



NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Friday the 14th September, 2012, at 4.00 p.m. at Walchand Hirachand Hall, 4th Floor, Lajji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 to transact the following business:-

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account of the Company for the year ended 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. A.Indusekhar Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri. Vivek Gangwal who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on the Equity Shares.
5. 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:

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

"RESOLVED THAT pursuant to the recommendation of the Remuneration Committee and in partial modification of the earlier Resolution passed in the Nineteenth Annual General Meeting held on 3rd September, 2010, the consent of the Company be and is hereby accorded under the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) that the salary inclusive of house rent allowances payable to Shri. Pawan Agarwal, Chairman & Managing Director of the Company be and is hereby increased to Rs.1,25,000/- per month from Rs.64,000/- per month effective from 1st April, 2012 for the remaining period of the tenure with a liberty and powers to the Board of Directors to alter and vary the terms and conditions and remuneration in such a manner as the Board may deem fit and is acceptable to Shri. Pawan Agarwal, within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

RESOLVED FURTHER THAT all other terms and conditions of his appointment shall remain unchanged and in the event of loss or inadequacy in profits in any financial year during the currency of his tenure, the Company will pay Shri. Pawan Agarwal the remuneration and perquisites referred above as minimum remuneration subject to Schedule XIII of the Companies Act, 1956."

RESOLVED FURTHER THAT the aggregate of the remuneration payable to him in any particular Financial Year will be subject to the overall ceiling limit laid down in Section 198 and 309 read with Schedule XIII of the Companies Act, 1956."

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

Place : Mumbai
Dated : 29/05/2012

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 pursuant to clause 49 of the Listing agreements with the Stock Exchanges are annexed hereto.
4. The Register of members and the Share Transfer Books of the Company will remain closed from Saturday the 8th September, 2012, to Friday the 14th September, 2012 (both days inclusive) for the purpose of payment of dividend.
5. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company/Registrar and Transfer Agents M/s. Sharex Dynamic (I) Pvt. Ltd., under the signature of the sole/first joint holder, the following information, so that the Bank Account No., Name and Address of the Bank can be printed on the dividend warrants:
 - 1) Name of Sole / First Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of Bank
 - ii) Name of Branch
 - iii) Complete address of Bank with Pin Code
 - iv) Account type, whether Saving Account (SB) or Current Account (CA)
 - v) Account No. allotted by the Bank.
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.

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

ITEM NO.6

The Members had approved the salary inclusive of house rent allowances of Shri Pawan Agarwal, Chairman & Managing Director as Rs.64,000/- in the Nineteenth Annual General Meeting held on 3rd September, 2010. The job responsibilities of Chairman & Managing Director have considerably increased in view of increase in the volume of business and establishment of new business activities like Retail Business, printing division & Buying Agency. Further due to preoccupation Chairman Shri Anand Agarwal has also taken retirement and resigned as Chairman/Director from the Board. Keeping in view the above and on the basis of recommendation of the Remuneration Committee, your Board of Directors have, passed a Resolution in their meeting held on 29th May, 2012, revising the remuneration of Chairman & Managing Director to Rs.1,25,000/- per month with effect from 1st April, 2012 for the remaining period of his tenure. All other terms and conditions of his appointment will remain the same subject to the applicable provisions and schedule XIII of the Companies Act 1956 and its enactments.

None of the Directors, except Shri. Pawan Agarwal himself is concerned or interested in the above Resolution. The Board recommends the resolution to the members for their approval.

