



NOTICE FOR THE TWENTY SECOND ANNUAL GENERAL MEETING:

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Friday the 6th September, 2013, at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020 to transact the following business:-

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account of the Company for the year ended 31st March, 2013 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. Sushil Kumar Kasliwal who retires by rotation and being eligible offers himself for re-appointment.
4. To declare dividend on the portion of the Equity Shares held by the public for the year ended 31st March, 2013.
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.

By Order of the Board of Directors
For **SUDITI INDUSTRIES LIMITED**

H.Gopalkrishnan
Company Secretary & V.P. Finance

Place : Mumbai
Dated : 29/05/2013

NOTES:

1. Since the promoters and promoter group/PAC have expressed their desire in writing to waive their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2012-13, the Board has recommended a dividend at the rate of Rs.0.50 per Equity Share of the company, exclusively on the portion of the equity capital held by the public as on 31st March 2013.
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 31st August, 2013, to Friday the 6th September, 2013 (both days inclusive) for the purpose of payment of dividend.
5. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
6. To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company/Registrar and Transfer Agents M/s. Sharex Dynamic (India) Pvt. Ltd. under the signature of the sole/first joint holder, the following information, so that the Bank Account No., Name and Address of the Bank can be printed on the dividend warrants:
 - 1) Name of Sole / First Joint holder and Folio No.
 - 2) Particulars of Bank Account, viz.
 - i) Name of Bank
 - ii) Name of Branch
 - iii) Complete address of Bank with Pin Code
 - iv) Account type, whether Saving Account (SB) or Current Account (CA)
 - v) Account No. allotted by the Bank.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
9. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

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

Name of Director	Shri A. Indu Sekhar Rao	Shri Sushil kumar kasliwal
Date of Birth	05.10.1931	24.08.1950
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 S.S.Kasliwal has a wide range of experience in the textile industry span over a period of more than 2 decades particularly in the field of processing, dyeing, and finishing of manmade fabrics.
Qualifications	a) 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.)	Technically qualified with a Diploma in Man Made Textile Chemistry (DMTC)
Directorships held in other companies (Excluding Foreign Companies)	NIL	NIL
Committee position held in other companies	NIL	NIL
No. of Shares held	NIL	NIL

Twenty-Second Annual Report 2012 - 2013

DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date.

Financial Results: (Rs. in Lakhs)

Particulars	Current Year Ended 31.03.2013	Previous Year Ended 31.03.2012
Export Sales	28.66	32.57
Local Sales	5352.07	4168.17
Other Income	21.44	64.92
Profit before Interest and Depreciation	294.46	235.95
Finance Cost	123.85	77.66
Profit after Finance Cost	170.61	158.29
Depreciation	99.00	77.98
Profit / (Loss) before Tax	71.61	80.31
Provision for Tax	13.52	14.96
Profit / (Loss) after Tax before extra ordinary items	58.09	65.35
Extra Ordinary Items (Net)	-	-
Net Profit	58.09	65.35
Add: Brought forward from the previous year	745.75	729.91
Transfer to General Reserve	-	-
Amount available for appropriation	803.84	795.26
Proposed Dividend	20.57	42.60
Tax on Proposed Dividend	3.34	6.91
Balance carried to Balance Sheet	779.93	745.75

Dividend:

Considering the need to maintain a balanced approach towards the growth of the company and the aspirations of the stakeholders, the promoters have in writing waived their entitlement on the profit distribution in the form of dividend if any declared by the company for the year 2012-13. In view of this, the Board is pleased to recommend a dividend for the year under review at the rate of Rs.0.50 per Equity Share on the paid up share capital of the company as on 31st March 2013, only on the portion of the equity capital held by the public.

Operations:

The company has registered substantial improvement in the overall performance during the year under review in comparison to previous year. The company has achieved an increase of over 28% in the sales figures in comparison to previous year. However the growth in the sales is lower than anticipated due to lower than projected sales recorded by the retail division. In view of this the company had to absorb the loss generated by the Retail business activities which ultimately affected the overall profit recorded by the company.

The economic conditions in the country and across the globe continue to remain a matter of concern for the industry. Because of economic crisis in many parts of Europe, the demand for the consumer goods remain subdued. In the domestic market the situation has started deteriorating and the optimism 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 the situation has still not slipped out of control and the country is expected to do much better in the current fiscal year. The company is anticipating a positive development in the demand for garments and fabrics with better price structure.

