying House activities. These business activities will enable the company to utilize

its facilities to derive the maximum benefit in terms access to market as well as synergy in the production and capacity utilization. Further regarding the pending EPCG License matter, the company continues to pursue with Joint DGFT, Mumbai to resolve the issue at the earliest.

Export Sales:

Even though there is some significant increase in the exports sale during the year under review in comparison to previous year, the overall export performance is not as per the anticipated levels. The recessionary trend in the U.S. and Europe had severe impact on the export performance of most of the textile units particularly in the garment sector. In spite of some stimulus measures announced by the government for the textile sector, the impact of the same is yet to reflect in the workings of the garment units in the country. Apart from this the unit value realization of the export orders are far from the breakeven levels for our units to execute under the prevailing conditions. Even the foreign exchange market is still not conducive for the exporters as the US \$ rates are not very attractive and stable.

The company is now taking all possible measures as the global conditions are showing signs of recovery particularly in the U.S.A and Japan. However Europe is still reeling under certain kind of recessionary conditions particularly in Greece, Spain etc .and the huge stimulus measures announced to bail out these economies will have some positive impact on the exports to these countries in the coming years. Considering all these aspects, the company is now directly taking exports Business from all over the world through its new Apparel Buying House division. This new division would be sourcing orders for arranging the supply through various manufacturers apart from providing business to the company's garment division on selective basis depending upon the profitability and volume of business.

Apart from this the company is also exploring the opportunities to expand its client base in African and Latin American countries including Mexico etc. to increase the scope of the export business. India is gradually becoming a global hub for sourcing Garments and Apparels by buyers from all over the world. In view of these emerging trends in the global market, the company has drawn up plans to increase its exports business by manifold in the coming years. Apart from this the company has installed some additional machinery in the printing, embroidery and other sections to cater to the requirements of some of the best international brands in the premium segments. Eventually the company is planning to export at least 50% of its production capacity to the various buyers all over the world with different product ranges.

Expansion:

There are no major expansion plans or any other form of investment envisaged for the company except adding some additional machineries and other balancing equipments to strengthen the production line as well as to provide some value addition to the garment division. However the company has started the following activities to enhance the market share as well as to increase the overall profitability of the company.



1) Retail Division:

The company has started the retail division under the Brand Name "RIOT". The Company would set up chain of Retail Stores in different part of the country to sell directly to the retail customers. Apart from this the company would also be setting up Franchise shops to sell the products directly to the retail customers. The initial investment for this new division would be made by the company and as per the projections all further investments would be generated by the division itself from its operations.

2) Apparel Buying House:

The Company has set up another division primarily to source the materials for various buyers from different part of the world. Apart from providing some good export business to our garment division this new division would be sourcing Apparels and Garments for various buyers against their requirements from local manufacturers. The investment for this new division is not very significant and would be made by the company from internal sources.

Industrial Relations:

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

Personnel:

The statement showing the requisite information in compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 is not furnished herewith, as there are no employees covered by that section.

Deposits:

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

Energy, Technology and Foreign Exchange:

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

Directors:

During the year under review Shri Anand Agarwal relinquished his post as Managing Director and at the request of the Board agreed to continue as the chairman of the Board. In his place Shri Pavan Agarwal is appointed as Managing Director with effect from 1st February, 2010.

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri Vivek Gangwal and Shri Anand Agarwal, Directors, would retire by rotation, and being eligible, offers themselves for re-appointment.

Directors' Responsibility Statement:

The Directors hereby confirm: -

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) That the Directors have prepared the annual accounts on a 'going concern' basis.

Corporate Governance:

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

Cost Audit:

The Company has appointed M/s. Ritesh & Associates as the Cost Auditor to audit the cost records maintained by the Company for the year 2009-10 as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company.

Auditors:

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

Appreciation:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28.05.2010

ANAND AGARWAL
CHAIRMAN

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Annexure I

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March 2010.

A) Conservation of Energy:

a) Energy Conservation measures taken: -

Energy conservation is very important in today's world and Company attaches significant importance to these measures. Regular review and evaluation of all Energy conservation measures are undertaken to ensure that systems and methods followed are very effective. The Company takes adequate steps to understand and adopt the latest developments in the field of energy conservation activities, so as to ensure that energy resources are utilized in a more appropriate and economical way.