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

Place : Mumbai
Dated : 29/05/2012

Twenty-First Annual Report 2011 - 2012

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 A. Indu Sekhar Rao	Shri Vivek Gangwal
Date of Birth	05.10.1931	17.12.1970
Date of Appointment	26.04.1996	16.06.2003
Expertise in specific Functional areas	Shri A.I.S. Rao has a wide range of experience in Textile Industry and occupied various positions in different organizations. He has served Government of India as Joint Textile Commissioner. Further, he had also served as Director (P&D) in the textile Commissioner's Office. Apart from this, he had also worked as head of the textile technology division of SASMIRA. During the tenure of professional life, he had also served Finlay Group of Mills in various positions.	Shri Vivek Gangwal has vast experience and knowledge in the various aspects of primary and secondary market operations, port folio management, and equity research. His experience span over a period of more than 20 years and also traveled for enhancing and sharing his wide business experience.
Qualifications	a) Bachelor of Textiles (B.Text) from Bombay University. b) Master of Textiles (M.Text) from Bombay University. c) Graduate in Industrial Management (M.I.M) from B.I.M. London. d) S.Q.C. & N.P.C. short term courses. e) Fellow of Institution of Engineers India (F.I.E.)	A graduate in Commerce and Chartered Accountant
Directorships held in other companies (Excluding Foreign Companies)	NIL	Soba Infosec Pvt. Ltd. SSJ Finance & Securities Pvt. Ltd.
Committee position held in other companies	NIL	NIL
No. of Shares held	NIL	NIL



DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Twenty First Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date.

Financial Results: (Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2012	Previous Year Ended 31.03.2011
Export Sales	32.57	9.01
Local Sales	4168.17	3093.43
Other Income	64.92	58.29
Profit before Finance Charges/Cost and Depreciation	235.95	258.66
Finance Cost	77.66	39.57
Profit after Finance Cost	158.29	219.09
Depreciation	77.98	68.67
Profit / (Loss) before Tax	80.31	150.42
Provision for Tax	14.96	30.75
Profit / (Loss) after Tax before extra ordinary items	65.35	119.67
Extra Ordinary Items (Net)	-	-
Net Profit	65.35	119.67
Add: Brought forward from the previous year	729.91	610.23
Transfer from General Reserve	-	-
Amount available for appropriation	795.26	729.91
Proposed Dividend	42.60	-
Tax on Proposed Dividend	6.91	-
Balance carried to Balance Sheet	745.75	729.91

Dividend:

Considering the sustained growth in the business and stability in the profitability levels, the board is pleased to recommend a dividend at the rate of Rs.0.50 per Equity Share on the paid up share capital as on 31st March 2012 of the company.

Operations:

The company has recorded significant improvement in the overall performance during the year under review in comparison to previous year. The company has registered an increase of almost 36% in the sales figures in comparison to previous year. However the growth in the sales is not in line with the projected level due to lower than the anticipated sales levels in the retail division. The economic conditions across the globe continue to remain as a concern because of economic crisis in many part of Europe. Even in US markets, the conditions are not very encouraging as the economy is still on the recovery path. In the domestic market the robust economic conditions prevailed in the last few years have started receding in the current year as the country registered economic growth much below the projected level. However overall market sentiments are very positive and the country is expected to do much better in the current fiscal year. The market conditions are expected to grow at a better pace in the domestic market. The company is already experiencing a spurt in the demand for garments and fabrics with better price structure.

The company expanded the scope of Retail business by adding outlets through Large Format Stores (LFS) like Reliance/life style etc. These Stores (LFS) are functioning apart from company's outlets opened in various cities. The company proposes to add more counters in the LFS formats and an additional at least 15 retail outlets in different parts of the country. The "Riot" brand name taken by the company would be acquired completely and used exclusively by the company only for its Retail business activities. Apart from this the company is also in the process of setting up a Buying House division in the lines of discontinued Apparel Buying division to expand the scope of business for the company. 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:

In view of depressed conditions in the demand for clothing and other apparels in the European market and other parts of the world, the company during the year under review focused maximum in the local market. Hence there were no significant exports of garments and fabrics during the year under review. However in view of signs of recovery in the US markets and also efforts to revive the economy in the European region, the company undertook some exports during the last quarter of the financial year. The company has now initiated some actions to start the exports business particularly in the Asian regions mainly for quality fabrics. Apart from this the company is also negotiating with different buyers in the USA and Europe for garment exports with better unit value realization. As the situation is gradually improving the company is hopeful of restarting the exports to these regions. Alongside the company continues its efforts to align with some big reputed brands in the overseas market to ensure the export in large volume.