The company continues to expand the Retail business by adding new outlets through Large Format Stores (LFS) like Reliance/Lifestyle etc. In addition to these outlets, the company has opened some exclusive outlets in various cities on its own or through franchisees. The company proposes to add some more counters in the LFS formats and an additional at least 15 exclusive retail outlets in different parts of the country. The "Riot" brand name taken by the company would be now fully acquired and used exclusively by the company for its Retail business activities. Apart from this the company is also taking some immediate measures to streamline the activities of the Buying agency division to expand the scope of business for the company. Further regarding the pending EPCG License matter, the company is actively following up the matter with DGFT office to resolve the issue at the earliest.

Export Sales:

The market conditions continued to remain depressed for clothing and other apparels in the European market and other parts of the world. Therefore 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 the company made some efforts in the neighboring countries like Sri Lanka, Bangladesh to explore the possibilities of regular supply of fabrics to the garment manufacturers of these countries. The company was able to make some progress which resulted in the supply of some consignments to Bangladesh. The company is now taking some effective measures to ensure regular supply of finished fabrics to garment manufacturers of Bangladesh and Sri Lanka. Apart from this the company has now made some preliminary studies to assess the possibility of arranging the supply of garments through countries like Myanmar. The various options and possibilities are now assessed and a detailed critical review would be made of all these alternatives before taking any final decision. Further the company is observing some noticeable changes in the global market because of some recovery in the US economy. The company has now initiated some actions to start the exports business particularly in these markets as these markets offer potential for supply of garments in huge volume. Ultimately the company intends to supply at least 50% of its capacity in the overseas markets to ensure the sales of more value added garments and apparels. Alongside the company is actively pursuing its efforts to align with some big reputed brands in the overseas market to ensure the export in large volume.

The company continues to maintain the market development programme by taking active participation in various international Fairs/exhibitions to demonstrate the capacity to manufacture quality fabrics and garments. This has been followed with the objective of identifying some new potential customers as well as developing new markets in these regions. As the global markets are now slowly opening up for Indian textile goods in terms of better unit value realization and volume, the company has added various products like printed garments and fabrics to attract high end customers. This will help the company to get better rates and attractive margins to undertake volume based business on regular basis. In view of these, the company has drawn up plans to increase its exports business in sizable volume in the future.

FIFA 2014 (Foot Ball World Cup - Brazil):

As a part of expansion of the Retail business activities, the company is undertaking a major market development programme from 2014. To meet this objective the company has taken the license rights for India - For apparels for FIFA 2014 (Football World Cup in Brazil). This will provide a great opportunity for the company to establish the brand name in the market and boost the sale of garments in the domestic market.

Expansion:

As a part of the expansion cum modernization plan, the company



has now completed the execution of the printing project at the existing factory unit at Navi Mumbai. The company has started the commercial production during the year under review and this is expected to give better product range in printing varieties with value addition to enhance the profitability of the existing processing unit. Apart from this the second garment unit at Bhiwandi has also started commercial production during the year under review. The production is expected to be stabilized during the current year. As per the a detailed plan of capital expenditure drawn for the next two years which includes expansion of Retail business activities, and construction/acquisition of new administrative block to centralize all administrative and back office operations, the company has achieved significant progress in the implementation of this plan during the year under review.

Rights Issue:

During the year under review the company issued shares to the existing shareholders on rights basis. The issue was opened for subscription on 20th. September 2012 and closed on 4th October 2012. Further the company has completed all the formalities and procedures related to the Rights issue of shares and filed necessary application with Securities and Exchange Board of India (SEBI) for issue of No Objection Certificate for the release of Security deposit kept with the Bombay Stock Exchange Ltd. After the Right Issue the paid up capital of the company has increased from Rs.852 lakhs to Rs.1667.43 lakhs. The proceeds received from the Rights issue are spent on the projects envisaged in the offer document and the surplus funds which is yet to be spent on the specified capital expenditure are deployed towards the working capital needs of the company as stated in the offer document. These funds will be utilized as and when the need for the capital expenditure arises.

Industrial Relations:

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

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

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

Granted		Accepted		Rejected	
No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)	No of Employees	Total options (Nos.)
48	278700	18	219500	30	59200

The vesting of the options to each and every employee who have accepted the options shall take place during March/ April 2014.