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

- 1) Oxygen controller has been fitted on boilers and Thermic fluid heater which ensures optimum supply of air for efficient burning of fuel thereby increasing the efficiency of the boiler & Thermic fluid heater which results in saving of fuel
- 2) Arel-504 programmers are installed on two dyeing machines converting them into fully Automatic and this helps in achieving optimum utilization of energy and other inputs.
- 3) APFCR units are installed with low value capacitor for unity power factor
- 4) Auto dosing controllers are installed on some specified dyeing machines thereby considerably reducing the process time, thus saving energy.
- 5) Machines of different capacity are installed to ensure that there is synergy in the process quantity and capacity of the machines. This will avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
- 6) Air driven ventilators are used instead of power driven ventilators thereby ensuring a good saving in the energy consumption.
- 7) Apart from this, there is proper adherence to preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal has helped the Company to stream line the usage of energy in a more economical way thereby reducing the wastage significantly.

b) Additional Investment and proposals being implemented for reduction in the Consumption of energy: -

- 1) Considering the proposal to install the programmable logic controllers on all the remaining

machines to cut down energy consumption and wastage.

- 2) Replacement of high-energy consumption equipments with energy saver equipments.
- c) Impact of measures taken at a) & b) above for reduction of energy consumption and Consequent impact on the cost of production of goods: -
 - 1) Considerable reduction in the wastage of Energy resources and better utilization of energy resources thereby achieving economy in the cost of operations.
 - 2) These measures help the company to reduce the cost of production, improvement in quality standards and productivity. Further, these measures also help the Company to offer competitive rates to the buyers both in the domestic and International market.

B) Technology Absorption:

a) Research & Development:

1. Specific area in which R&D is carried out by the Company:

a) Development of better recipe with the objective of economizing the cost of production as well as to ensure better finishing and feel of the fabric.

b) Company is actively involved in the development of new products, by using specific and advanced technology. These are high end products and more of import substitutes with added features.

2. Benefits derived as a result of the above R&D:

a) Apart from helping the company to remain cost competitive in the market, these measures have enabled the Company to maintain high quality standards with wide product range.

3. Future Plan of Action:

a) The Company continues its efforts to develop some specific new products that are used under some extreme weather condition to be used by certain establishment specifically.

b) The Company regularly explores new avenues and methods and carries out R&D activities particularly in the utilization of input materials, better processing system, and reduction in wastage levels as well as to operate the unit on eco-friendly basis.

4. Expenditure on R&D (in Rs.lakhs)

The aggregate expenditure in R&D both in the nature of capital and revenue is not very significant. The Company continues its efforts towards improving the products quality standards, productivity levels by using very small portion of its resources.


b) Technology absorption, adoption, & innovation

There are no major significant incidents to mention in the company during the year with respect to technology absorption, adoption or innovation. The Company is conscious and takes necessary action wherever the need arises for the same. As a matter of policy, the existing units are always upgraded with latest superior technology machineries. There is also regular programme to study and develop new combination of chemicals, colours, etc. in collaboration with vendors. In order to remain competitive in the International market, the Company needs to upgrade its quality standards, processing techniques etc. on a regular basis as per the changing needs and trends in the International market. The Company regularly monitors the developments in these areas and timely induction/absorption of these technologies is made to maintain its competitive strength in the market.

Regarding the imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the same are not applicable.

C) Foreign Exchange Earnings and Outgo: -

The figure of earnings and expenditure in foreign currency during the period under report are as under:

(Rs.in Lakhs)		
Particulars	Current Year (2009-10)	Previous Year (2008-09)
Total Foreign Exchange used	51.69	20.46
Total Foreign Exchange earned (FOB Value)	136.29	93.99

Form - A
(See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

	Current Year (2009-10)	Previous Year (2008-09)
1. Electricity		
Units (KWH)	3147167	2969653
Total Amount (Rs.)	16463266	13666176
Average Rate	5.23	4.60
2. Diesel Oil		
Quantity (Lt.)	29344	33187
Total Amount (Rs.)	1072649	1282027
Average Rate (Rs./Lt.)	36.55	38.63
3. Steam Coal		
Quantity (Kgs)	4568409	4704534
Total Amount (Rs.)	22091666	24005364
Average Rate (Rs./Kgs.)	4.84	5.10

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.19	1.10
Diesel Oil (Lt. /Kg.)	0.011	0.012
Steam Coal (Kg/Kg)	1.72	1.75

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28.05.2010

ANAND AGARWAL
CHAIRMAN

Corporate Governance:
Report of the Directors on Corporate Governance

The Company practices the Corporate Governance policies and procedures as per the norms laid down by the Board. The Company considers it as an important tool for protection and maximization of long term values. The Company believes in conducting its business in fair and equitable manner in all respects as per the ethical, professional, and legal standards. The standard of business conduct are based on the commitment made by the management to follow fair transparent, honest and equitable business practices, respect the confidentiality entrusted, obey the law of land and rules, honest and accurate reporting to stakeholders. The Company believes that best Board practices, transparent disclosures, and Shareholders empowerment are necessary for creating Shareholders wealth.

Board of Directors:

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

Composition of Board of Directors:

The Board has an optimum combination of Executive and Non-Executive Directors as well as Independent Directors with necessary expertise from different fields.