The company continues to take active part in international Fairs/exhibitions to demonstrate the capacity to manufacture quality fabrics and garments in huge volumes. The company is hopeful of starting some sizable quantity of exports once the European markets start showing signs of recovery from recession. The company is now in the process of adding some printing line to increase the product range for exports markets. This will help the company to get better rates and attractive margins to undertake volume based business on regular basis. Ultimately in the long run the company now intends to export at least 30-50% of its production capacity to the various buyers all over the world with different product ranges.

Expansion:

As a part of the expansion cum modernization plan, the company is now in the process of setting up the printing project at the existing factory unit at Navi Mumbai. This will help the company to have a better product range with value addition to enhance the profitability of the existing processing unit. As per the detailed plan of capital expenditure drawn for the next two years which includes setting up another new garment unit, expansion of Retail business activities, and construction/acquisition of new administrative block to centralize all administrative and back office operations, the company has initiated some preliminary work in the year under review. The new garment unit may be set up adjacent to the existing unit. The funds required for this programme will be arranged through issue of fresh equity shares on rights basis.

Rights Issue:

The Lead Managers M/S. Vertex Securities Ltd. had received necessary consent from SEBI (Securities & Exchange Board of India) and Bombay Stock exchange Ltd in respect of the proposed Rights Issue of shares. Accordingly the Lead Managers have made the final draft of the Offer documents incorporating the corrections/instructions given by the SEBI while according their consent for the proposed rights issue. The company intends to finalize the record date in the month of July/August 2012 on receipt of confirmation from the Securities and Exchange board of India.

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

The Employee stock option plan approved by the company in the last general meeting has received necessary consent from the Bombay Stock Exchange Ltd. The company has now drawn up a detailed plan for introducing the same in the company gradually. The company has set up a Compensation committee to administer and oversee the scheme as per the procedures laid down in this behalf.

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 there under.

Twenty-First Annual Report 2011 - 2012

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 Chairman Shri. Anand Agarwal resigned from the Board as director due to pre occupation with other activities with effect from 3rd February 2012. The Board wishes to record their deep sense of appreciation for the valuable services rendered by Shri. Anand Agarwal during his tenure as board member in various capacities.

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri. Vivek Gangwal and Shri. Indusekhar Rao 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the 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. Talati & Associates (Prof. V.J. Talati - Reg.No. M-2203), Cost Accountants as the Cost Auditor to audit the cost records maintained by the Company for the year 2011-12. This is 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: 29.05.2012

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Annexure I

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March 2012.

A) Conservation of Energy:

a) Energy Conservation measures taken:

Energy conservation programme assumes great significance in the present world scenario and Company attaches significant importance to these measures. There is a continuous system of review and evaluation of all Energy conservation measures to ensure that systems and methods followed are very effective. The Company takes proactive steps to understand and adopt the latest developments in the field of energy conservation activities. There is great awareness among all the departments and sections of the employees working in the organization, to ensure that energy resources are utilized in a more appropriate and economical way.

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

- 1) The company has installed Heatex made thermic fluid heater to ensure saving of energy on account of supply of heat to the specified machines.
 - 2) The installation of Auto dosing controllers are continued on selected dyeing machines to reduce the process time considerably, thereby enabling the company to save energy.
 - 3) The company maintains the synergy in the process quantity and capacity of the machines to avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
 - 4) The company conducts in-house steady on energy consumption pattern of each machine related to production as well as to develop a proper program to reduce energy consumption on a sustainable basis.
 - 5) Apart from this, company follows regular adherence to preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal and this has helped the Company to streamline 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) The proposal to install the programmable logic controllers on all the remaining machines is under active consideration to cut down energy consumption and wastage.
 - 2) Replacement of high-energy consumption equipments with energy saver equipments are considered whenever any fresh investment on machinery is made.
 - 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) Substantial achievement in the economic and better utilization of energy resources thereby achieving economy in the cost of operations.
 - 2) These measures also help the company to economize the cost of production, improve quality standards and productivity. Because of this the Company is able to maintain competitiveness both in the domestic and International market.

