



NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Friday the 2nd September, 2011, at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchant's Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400020, to transact the following business.

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account of the Company for the year ended 31st March, 2011 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. Sushilkumar Kasliwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and amendments made thereto (hereinafter referred to as "SEBI Guidelines"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue, transfer and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise, options exercisable into not more than 9,60,000 (Nine Lakhs Sixty Thousand) equity shares of the Company of face value Rs.10/- each, under the Scheme titled **SUDITI EMPLOYEES' STOCK OPTION PLAN, 2011** {"**SUDITI ESOP 2011**"} in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each option being exercisable for one Equity Share of a face value of Rs.10/- each fully paid up on payment of the requisite exercise price."

"RESOLVED FURTHER THAT the Exercise Price shall be determined by the Board of Directors and/or Compensation Committee at the time of Grant of an Option and may be at such discount not exceeding 20% of the market price i.e. latest available closing price, prior to the date of the meeting of the Board of Directors and/or Compensation Committee in which options are granted, on the Stock exchange. However the discounted price should not be below the face value of the share and in that event the face value of the share will be considered as the issue price"

"RESOLVED FURTHER THAT the Company shall be entitled to recover from the employee any tax that may be levied upon or in relation to the Options."

"RESOLVED FURTHER THAT in case of any change in capital structure such as rights issues, bonus issues, merger and sale of division and others, if any, additional equity shares are required to be issued by the Company under **SUDITI ESOP 2011**, the above ceiling of 960000 (Nine Lakhs Sixty Thousand only) equity shares shall be deemed to be appropriately increased to the extent of such additional equity shares required to be issued by the Company."

"RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under **SUDITI ESOP 2011** shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT in case of any corporate action(s) like merger, sale of undertaking, etc or change in capital structure whether by issue of rights/bonus shares, or other changes in the share capital whatsoever, the Board be and is hereby authorized to make such adjustments as it may deem fit to the quantum of shares to be issued pursuant to the exercise of the options, the exercise price, and other rights and obligations under the options."

"RESOLVED FURTHER THAT the Equity Shares issued and allotted to the employees upon exercise of options from time to time shall rank pari passu in all respects with the existing equity shares of the Company."

"RESOLVED FURTHER THAT the Compensation Committee/ Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in **SUDITI ESOP 2011** as it may deem fit and or as may be suggested by one or more concerned authorities including but not limited to the Stock Exchanges, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws."

Twentieth Annual Report 2010-2011

"RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above under **SUDITI ESOP 2011**, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may

arise in this regard to such issue or allotment without being required to seek further consent or approval of the members."

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

H.Gopalkrishnan
Company Secretary & V.P. Finance

Place: Mumbai
Date: 30.06.2011

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

ITEM NO. 5

The Company intends to introduce stock-based compensation schemes for incentivizing the Employees and Directors (excluding the Promoters or persons belonging to the Promoter group) of the Company. The approval of the shareholders is being sought for granting stock options to the employees of the Company under the Scheme titled "**SUDITI EMPLOYEES' STOCK OPTION PLAN, 2011**" ('**SUDITI ESOP 2011**')

The main features of **SUDITI ESOP 2011** and Information as required under clause 6.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given below:

1. Total number of options to be granted:

Options for up to 960000 (Nine Lakhs Sixty Thousand only) equity shares of Rs. 10/- each would be available for being granted to eligible employees (including the Directors) of the Company under **SUDITI ESOP 2011**. Each option when exercised would be converted into one Equity Share of Rs.10/- each fully paid up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action(s) or change in capital structure such as rights issues, bonus issues, sub-division / consolidation of the nominal value of shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 960000 (Nine Lakhs Sixty Thousand only) equity shares shall be deemed to be increased to the extent of such additional equity shares issued/to be issued. Further the Board and/or Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligation under the options granted.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

All permanent employees of the Company, including the Directors thereof whether in wholtime employment

or not but excluding the promoters of the Company or persons belonging to the Promoter Group, as may be decided by the Board / Compensation Committee and as per the provisions of various SEBI Regulations, from time to time, would be entitled to be granted stock options under the **SUDITI ESOP 2011**.

3. Transferability of Employee Stock Options Plan

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death or permanent disability of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting, maximum period under which options can be vested:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Compensation Committee may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above mentioned conditions.

The options would vest not earlier than one year but not later than five years from the date of grant of options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board / Compensation Committee, subject to the minimum vesting period of one year from the date of grant of options and may be customised for individual employees.