Name of Directors	Executive or Non-Executive	Independent	Total No. of Directorships (including SIL)	No. of other Outside Committee Membership	No. of other Outside Committee Chairperson
Anand Agarwal	Non-Executive	No	1	--	--
Pavan Agarwal	Executive	No	1	--	--
A.Indu Sekhar Rao	Non-Executive	Yes	1	--	--
Vivek Gangwal	Non-Executive	Yes	1	--	--
Sushilkumar Kasliwal	Non-Executive	Yes	1	--	--

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

Responsibilities and role of Independent Directors:

The responsibilities of the Board include wide range of activities with a greater emphasis on providing strategic direction to the Company towards achieving its goal. Generally, all these activities are formal schedule of activities as laid down by various statutes & provisions. The Independent Directors plays significant role in the implementation of Corporate Governance policies and practices. They take active part in the deliberations particularly in the functioning of various committees as they enrich the Board with their vast experience and knowledge.

Board Meetings:

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

Five Board Meetings were held during the year from 1st April 2009 to 31st March 2010, i.e. on 30th April 2009, 30th June, 2009, 30th July, 2009, 31st October, 2009, & 30th January, 2010. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Anand Agarwal	5	Yes
Shri Pavan Agarwal	4	Yes
Shri A.Indu Sekhar Rao	5	Yes
Shri Vivek Gangwal	5	Yes
Shri Sushilkumar Kasliwal	2	Yes

Details of Directors being appointed/re-appointed:

During the year under review, no new Director has been inducted to the Board, and also no Director has resigned from the Board. Further during the year Shri. Anand Agarwal who was appointed by the board as Managing Director has

relinquished the position as Managing Director and in his place the Board has appointed Shri. Pavan Agarwal as Managing Director for a period of 5 years with effect from 1st February, 2010. However as suggested by the Board Shri. Anand Agrawal agreed to continue as chairman of the Board.

Shri. Vivek Gangwal and Shri. Anand Agarwal, Directors of the Company retires by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Board Committee:

Currently the Board has constituted three Committees Viz., Audit Committee, Shareholders Grievances Committee and Remuneration Committee to provide specialized and focused attention relating to all the activities falling within the terms of reference as decided by the Board including the assignments of its Members thereof.

Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri A. Indu Sekhar Rao and Shri Pavan Agarwal. Subsequent to the appointment of Shri. Pavan Agarwal as Managing Director in place of Shri Anand Agarwal who has relinquished the position of Managing Director, the Board has nominated Shri. Anand Agarwal as the member of the Audit committee with effect from 1st February, 2010.

- Shri. Vivek Gangwal is a Chartered Accountant and an expert in Investment and Securities market operations.
- Shri A.Indu Sekhar Rao is qualified technocrat and expert in Textile Industry.
- Shri Pavan Agarwal is Commerce Graduate with expertise in Garment exports and marketing activities.
- Shri. Anand Agarwal is Commerce Graduate with technical and commercial expertise in Garment manufacturing, exports and marketing activities.

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

Brief Description and terms of reference:

- 1) Oversight of the Company's financial reporting systems and procedures and the disclosure of its financial information to ensure that the financial statement is accurate, adequate and credible;
- 2) Recommending to the Board, in respect of appointment, re-appointment, the replacement or removal of the statutory auditor if necessary and the fixation of audit fees;
- 3) Approval of all payments to the statutory auditors for any other services rendered by them;



- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - b) Significant changes, if any, in accounting policies and practices and reasons for the same;
 - c) All major accounting entries involving estimates based on the exercise of judgements by management;
 - d) Any significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft Audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 6) Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems;
- 7) Reviewing the adequacy of Internal Audit function, if any, including the frequency of Internal Audit;
- 8) Discussion with Internal Auditors, Cost Auditors etc., any significant findings and follow up thereon;
- 9) Examine the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature resulting in revenue leakage etc; and reporting the matter to the Board;
- 10) Review the Audit programme with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 11) To look into the reasons for any substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- 12) To examine the functioning of the Whistle Blower mechanism of the Company;
- 12A) Approval of appointment of CFO (i.e., Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
- 13) Undertake any other function as may be mentioned in the terms of reference of the Audit Committee

The Audit Committee also analyses and reviews the following informations:

1. Management discussion and analysis of financial condition and status of operations;
2. Detailed statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management notes/circulars/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit reports/Cost Audit observations relating to internal control weaknesses;

Audit Committee meetings are regularly attended by Statutory Auditor, Cost Auditor, and Internal Auditor, apart from Senior Executives from Finance, Operational functions of the Company. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee has met 5 times during the year under review. The attendance of the each member of the committee at the Audit Committee meeting held is as under. Apart from this, the Audit Committee also met once before the presentation of Audited Accounts to the Board.