B) Technology Absorption:

a) Research & Development:

1. Specific area in which R&D is carried out by the Company:
 - a) The company is very keen and pursues the measures to develop better product range and input mix with the objective of economizing the cost of production as well as to ensure better quality to maintain its competitive advantage.
 - b) Company actively participates in the development of new products like Serona/Polyester, which are more of import substitutes with added features.
2. Benefits derived as a result of the above R&D:
 - a) Helps the company to remain competitive in terms of cost and quality in the market. The Company is able to maintain strict quality standards with wide product range.



3. Future Plan of Action:

- The Company intends to develop more input mix to maintain the cost of production in check without compromising on quality standards.
- The Company regularly monitors various developments in the industry and accordingly carries out the R&D activities particularly in the development of new product ranges, utilization of input materials, better processing system, and reduction in wastage levels as well as to operate the unit on eco-friendly basis.

Expenditure on R&D (Rs. in lakhs)

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

b) Technology absorption, adoption, & innovation:

The company has not recorded any major developments during the year in respect of technology absorption, adoption or innovation. However the Company generally observes closely all significant technological development 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. The company also takes initiatives to study and develop new combination of chemicals, colors, etc. in collaboration with vendors. Continuous up gradation of quality standards is very essential for the company to remain competitive in the industry. The Company keeps a close watch on all the developments in these areas and timely induction/absorption of these technologies are made to maintain the competitive strength in the market.

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

C) Foreign Exchange Earnings and Outgo:

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

Particulars	(Rs. in Lakhs)	
	Current Year (2011-12)	Previous Year (2010-11)
Total Foreign Exchange used	16.05	24.98
Total Foreign Exchange earned (FOB Value)	32.14	9.01

Form - A
(See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

Particulars	Current Year (2011-12)	Previous Year (2010-11)
1. Electricity		
Units (KWH)	3655235	3419767
Total Amount (Rs.)	22399117	18693749
Average Rate	6.13	5.47
2. Diesel Oil		
Quantity (Lt.)	30613	19964
Total Amount (Rs.)	1356431	823439
Average Rate (Rs./Lt.)	44.31	41.25
3. Steam Coal		
Quantity (Kgs)	5594185	4905844
Total Amount (Rs.)	30554399	26293350
Average Rate (Rs./Kgs.)	5.46	5.36

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.20	1.21
Diesel Oil (Lt./Kg.)	0.010	0.007
Steam Coal (Kg/Kg.)	1.84	1.73

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29.05.2012

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Corporate Governance

Report of the Directors on Corporate Governance:

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

Board of Directors:

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

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

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

Responsibilities and role of Independent Directors:

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

Board Meetings:

The Board Meetings are held 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 along with relevant notes/ explanations are circulated in advance to enable the Board to discharge its responsibilities effectively and take informed decisions.

Six Board Meetings were held during the year from 1st April 2011 to 31st March 2012, i.e. on 19th May 2011, 30th May, 2011, 30th June, 2011, 13th August, 2011, 14th November, 2011, & 3rd February 2012. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Twenty-First Annual Report 2011 - 2012

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Anand Agarwal	6	Yes
Shri Pawan Agarwal	5	Yes
Shri A.Indu Sekhar Rao	6	No
Shri Vivek Gangwal	6	Yes
Shri Sushilkumar Kasliwal	4	Yes

Details of Directors being appointed/re-appointed:

During the year under review, Shri. Anand Agarwal Chairman has resigned from the board and no new Director has been inducted to the Board. Shri. A.Indusekhar Rao and Shri. Vivek Gangwal, 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 the following Committees Viz., Audit Committee, Shareholders Grievances Committee, Remuneration Committee and Compensation 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 Pawan Agarwal who has been inducted in place of Shri Anand Agarwal after his resignation from the board.