Personnel:

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

Deposits:

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

Energy, Technology and Foreign Exchange:

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

Directors:

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company Shri. Sushil kumar Kasliwal and Shri. Indusekhar Rao Directors, would retire by rotation, and being eligible, offers themselves for re-appointment.

Directors' Responsibility Statement:

The Directors hereby confirm: -

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 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 2012-13. 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

PAWAN AGARWAL

Date : 29.05.2013

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 2013.

A) Conservation of Energy:

- Energy Conservation measures taken: -

Energy conservation is very important and crucial for the development of the country. The company attaches significant importance to all the energy conservation measures. Timely review and evaluation of all energy conservation measures are made to ensure that systems and methods followed are very effective. The Company

takes all the necessary steps to understand and adopt the latest developments in the field of energy conservation activities. The company has created awareness among all the departments and sections of the employees working in the organization, to ensure that energy resources are utilized in a more appropriate and economical way.

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

- 1) The company has continued the installation of Auto dosing controllers on other specified dyeing machines also to reduce the process time considerably, thereby enabling the company to save energy.
 - 2) The company ensures that there is proper balance and synergy in the process quantity and capacity of the machines. The objective is to avoid running high capacity machines for low process quantity thereby saving the energy and other utilities.
 - 3) The energy consumption pattern of each and every important machine related to production is recorded to study, monitor and control the usage as well as to develop a proper program to reduce energy consumption on a sustainable basis.
 - 4) In addition to this, 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 regulate the usage of energy in a more economical way thereby reducing the wastage significantly.
- b) Additional Investment and proposals being implemented for reduction in the Consumption of energy: -
- 1) There is a plan to 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 are made whenever any fresh investment on machinery is approved.
- c) Impact of measures taken at a) & b) above for reduction of energy consumption and Consequent impact on the cost of production of goods: -
- 1) Significant reduction in the wastage of energy resources and better utilization of energy resources thereby achieving economy in the cost of operations.
 - 2) The company is able to economize the cost of production, improve quality standards and productivity. Further, these measures also help the Company to maintain competitiveness both in the domestic and International market.

B) Technology Absorption:

a) Research & Development:

1. Specific area in which R&D is carried out by the Company:
 - a) Efforts are made to develop better recipe with the objective of economizing the cost of production as well as to ensure improved finishing and feel of the fabric.
 - b) Company is actively involved in the development of new products and product ranges which are more of import substitutes with added features.
2. Benefits derived as a result of the above R&D:
 - a) Supports the company's efforts to remain competitive in terms of cost and quality in the market. The Company is able to establish reputation in the market for strict quality standards with wide product range.
3. Future Plan of Action:
 - a) The Company intends to develop some specific new products and product ranges exclusively designed for some specified uses.
 - b) The Company continuously monitors various

developments in the industry and accordingly carries out the R&D activities particularly in the utilization of input materials, better processing methods, and reduction in wastage levels as well as to comply with all environmental regulations.

Expenditure on R&D (Rs. in lakhs)

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

b) Technology absorption, adoption, & innovation

No major developments are recorded in the company during the year in respect of technology absorption, adoption or innovation. However the Company continues to keep a close watch on all significant technological development and initiates 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 promotes any study intended to develop new combination of chemicals, colors, etc. in collaboration with vendors. To remain competitive in the industry, the Company needs to upgrade regularly its quality standards, processing techniques etc. as per the changing needs and trends in the global market. The Company closely monitors 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 (2012-13)	Previous Year (2011-12)
Total Foreign Exchange used	14.03	16.05
Total Foreign Exchange earned (FOB Value)	28.67	32.14

Form - A (See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

	Current Year (2012-13)	Previous Year (2011-12)
1. Electricity		
Units (KWH)	3958818	3655235
Total Amount (Rs.)	27551540	22399117
Average Rate	6.96	6.13
2. Diesel Oil		
Quantity (Lt.)	21845	30613
Total Amount (Rs.)	1081121	1356431
Average Rate (Rs./Lt.)	49.49	44.31
3. Steam Coal		
Quantity (Kgs)	5256253	5594185
Total Amount (Rs.)	29068665	30554399
Average Rate (Rs. /Kgs.)	5.53	5.46

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.17	1.20
Diesel Oil (Lt. /Kg.)	0.006	0.010
Steam Coal (Kg/Kg)	1.55	1.84

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29.05.2013

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR



Corporate Governance:

Report of the Directors on Corporate Governance:

Based on the norms laid down by the Board the company strictly adhere and practice the corporate governance policies and procedures within the overall framework of rules and regulations. 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 always emphasizes the importance of best Board practices, transparent disclosures, and Shareholders empowerment for creating Shareholders wealth.