5. Exercise Price or Pricing Formula:

The exercise price shall be decided by the Board of Directors and/or Compensation Committee on the date of grant which shall not be more than the Market price as defined under the SEBI Guidelines. In cases, where options are granted at a discount to the market price, the discount shall not exceed 20% of the market price i.e. latest available closing price, prior to the date of the meeting of the Board of Directors and/ or Compensation Committee in which options are granted, on the Stock exchange on which there is highest trading volume. However the discounted price should not be below the face value of the share and in that event the face value of the share will be considered as the issue price.



The Company shall be entitled to recover from the employee any kind of tax in whatever manner, which may be levied upon or in relation to the Options.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of a period of upto 3(three) years from the date of vesting of the options. The options shall become exercisable in part or in full within the overall exercise period permitted under the Plan.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board / Compensation Committee from time to time. The options will lapse if not exercised within the specified exercise period and would be available for being re-granted in future.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board / Compensation Committee, and will be based on criteria such as role / designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Compensation Committee at its sole discretion.

8. Maximum number of options to be issued per employee and in aggregate:

The aggregate number of Options / underlying Shares that may be granted under the Plan shall not exceed 960000 (Nine lakhs Sixty Thousand only). Further, options under each Grant to an Employee shall not be less than 50 (Fifty) and shall not exceed 1% of the total issued capital of the Company in any year provided that the aggregate number of options granted per employee under the total tenure of the plan in any case shall not exceed 960000 (Nine Lakhs Sixty Thousand Only) options.

9. Maximum number of options to be granted to Non-Executive Directors (including independent directors) in any financial year and in aggregate:

The number of options that may be granted to any Non-Executive director (including any independent director) in any financial year under **SUDITI ESOP 2011** shall not exceed 10% of the issued and paid-up capital and in aggregate shall not exceed 10% of the issued and paid up capital of the Company at the time of grant of options.

10. Accounting Policies:

The Company shall comply with the disclosure and the accounting policies as specified in Schedule I referred to in clause 13.1 of SEBI Guidelines.

11. Method of Valuation of the Options

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock

options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the employee stock option scheme provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines. The terms and conditions of the Options may be customized for individual employees within the above framework.

None of the Directors of the Company (except the Promoters who are excluded) are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and/or the securities that may be offered to them under the scheme.

By order of the Board of Directors
For SUDITI INDUSTRIES LIMITED

H.Gopalkrishnan
Company Secretary & V.P. Finance

Place: Mumbai
Date: 30.06.2011

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 Friday the 26th. August, 2011, to Friday the 2nd September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
5. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
7. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

Twentieth Annual Report 2010-2011

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 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, 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 man made 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



DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Twentieth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date.

Financial Results:

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
	Ended 31.03.2011	Ended 31.03.2010
Export Sales	9.64	160.03
Local Sales	3091.24	2877.89
Other Income	59.75	98.15
Profit before Interest and Depreciation	258.66	176.69
Interest	39.57	9.07
Profit after Interest	219.09	167.62
Depreciation	68.67	65.07
Profit / (Loss) before Tax	150.42	102.55
Provision for Tax	30.75	18.00
Profit / (Loss) after Tax before extra ordinary items	119.67	84.55
Extra Ordinary Items (Net)	-	-
Net Profit	119.67	84.55
Add: Brought forward from the previous year	610.23	525.68
Transfer from General Reserve	-	-
Amount available for appropriation	729.91	610.23
Balance carried to Balance Sheet	729.91	610.23

Dividend:

In view of ongoing expansion of business activities and also considering the need for conserving the resources for capital expenditure, your Directors have decided not to recommend for payment of any dividend on the Equity Shares for the year ended 31st March 2011.

Operations:

The company has recorded some improvement in the overall performance during the year under review in comparison to previous year. The profitability has increased in comparison to the previous year. The economic conditions across the globe have started showing signs of recovery barring few countries in the Europe. The robust economic conditions have further accelerated the growth in the domestic industrial sector. There is all round growth in the demand for goods in the domestic market. This has facilitated the improvement in the performance of the Garment unit during the year under review. The domestic business has registered a growth level of around 8% in comparison to previous year. However there is no substantial growth in the overall sales due to reduction in the export business.