- * 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. Anand Agarwal is a Commerce Graduate with technical and commercial expertise in Garment manufacturing, exports and marketing activities. (Resigned as stated above).
- * Shri. Pawan Agarwal is a Commerce Graduate with marketing and commercial expertise in Garment manufacturing and exports.

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

Brief Description and terms of reference:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommending to the Board, the appointment, re-appointment, and if required, the re-placement or removal of the statutory auditor and the fixation of audit fees;
- 3) Approval of 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) Major accounting entries involving estimates based on the exercise of judgments by management;
 - d) 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;
 - 5A) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - 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 structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;
 - 8) Discussion with Internal Auditors, Cost Auditors etc., any significant findings and follow up thereon;
 - 9) Reviewing 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 and reporting the matter to the Board;
 - 10) Discussion 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 review the functioning of the Whistle Blower mechanism, in case the same is existing;
 - 13) 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;
 - 14) Undertake any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also analyses and reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Detailed statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/ letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit reports/Cost Audit observations relating to internal control weaknesses;
5. The appointment, removal and terms of reference of the chief internal auditor/ internal audit firm shall be subject to review by the committee.

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 4 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	4
Shri Indu Sekhar Rao	4
Shri Anand Agarwal	4

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 20th Annual General Meeting held on 2nd September 2011.

Remuneration Committee:

The remuneration committee is constituted with three directors with Shri. A.Indu Sekhar Rao as chairman and the other members of the committee are Shri. Vivek Gangwal and Shri. Sushilkumar Kasliwal. 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. The members of the Remuneration Committee also act as the members of the Compensation committee set up to administer the SUDITI ESOP 2011 scheme and during the year the Compensation committee met twice to discuss and finalise the SUDITI ESOP 2011 scheme.

During the year under review the committee met once in June 2011 and suggested to maintain the remuneration payable to Managing Director at the same level for the year without any revision in view of expansion and enhanced business activities. However in the current year the Committee reviewed the remuneration payable to the Chairman & Managing Director and suggested to increase the same in line with the increased responsibilities entrusted upon him after the resignation of Shri. Anand Agarwal from the board and also as per the provisions of Companies Act 1956 along with its enactments and schedule XIII as specified in the notice calling the 21st. Annual General Meeting.

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 reviews the compensation policy and evaluates with the objective of ensuring that the compensation levels of the Company are in line with industry standards followed in the area. 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 2012:

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Anand Agarwal	-	-	9000	2000	11000
2. Pawan Agarwal	768000	99616	-	-	867616
3. A.Indu Sekhar Rao	-	-	9000	2000	11000
4. Vivek Gangwal	-	-	9000	2000	11000
5. Sushilkumar Kasliwal	-	-	6000	-	6000

Shareholders/Investors Grievance Committee:

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Anand Agarwal. The other members are Shri A.Indu Sekhar Rao and Shri Vivek Gangwal. In view of the resignation of Shri. Anand Agarwal, the board nominated Shri.

Pawan Agarwal as the member of the committee. Subsequently the committee elected Shri.Indusekhar Rao as the chairman of the committee. The Committee on a regular basis in their meeting 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 12 times and the members were present in all the meetings respectively.

Name	No. of Meetings attended During the year	Attended all the Meeting
Shri. A. Indu Sekhar Rao	12	Yes
Shri. Vivek Gangwal	12	Yes
Shri. Anand Agarwal	9	No
Shri. Pawan Agarwal	3	No

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
20 th	2010-11	September 02, 2011 at 4.00 p.m.	Kilachand Conference Room,
19 th	2009-10	September 03, 2010 at 4.00 p.m.	2 nd Floor, Lajli Narang Memorial Indian
18 th	2008-09	September 11, 2009 at 4.00 p.m.	Merchants' Chamber Building Trust, (MC Bldg.), Churchgate, Mumbai - 400 020.