Board of Directors:

The Company has constituted the Board after considering the various provisions of the Companies Act including amendments from time to time and the listing requirement of the Bombay Stock Exchange Ltd. The details 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 Board takes responsibility for 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 make significant contribution in the implementation of Corporate Governance policies and practices. They take active part in the deliberations and play important 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 usually held once in every quarter to review the quarterly results and additional meetings are also held to consider any specific agenda of items wherever necessary. The Board Meetings are conducted in accordance with the provision of Companies Act and also in accordance with the regulations of Clause 49 of Listing Agreement. The Board is apprised and informed of all important matters relating to the business of the Company including those listed in Annexure-1A of clause 49 of the listing agreement. Senior Management Personnel & Auditors are also intimated to attend the Board meeting, to provide additional inputs to the items being discussed by the Board. Notice and Agenda for the meeting along with relevant notes/explanations are circulated in advance to enable the Board to discharge its responsibilities effectively and take informed decisions.

Six Board Meetings were held during the year from 1st April 2012 to 31st March 2013, i.e. on 29th May 2012, 13th July, 2012, 10th August, 2012, 16th October, 2012, 7th November, 2012, & 7th February 2013. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Pawan Agarwal	6	Yes
Shri A.Indu Sekhar Rao	6	No
Shri Sushilkumar Kasliwal	2	Yes
Shri Vivek Gangwal	6	Yes

Details of Directors being appointed/re-appointed:

During the year under review, no new Director has been inducted to the Board. Shri. A.Indusekhar Rao and Shri. Sushilkumar Kasliwal, 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.

- * 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. 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;

Twenty-Second Annual Report 2012 - 2013

- 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 Report 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 Pawan 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 21st. Annual General Meeting held on 14th. September 2012.

Remuneration Committee:

Remuneration committee is constituted with 3 members of the Board. Shri. A.Indu Sekhar Rao is the Chairman of the committee while 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. Further the company has also set up a Compensation Committee to administer the SUDITI ESOP PLAN 2011. The Remuneration Committee and Compensation Committee are constituted with the same 3 Directors as its members with Shri. A.Indu Sekhar Rao as the Chairman. The committee has met once during the year under review to finalize the scheme of granting options to employee covered under SUDITI ESOP PLAN 2011.

During the year under review the committee met once in April 2012. The Committee had reviewed the elements of remuneration payable to the Managing Director and suggested to revise the same from the 2012-13 in view of expansion and enhanced business activities.

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 compensation policy followed in the company are regularly reviewed 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 2013:

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Pawan Agarwal	1500000	89305	-	-	1589305
2. A.Indu Sekhar Rao	-	-	9000	4500	13500
3. Vivek Gangwal	-	-	9000	4500	13500
4. Sushilkumar Kasliwal	-	-	3000	1000	4000



Shareholders/Investors Grievance Committee:

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Indusekhar Rao. The other members are Shri Pawan Agarwal and Shri Vivek Gangwal. 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, dividend 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 23 times and the details are given below.

Name	No. of Meetings attended During the year	Attended all the Meeting
Shri A.Indu Sekhar Rao	23	Yes
Shri Vivek Gangwal	23	Yes
Shri Anand Agarwal	23	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
21 st	2011-12	September 14, 2012 at 4.00 p.m.	Walchand Hirachand Hall, 4th. floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
20 th	2010-11	September 02, 2011 at 4.00 p.m.	Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
19 th	2009-10	September 03, 2010 at 4.00 p.m.	Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.

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

There was one resolution under special business passed as ordinary resolution in the twenty first and Nineteenth Annual General meeting respectively. Further there was one Special Resolution passed in the 20th 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:

In general there is a 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 direct interaction with the Shareholders. The Company attaches significant importance to the role played by Shareholders and therefore promotes for open and active dialogue with all its Shareholders.

The company also informs the shareholders about the important and significant developments on a quarterly basis while publishing the quarterly financial results in the Free Press Journal 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 22nd 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. ND & 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 method 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, 2013 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 2013, as approved by the Board.