During the year under review the company has started the Retail business activities by setting up few retail stores in different cities. However the progress in the first year is not in line with the projections due to initial teething problems and the time required for creating the brand awareness in the market. The company is now in the process of developing the brand name in the market by adding further chain of stores in the current year. Apart from this the company is also in the process of setting up a wholesale trade to expand the volume of domestic garment business. In respect of the Apparel buying activities, considering the present market conditions, the company has now discontinued the Apparel Buying division and merged the activities in the existing garment division itself. 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 improvement in the demand for clothing and other apparels in the domestic market 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. Apart from this the unit value realization of exports are still very low and not economical comparing to the cost of manufacturing and the various quality and compliance norms imposed on the domestic manufacturers. Though there are some reversionary trends in the recessionary conditions in the U.S, the market conditions are not very encouraging in the Europe particularly in Spain, Greece and Portugal. In view of these difficult conditions, the company had focused more in the domestic market. However the company continued its efforts to align with some big reputed brands in the overseas market to ensure the export in large volume.

The company had taken active participation in international Fairs/exhibitions to demonstrate the capacity to manufacture quality fabrics and garments in huge volumes. The company had put up its stall in Intermoda Mexico and Hong Kong Fashion Week Fall/Winter. This will help the company to identify some new potential customers as well as developing new markets in these regions. The overseas markets are now slowly opening up for Indian textile goods in terms of better unit value realization and volume. The company has added various facilities in the garment unit 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 emerging trends, the company has drawn up plans to increase its exports business by manifold in the coming years. Finally the long term objective of the company is to export at least 50% of its production capacity to the various buyers all over the world with different product ranges.

Expansion:

The company has prepared a detailed plan of capital expenditure for the next two years which includes setting

Twentieth Annual Report 2010-2011

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 new garment unit would be set up either adjacent to the existing unit or in the nearby areas. The funds required for this programme will be arranged through issue of fresh equity shares on rights basis.

Rights Issue:

The Board had accorded their consent in their meeting held on 13th November, 2010 for issue of further shares to the existing shareholders on rights basis in the ratio of one share for every single share held as on the record date to be announced separately. The object of the issue is to provide funds for the aforesaid capital expenditure plan. The company proposes to raise Rs.852 lakhs through the issue of fresh shares on rights basis from the existing shareholders. The company has appointed M/S.Vertex Securities Limited (A subsidiary of Transwarranty Finance Limited) as lead managers to the issue. The Offer documents duly approved by the board in their meeting held on 19th May 2011 are already filed With SEBI (Securities and Exchange Board of India) and the Bombay Stock Exchange Ltd.

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.

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. A.Indusekhar Rao and Shri. Sushilkumar Kasliwal 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. N.Ritesh & Associates as the Cost Auditor to audit the cost records maintained by the Company for the year 2010-11 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: 30.05.2011

ANAND AGARWAL
CHAIRMAN



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 2011.

A) Conservation of Energy:

a) Energy Conservation measures taken: -

Energy conservation is very important and critical aspect in the country and Company attaches significant importance to these measures. There is a regular system of review and evaluation of all Energy conservation measures to ensure that systems and methods followed are very effective. The Company takes adequate steps to understand and adopt the latest developments in the field of energy conservation activities. 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 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 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) Energy Meters are fitted on all machines to study, monitor and control the 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.
 - 4) Apart from this, there is proper adherence to preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal has helped the Company to 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 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 reduction in the wastage of Energy resources and better utilization of energy resources thereby achieving economy in the cost of operations.
- 2) These measures help the company to 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 continued to develop better recipe with the objective of economizing the cost of production as well as to ensure better finishing and feel of the fabric.
 - b) Company is actively involved in the development of new products like Serona/Polyster, 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:
 - a) The Company intends to develop some specific new products that are used under some extreme weather condition to be used by certain establishment specifically.
 - b) The Company regularly monitors various developments in the industry and accordingly carries out the R&D activities particularly in the utilization of input materials, better processing system, and reduction in wastage levels as well as to operate the unit on eco-friendly basis.

Expenditure on R&D

The company generally carries out 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

There are no major developments recorded in the company during the year in respect of technology absorption, adoption or innovation. However the Company is keeping a close watch on 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

Twentieth Annual Report 2010-2011

superior technology machineries. The company also takes initiatives to study and develop new combination of chemicals, colors, etc. in collaboration with vendors. In order to remain competitive in the industry, the Company needs to upgrade its quality standards, processing techniques etc. on a regular basis as per the changing needs and trends in the global market. The Company observes closely 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 (2010-11)	Previous Year (2009-10)
Total Foreign Exchange used	24.98	51.69
Total Foreign Exchange earned (FOB Value)	9.01	136.29