- b) Special Resolutions passed at the last three Annual General Meetings:

There was one Special Resolution passed in the 20th Annual General Meeting. Further there was one resolution under special business passed as ordinary resolution in the Nineteenth 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.

Code of Conduct:

All the Directors and Senior Management Personnel have affirmed compliance with the code of conduct/ethics as approved by the Board of Directors.

Communication and relationship with Shareholders:

The company in general follows proper and regular system of communication with the Shareholders. The Chairman's Statement and Annual Report which inter-alia includes the Directors Report, the Report of the Board of Directors on Corporate Governance, Management Discussion, and Analysis Report, and the Audited financial results are used as the important means of communications with the Shareholders. Further, Company and its R&T Agents promptly respond to the shareholder's request for any information or enquiry. Annual General Meeting is the principal forum for interaction with Shareholders and is a major source for face-to-face communication with the

Twenty-First Annual Report 2011 - 2012

Shareholders. The Company lays great emphasis on the role played by Shareholders and therefore engages open and active dialogue with all its Shareholders.

The company also informs the shareholders all material developments on a quarterly basis while publishing the quarterly financial results in the Free Press Journal/Financial Express in English and Navshakti daily in Marathi. Apart from this, announcement of Board meeting and book closures are also published in the newspapers as per the listing requirement. The Annual report contains general shareholder information including inter-alia, shareholding pattern, distribution of shareholding, and information about the share prices during the year at the Bombay Stock Exchange, in accordance with the provisions of the listing agreements. The quarterly and Annual Results etc. are also available in the Company's website.

The Management discussion and analysis report is provided as part of the Directors Report on Corporate Governance.

Details of Directors proposed to be re-appointed at the 21st AGM are provided as an annexure to the notice convening the said AGM.

Disclosures:

- 1) **Related Party Transaction:**
There are no materially significant transactions entered during the year under review by the company, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or their relatives etc. other than the transactions entered into the normal course of business. The necessary disclosures are received from Key Managerial Personnel relating to material, financial, and commercial transactions where they and/or their relatives have personal interest. Further, the Company ensures that the terms and conditions in respect of related party transaction are not prejudicial to the interest of the Company. During the year under review sales/purchase transactions between associate companies did not exceed in value in the aggregate of 10% of the total sales/purchase of the Company. The Audit Committee has reviewed the related party transactions as mandatory required under clause 49 of the listing agreement and found them materially not significant.
- 2) The Company has not observed any significant variation in the accounting treatment from that prescribed to be followed generally in the preparation of the financial statements.
- 3) Details of non-compliance, penalties, strictures by SEBI / Statutory Authorities / Stock Exchanges on matters relating to capital markets during the last 3 years.

The Company has also complied with the requirements of regulatory authorities on capital markets and also in respect of whistle blower policy regarding access to Audit Committee. No penalties or strictures were imposed on the Company by any Stock Exchanges, SEBI or any statutory authority on any matters relating to capital markets during the last 3 years.

General Shareholder Information:

The required information has been furnished separately under the head "Shareholder's Information."

Auditors Certificate on Corporate Governance:

The Company has complied with all the requirements of code of corporate governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai and certificate from Statutory Auditors to this effect is annexed herewith as per the requirement.

Further compliance report from Practicing Company Secretary M/s. N D & Associates is also annexed herewith in respect of compliance of various provisions, rules & regulations of Companies Act 1956 including the amendments up to this date, listing rules and regulations, SEBI requirements etc.

Risk Management:

The Company has in place a mechanism to inform the Board and the Audit committee about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through the means of a properly defined framework.

CEO/CFO CERTIFICATION:

Shri. Pawan Agarwal Chairman & Managing Director and CEO/CFO has submitted necessary certificate to the Board stating the particulars specified under said clause 49 and reviewed by the Audit Committee.