SUDITI INDUSTRIES LIMITED

Place : Mumbai
Date : 29.05.2013

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 Indian economy is estimated to have registered a growth rate of 5.0 per cent in 2012-13 in terms of gross domestic product at factor cost at constant 2004-05 prices, following a growth of 6.2 per cent in 2011-12. Growth in 2011-12 and 2012-13 is on the lower side, in the context of the decadal average of 7.9 per cent during 2003-04 to 2012-13. This is attributable mainly to weakening industrial growth in the context of tight monetary policy followed by the Reserve Bank of India (RBI) through most of 2011-12, and continued uncertainty in the global economy. The impact of tight monetary policy has been reflected in the quarterly growth rates of GDP. The slowdown in the economy, particularly in the industry sector has entailed a lower-than budgeted growth in government revenues. However, measures undertaken as part of mid-course correction have helped in improving the expenditure outcome in 2012-13. Growth of exports for most of the current year remained in negative territory, and with imports picking up in recent months, the trade deficit increased to US\$ 147 billion during April-December 2012. The current account deficit (CAD) at 4.6 per cent of GDP in the first half of 2012-13 is a cause for concern. The widening of the trade and current account deficits has been accompanied by a decline in the value of the Rupee since April 2013. With widespread reform measures initiated in recent months and the global economy poised for a moderate recovery in 2013-14, the Indian economy is expected to witness an improved outlook in 2013-14.

As per the IIP, industrial output growth rate was 0.7 per cent during April-December 2012 as compared to 3.7 per cent in the same period of the previous year. Combination of global and domestic factors has led to deceleration in the industrial output during the current year. Current data, however, indicate that deceleration in industrial growth may have bottomed out. With improved business sentiments and investor perception and a partial rebound in industrial activity in other developing countries, industrial growth is expected to improve in the next financial year. The Long term outlook for the



textile sector is very encouraging and the entire textile and apparel industry in India is expected to grow by 11 per cent to touch Rs.10.32 trillion (US\$ 209.5 billion) by 2020.

Significant Financial Events of the Year:

The Company has recorded profit of Rs.71.62 lakhs before tax in comparison to Rs.80.31 lakhs pertaining to corresponding previous year. However 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 Retail business and the new projects like printing of fabrics, new garment unit at Bhiwandi apart from lower export sales. As the growth outlook for the industry is very promising, the company has taken timely expansion measures in the process house, garment unit as well as in the retail business. The company has also completed the Rights Issue programme in the month of October 2012 to fund these projects. In addition to this the company has also availed term loan to supplement the fund requirement of the printing 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 maintained the dividend @ Rs.0.50 per equity share of Rs.10 each to be paid proportionately only to the shareholders (under public category) other than promoters and the persons acting in concert with them.

The production performance of the process house and the garment unit are very satisfactory in spite of various problems. The Printing unit and the second Garment unit at Bhiwandi are in the process of stabilizing their operations. Similarly the retail division has now around 90 outlets in different formats. The outlets are likely to double in the current year barring any unforeseen circumstance. Apart from this the company has also stepped up the advertisement campaign to increase the awareness of the brand and its qualities and for this purpose the company has taken the license rights to use the brand name on apparels for FIFA 2014 (Football World Cup in Brazil). The company has acquired the brand "RIOT" taken from the associate company on permanent basis instead of on assignment basis.

Opportunities & Threats:

India is the world's second largest producer of textiles and clothing after China. The textile and clothing industry forms a major part of India's manufacturing sector and has contributed enormously to the country's impressive economic development in recent years. India is also recognized as one of the so-called BRIC countries, which are forecast to provide much of the impetus behind global economic growth over the next few years. Furthermore, India has a huge and growing domestic market which is expected to be worth US\$140 bn in 2020 as the population increases in size and consumers become wealthier. This huge growth could provide significant opportunities for foreign exporters to India and potential foreign investors in the country, as well as for the Indian textile and clothing industry itself.

The textile industry has been doing extremely well during the last few years in terms of production & export and has been investing heavily in expansion and modernization of capacity.

India has been experiencing strong performance in the textile industry, across different segments of the value chain, from raw materials to garments. Domestic production has been growing, as well as exports. The Indian textile sector is provided with huge opportunities and has a unique position in the global market because of these factors: a) High operational efficiency in spinning and weaving. b) Low-cost skilled labour. c) Large and growing domestic market. d) Easy availability of raw materials. e) State-of-the-art design capabilities. f) Well-established network of related and supporting industries. g) Sophisticated machines of higher speed and production capability. h) Fully developed textile value chain extending from fibre to fabric to garment exports. i) Favorable demand conditions. j) Expertise in Management with business background. k) Presence of qualified technical personnel. l) Availability of testing facilities. m) Growth in the development and application of textile in various other fields such as technical textiles.