Name	No. of Meetings Attended
Shri Vivek Gangwal	5
Shri Indu Sekhar Rao	5
Shri Pavan Agarwal	5
Shri Anand Agarwal	Nil

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 18th Annual General Meeting held on 11th September 2009.

Remuneration Committee:

Shri A.Indu Sekhar Rao chairs the Remuneration Committee and the other members of the committee are Shri Vivek Gangwal and Shri Sushilkumar Kasiwal. The Remuneration Committee reviews and recommends compensation payable to the Executive/Managing Director. Further the Committee also review the overall compensation structure and policies of the Company including the incentive schemes payable to all the Senior Management personnel with a view to attract, retain and motivate employees. The Committee also ensures that the compensation payable to the Senior Management personnel are consistent, fair and transparent in motivating and rewarding employees appropriately according to their job, role size, performances, contribution, skill and competence.

During the year under review the committee meet once in January 2010. The Committee had reviewed the elements of remuneration payable to the Managing Director while considering the appointment of Shri.Pavan Agarwal as Managing Director in place of Shri.Anand Agarwal and suggested to maintain the same for the year without any

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revision as the Company is still in the process of stabilizing its operations.

Name	Attended the Meeting	Status
Shri A. Indu Sekhar Rao	Yes	Chairman
Shri Vivek Gangwal	Yes	Member
Shri Sushilkumar Kasliwal	Yes	Member

Remuneration Policy:

The Committee regularly evaluates and reviews the compensation policy with the objective of ensuring that compensation levels of the Company vis-à-vis other units in the same industry are not detrimental to the interest of the Company in all aspects. The compensation policy of the Company provides for performance-oriented incentives for various staff and executives in the organization. Whole-time Directors compensations are recommended by the Committee in accordance with the various provisions of the Companies Act and Rules & regulations. Non Executive Directors have not drawn any remuneration from the Company except sitting fees for the Board Meetings attended by them.

Details of Remuneration to the Directors during the financial year ended 31st March 2010

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Anand Agarwal	640000	7800	-	139628	787428
2. Pavan Agarwal	128000	6322	6000	3000	143322
3. A.Indu Sekhar Rao	-	-	7500	4000	11500
4. Vivek Gangwal	-	-	7500	4000	11500
5. Sushilkumar Kasliwal	-	-	3000	1000	4000

Shareholders/Investors Grievance Committee:

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Pavan Agarwal. The other members are Shri A.Indu Sekhar Rao and Shri Vivek Gangwal. The Board has nominated Shri. Anand Agarwal as the member of the Shareholders/Investors Grievance committee with effect from 1st February, 2010 in place of Shri.Pavan Agarwal who has been appointed as Managing Director of the company by the Board. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also monitors redressal of Shareholders grievance relating to transfer of shares, non-receipt of Annual Report etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services. The committee ensures that all transfer/

transmission/split/consolidation etc are promptly attended and completed within the stipulated time period.

During the year under review, the committee met 17 times and the members were present in all the meetings respectively.

Name	No. of Meetings attend During the year	Attended all the Meeting
Shri Pavan Agarwal	15	Yes
Shri A.Indu Sekhar Rao	17	Yes
Shri Vivek Gangwal	17	Yes
Shri Anand Agarwal	2	Yes

The Committee also reviews the performance of R&T Agents periodically, which includes monthly charges, fees for undertaking the services as per the contracts and review of the contract in line with the volume of work and responsibility. The Committee also reviews the grievances report submitted by the Company's Registrar / Transfer Agents, and based on the report, there are no complaints pending against the Company. Details of Shareholders complaints, compliance officer etc. are separately indicated in the Shareholders information attached herewith and forms part of this report.

Annual General Meeting:

- a) The details of the Annual General Meeting (AGM) held during the last 3 years are as under:

AGM	Financial Year	Date and Time	Venue of AGM
18th	2008-09	September 11, 2009 at 4.00 p.m.	Kilachand Conference Room, 2 nd Floor, Lalji Naranji Memorial
17th	2007-08	August 29, 2008 at 4.00 p.m.	Indian Merchants' Chamber Building Trust, (IMC Bldg.),
16th	2006-07	September 14, 2007 at 4.00 p.m.	Churchgate, Mumbai - 400 020

- b) Special Resolutions passed at the last three Annual General Meetings:
There were five Special Resolutions passed in the 17th Annual General Meeting. Except these resolutions, no other Special Resolutions were passed at the last three Annual General Meetings.
- c) Passing of Special Resolutions by Postal Ballot:
There were no Extra Ordinary General Meetings held during the last three years. There were no Special Resolutions required to be passed through Postal Ballot in the last three Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.