DECLARATION & CERTIFICATION BY THE MANAGING DIRECTOR AND CEO/ CFO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I Shri. Pawan Agarwal, Chairman & Managing Director of Suditi Industries Ltd., to the best of my knowledge and belief certify that:

- a. I have reviewed the financial statement and cash flow statement for the year ended 31st March, 2012 and to the best of my knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b. I also certify that to the best of our knowledge and belief, there are no transactions entered into by Suditi Industries Ltd., during the year, which are fraudulent, illegal, or violative of the Company's Code of Conduct.
- c. I am responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies, in the design or operation of such internal controls, if any, of which I am aware and the steps that I have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the Auditors and the Audit Committee:
 - i) Significant Changes, if any, in internal controls during the year.
 - ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statement and
 - iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.
- e. I affirm that I have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).
- f. I further confirm that all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the Directors and Senior Management for the financial year ended 31st March 2012, as approved by the Board.

SUDITI INDUSTRIES LIMITED

Place : Mumbai
Date : 29.05.2012

PAWAN AGARWAL
CMD & CEO/CFO

NON-MANDATORY REQUIREMENTS

1. The Company has constituted a Remuneration Committee and the details are already provided in the Corporate Governance Report.
2. As regards training of Board members, the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields and no separate training programme is given.
3. The quarterly/half yearly and Annual Financial Results, Code of Conduct etc., are also displayed in the website of the Company for the information of Shareholders/ members and general public. The quarterly/half yearly results are also reported to Stock Exchange and published in National newspapers in English and in Marathi newspapers having wide circulation. The same are not sent separately to Shareholders of the Company.
4. Maintenance of Non-Executive Chairman's Office.
 - (a) Company is not maintaining Non-Executive Chairman's office.



- (b) As on date no Independent Directors have a continuous tenure exceeding nine year as they are subject to retire by rotation every alternate year.
- 5. Mechanism for evaluating Non-Executive Board Members.
Presently, the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Board Members.
- 6. Whistle Blower Policy.
Company complies with the requirements and no personnel have been denied access to the Audit Committee.
- 7. Audit Qualifications - Nil.

Management Discussion and Analysis Report:

Management discussion and analysis report reflecting the performance and outlook including the future prospects for the Company is presented herewith.

Overview:

The overall economic growth expected to remain moderate in 2012-13 unless substantive policy measures are undertaken to boost investment sentiments. The advance estimates released by renowned Statistics Office place GDP growth for 2011-12 at 6.9%, only marginally higher than the 6.7% growth seen in 2008-09, the year of the global economic crisis. Worst affected is clearly investment, which underwent a mild 0.2% contraction in April-December 2011 in year-on-year terms, relative to a growth of 8.9% in the same months of 2010-11, reflecting a dampening of business sentiments and the pace of execution of various projects. Investment growth is likely to remain sluggish in 2012-13 as well, unless policy issues are addressed and there is a substantial pick up in the pace of implementation of big ticket economic reforms.

At present, the Indian rupee is around 18% cheaper relative to the US dollar as compared to the levels in August 2011, providing exporters with a competitive advantage. Despite the diversification of exports to newer geographies, the growth of Indian exports is likely to be subdued in the coming fiscal year. This is related to the bleak outlook for the Advanced Economies, several of which are likely to display low growth in 2012-13 following the fiscal tightening to be undertaken to reduce the mounting sovereign debt levels. However, this growth forecast may be revised over the course of the year, factoring in the evolving domestic and global scenario. A rise in volumes will drive growth in both markets.

Significant Financial Events of the Year:

The Company has recorded profit of Rs. 80.31 lakhs before tax in comparison to Rs. 150.42 lakhs pertaining to corresponding previous year. Even though there is a reduction in the profit levels there is substantial improvement in the sales turnover in comparison to previous year. The decline in the profit is on account of absorption of losses from the new retail business activities and lower export sales. As the growth outlook for the industry is very promising, the company has taken some substantial investment plans in the process house, garment unit as well as in the retail business. The company proposes to come out with a Rights Issue to fund these projects. The company is also in the process of availing term loan to supplement the fund requirement of the process house project. These projects are expected to widen the range of product mix as well as enhance the capacity and profitability levels. Considering all these factors, the board has recommended a dividend of Rs.0.50 per share after a gap of many years.