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 budget also provides support for technology upgradation, tackling pollution and boosting competitiveness to the Indian textile sector. Key support schemes included in the Indian budget are: 1) continuation of the Technology Upgradation Fund (TUF) Scheme. 2) Scheme for Integrated Textile Parks (SITP). 3) reduction in the base custom duty for imported textile machinery and parts from 7.5% to 5.0%. 4) extending optional route for central excise duty for the fibers to finished goods value-chain.

On the one side the textile industry is blessed with the best opportunities, whereas on the other side it is open to various threats capable of destabilizing the industry completely. The Industry is now exposed to unhealthy competition from other countries. Even within the country the competition is very unhealthy and the units are resorting to various practices to remain afloat in the market. Some of the threats to the growth are originated within the industry because of various factors such as: a) Fragmented structure with the dominance of the small scale sector. b) High power costs. c) Rising interest rates and transaction costs. d) Unfriendly labour laws. e) Logistical disadvantages in terms of shipping costs and time pose serious threats to its growth. f) Foreign investments are not coming in as the overall factors influencing the industry are not investment friendly. g) Preferential tariff regimes for close competitors in certain major markets. h) Economic liberalization within the country. i) Ineffective integration of various sectors. j) High cost of meeting strict environmental standards. Apart from these factors, there are other threats like unstable and fluctuating cotton prices, slow adaptation to changing trends and fashions, lack of domestic capital and absence of appetite of domestic industries to invest in the quantities envisaged for 12% growth target.

The company keeps a close watch on all these developments to ensure that these factors do not have any adverse impact on the performance of the unit. Looking into all these factors the company has taken some important steps like development of the Retail business to enhance the scope of existing business activities, printing unit to gain value addition and the expansion of the garment unit by adding the second unit at Bhiwandi. Since Textile sector is given significant importances in the country, sustained measures are taken to speed up the growth of the textile sector particularly garments and apparels. The company proposes to scale up its garment and fabric production with more product ranges to meet the requirements of reputed brand from the domestic and international markets. As the country is gaining important position in the global textile market and transforming into a global manufacturing hub, the company is well placed to take substantial advantage of this opportunity because of consistency maintained in the quality levels and wide product range.

Industry Structure & Development:

India is one of the few countries which have a presence across the entire value chain of the Textile and Apparel Industry. Textile, a versatile basic necessity turns into a luxury brand having a long value chain, where some are direct actors of the chain and others are non value chain actors, which are also equally important. The industry is vertically-integrated across the value chain and extends from fibre to fabric to garments. At the same time, it is a highly-fragmented sector, and comprises of many small-scale, non-integrated spinning, weaving, processing and cloth manufacturing enterprises. The organized units are mostly independent and small scale in nature unlike the composite units that undertake all activities together. The textile industry of India operates largely in the form of clusters - mostly natural clusters - with roughly 70 textile clusters producing 80% of the country's total textiles.

India is today recognized as one of the best sourcing destinations

for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colors and finish. Manufacturers here are ready to innovate, be flexible on quantities, have hands-on approach to quality control and keep the integrity on deadlines. As the world's second largest producer of textile and garments, India's garments exports are around 4% in the global market for textile garments & apparels. The Industry proudly supports 8 million people and second largest provider of employment in the country. India has the potential to increase its export share in world trade from the current 4.5 per cent to 8 per cent to reach \$80 billion by 2020. There is need for collaborative and aggressive entrepreneurship, increasing scale through mergers and acquisitions, divestments and bringing forth positive outlook for the industry to attract the best managerial and operational talent to provide further impetus for growth within the industry. The government has provided a new lease of hope with the introduction of enhanced subsidy allocation for modernization of the textiles industry to 15,404 crores from earlier sanction of 8,000 crores for the current Plan ending 2012. Under the restructured scheme, 5 per cent interest subsidy and 10 per cent capital sops would be provided on brand new looms. Large garmenting companies should integrate backwards till the weaving stage. This will enable them to emerge as bulk suppliers to global companies. Companies manufacturing high-fashion short-run products may however choose to operate as individually run units. They should focus on strengthening their design and fashion capabilities. Depending on the risk appetite, some companies may focus on building and distributing their own brands globally. It is a high margin, high risk business.