The production levels of the process house and the garment unit are very encouraging in spite of various problems particularly in respect of availability of skilled and unskilled workers. Similarly the retail division has now more than 60 outlet in different formats. The outlets are likely to double in the current year barring any unforeseen circumstance. Apart from this the company has also step up the advertisement campaign to increase the awareness of the brand and its qualities. The company also proposes to acquire the brand "RIOT" taken from the associate company on permanent basis instead of on assignment basis for some particular period.

Opportunities & Threats:

The textile industry in India is strong and diverse raw material base including cotton, jute, silk, wool manmade fibers and other specialty fibers. Even though our industry

was predominantly cotton based, in the recent years there is a shift to use manmade fibers also. This has helped the industry to compete with other countries in the global market. Now the component of manmade fiber is almost 45 % of the total usage of the material. This depicts the capacity of our industry to adopt the changes in line with the changes in trends and fashions around the world. Apart from this there is a strong raw material base as India is the second largest producer of cotton as well manmade fibers in the world. Further there is a strong and diverse design base with the availability of highly skilled manpower with traditional expertise in design and development. Since the industry is placed under high priority, there is all round support from government with various incentives and subsidies. Because of all these factors, there is wide scope and offers ample opportunities to perform above satisfactory level even under these difficult times.

In the first instance there is promising domestic market due to high growth in GDP and per capita income. Favorable demographic structure with high income proposition of working population offers ideal situation for the textile sector to grow based on the strength of the domestic demand. As the country is progressing at a much better rate than any other European countries or US, the per capita consumption of cloth is expected to grow significantly in the years ahead from the very low level as per the current estimates.

Secondly because of the phasing of the quota regime and consequent improvement in market access, many developed countries will see continued decline of their Textile and Garment industry. This will create fresh opportunity for exports of developing countries including India. Further, in the next 10 years, China's Textile and Garment export growth rate is projected to slow down because of rising costs and increasing domestic demand. The export space that is likely to be ceded by China is open to other Asian countries including India.

Another important aspect with respect to India is the supportive policy regime, increased plan expenditure and generous incentives for investment and modernization. This has helped many units to embark upon an expansion plan as well as modernization to become more competitive and offer wide range of products to the overseas buyers.

The growth of the textile sector is multidimensional and there is wide scope for expansion. Today textile is not meant only for clothing as it has found application in various areas like technical textile, medical textile, home textiles etc. There is huge untapped potential for the development of technical textiles.

Further the rising wages and cost of living in countries closely competing with India in the international market in the textiles and clothing sector, provides a vast opportunity for India to spread its marketing network. Since the manufacturers from these countries start reducing their exposure, the gap in the supply against demand needs to fill by exporters from our country.

The government has also started spending on infrastructure and socially inclusive programmes in a massive scale. This will help the manufacturers to plan the supply chain management in an effective manner. Further recent trend shows that there is a change in emphasis. There has been a distinct and positive shift from quantity to quality. Earlier Indian textiles were considered cheap and of low quality. The industry was at that time driven by large volumes, which were of paramount importance. There is also another development as many big players are now actively engaged in the brand building activities. This process will help the garment manufacturer particularly from the organized sector to supply quality products in huge volume.

While the textile industry is blessed with the best opportunities, it is also open to various threats which can destabilize the industry completely. The abolition of quota system and the implementation of GATT have intensified the competition within the industry in a massive way. The rates offered by many buyers are very low and the margins are now under severe strain. This signals the need for more labor reform as manufacturers are not able to execute large seasonal orders. Some of the important threats to the survival of the industry are stated below.

1. High cost of raw materials and decline in the purchasing power of people due to high inflation.
2. Slow pace of development of infrastructure, availability of power etc.
3. High cost of meeting strict environmental standards.
4. Unfavorable exchange rate situation.