The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing options, trial rooms for clothing products, return and exchange policies and competitive prices. This has created a rapidly growing opportunity for organized, modern retail formats to emerge in recent years and grow at a fast pace. Speed has become the important factor in today's world. The seasonal cycle is much shorter, so the value chain has to be seamless from end-to-end. Faster lead times and lower costs in the apparel industry are only possible if all the technologies mesh seamlessly with one another. When it comes to solutions to reduce time-to-market and improve agility, a lot of focus is being directed at the design and product development processes. 3D digital or virtual images can help eliminate delays and errors caused by different time zones and languages, as well as minimize the number of physical samples that need to be submitted - along with accompanying courier charges - and reduce product development time. Further the cloud-based applications such as Automarker, Autocost and iSize etc. and the latest step has been to extend this to a complete Fashion Cloud platform where companies can share development and production data quickly, securely and in real-time. There are new features for saving data and automatically synchronizing files, so that everyone has the same information. Then there is PLM or product lifecycle management, which is used to connect internal and external teams, enabling them to engage collaboratively and in real time, therefore pushing more work out into the supply chain. Further the "preconfigured solutions that enable companies to realize value more efficiently and reduce implementation time

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The retail industry in India is currently growing at a great pace and is expected to go up to US\$ 833 billion by the year 2013. It is further expected to reach US\$ 1.3 trillion by the year 2018 at a CAGR of 10%. This provides immense opportunity for the company to enhance the size of the operations.

The Company is closely monitoring the developments and changes in the structure of the industry and has already taken necessary measures to safeguard the interest of the company. Accordingly the company is now in the process of expansion of the Retail business. But at the same time the company has taken some important steps to increase the product range also by adding printing division in the fabric processing unit. The company has made arrangements to supply wide product range to all its customers

which includes embroidery items, printed garments and development of any designs and patterns. The manufacturing facilities and product ranges are always upgraded and kept in line with the latest trends and requirements of the market. There is adequate flexibility available in the manufacturing facilities so as to enable the company to adapt swiftly to the fast changing trends and fashions in the market.

Performance:

Overall there is substantial improvement in the sales for the year under review in comparison to the last year. However the performance of the Retail division needs substantial improvement to generate profits from the business. Similarly the export sales are also on the lower side due to recessionary conditions in the European markets. Since the domestic market is very attractive both in terms of volume and prices, the company could partly offset the shortfall in the exports and record some overall improvement in the business. However during the year under review the company could not register higher profits because of the incidence of higher finance cost and loss generated from the new retail business activities.

(Rs.in Lakhs)

	2012-13	2011-12	Percentage Change
Local Sales	5352.07	4168.17	28.40
Export Sales	28.66	32.57	(12.00)
Other Income	21.44	64.92	(66.97)
Total:	5402.17	4265.66	26.64

The Company has taken some substantial measures to improve the profitability levels of retail division as well as to enhance the product range in the fabric and garment sales. The company has set up the printing project to bring value addition to the present product mix and a second garment unit at Bhiwandi to increase the volume of the garment business. The network of retail stores have also increased in various different formats and substantial additions are planned in the current year also. In view of this the company is hopeful of improving the Retail business in the current year.

Earnings per share:

The Company's earning per share for 2012-13 is Rs. 0.47 against Rs.0.77 per share during 2011-12

Fixed Assets/Investments:

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

Current Assets:

In view of the enhancing the scope of the company's business activities there are some changes in the current assets and current liability levels and the current ratio position as on 31st March 2013 is 1.35.

Human Resources:

The company understands the importance of the human resources and their role in the growth of any organization. The company has in place a Productivity based incentive scheme, in-house training and orientation programme as they are very helpful in improving the productivity. The company has also introduced stock option plan for employees at certain levels to have better participation from them in the growth of the organization. The strength includes both direct and indirect laborers, which vary from month to month. The overall employee relations in the company were healthy and cordial.

Risk and Concerns:

The textile industry has been doing extremely well during the last few years in terms of production & export and has been investing heavily in expansion and modernization of capacity. India has been experiencing strong performance in the textile industry, across different segments of the value chain, from raw materials to garments. However the situation started deteriorating because of slowdown in the economic situation and rising cost of production. Because of this demand remained sluggish across the textile value chain in 2012. Order sizes reduced for apparel exporters resulting in a fall in volumes. However, rupee realizations increased partially due to rupee depreciation against the USD and Euro which