Form - A (See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

	Current Year (2010-11)	Previous Year (2009-10)
1. Electricity		
Units (KWH)	3419767	3147167
Total Amount (Rs.)	18693749	16463266
Average Rate	5.47	5.23
2. Diesel Oil		
Quantity (Lt.)	19964	29344
Total Amount (Rs.)	823439	1072649
Average Rate (Rs./Lt.)	41.25	36.55
3. Steam Coal		
Quantity (Kgs)	4905844	4568409
Total Amount (Rs.)	26293350	22091666
Average Rate (Rs./Kgs.)	5.36	4.84

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.21	1.19
Diesel Oil (Lt. /Kg.)	0.007	0.011
Steam Coal (Kg/Kg)	1.73	1.72

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30.05.2011

ANAND AGARWAL
CHAIRMAN

Corporate Governance:

Report of the Directors on Corporate Governance

The Company practices the Corporate Governance policies and procedures as per the norms laid down by the Board within the overall framework of rules and regulations laid down in this regard. The Company believes in conducting its business in fair and equitable manner in all respects. The company follows 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 believes that best Board practices, transparent disclosures, and Shareholders empowerment are necessary for creating Shareholders wealth.

Board of Directors:

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

Composition of Board of Directors:

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

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



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 with a greater emphasis on providing strategic direction to the Company towards achieving its goal. Generally, all these activities are formal schedule of activities as laid down by various statutes & provisions. The Independent Directors plays significant role in the implementation of Corporate Governance policies and practices. They take active part in the deliberations 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.

Four Board Meetings were held during the year from 1st April 2010 to 31st March 2011, i.e. on 28th May 2010, 31st July, 2010, 13th November, 2010, & 12th February 2011. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Anand Agarwal	3	Yes
Shri Pavan Agarwal	2	Yes
Shri A.Indu Sekhar Rao	4	Yes
Shri Vivek Gangwal	4	Yes
Shri Sushilkumar Kasliwal	1	Yes

Details of Directors being appointed/re-appointed:

During the year under review, no new Director has been inducted to the Board, as also no Director has resigned from 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 three Committees Viz., Audit Committee, Shareholders Grievances Committee and Remuneration Committee to provide specialized and focused attention relating to all the activities falling within the terms of reference as decided by the Board including the assignments of its Members thereof.

Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri A. Indu Sekhar Rao and Shri Anand 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. Anand Agarwal is Commerce Graduate with technical and commercial expertise in Garment manufacturing, exports and marketing activities.

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

Brief Description and terms of reference:

- 1) Oversight of the Company's financial reporting 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 judgements by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;

Twentieth Annual Report 2010-2011

- 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, 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 may be mentioned in the terms of reference of the Audit Committee

The Audit Committee also analyses and reviews the following informations:

1. Management discussion and analysis of financial condition and 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 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 19th Annual General Meeting held on 3rd September 2010.

Remuneration Committee:

Shri A.Indu Sekhar Rao chairs the Remuneration Committee and the other members of the committee are Shri Vivek Gangwal and Shri Sushilkumar 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.

During the year under review the committee met once in May 2010. The Committee had reviewed the elements of remuneration payable to the Managing Director and suggested to maintain the same for the year without any



revision as the appointment had taken place only in the Month of January 2010.

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

Remuneration Policy:

The Committee regularly evaluates and reviews the compensation policy with the objective of ensuring that 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 2011

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Anand Agarwal	-	-	4500	1000	5500
2. Pavan Agarwal	768000	109162	-	500	877662
3. A.Indu Sekhar Rao	-	-	6000	2500	8500
4. Vivek Gangwal	-	-	6000	2500	8500
5. Sushilkumar Kasliwal	-	-	1500	-	1500

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. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also monitors redressal of Shareholders grievance relating to transfer of shares, non-receipt of Annual Report etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services. The committee ensures that all transfer/transmission/split/consolidation etc are promptly attended and completed within the stipulated time period.

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

Name	No. of Meetings attend During the year	Attended all the Meeting
Shri A.Indu Sekhar Rao	17	Yes
Shri Vivek Gangwal	17	Yes
Shri Anand Agarwal	17	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
19th	2009-10	September 03, 2010 at 4.00 p.m.	Kilachand Conference Room, 2 nd Floor,
18th	2008-09	September 11, 2009 at 4.00 p.m.	Lalji Naranji Memorial Indian Merchants' Chamber Building Trust,
17th	2007-08	August 29, 2008 at 4.00 p.m.	(IMC Bldg.), Churchgate, Mumbai - 400 020

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

There were five Resolutions passed under special business which includes three special and two ordinary resolutions in the 17th Annual General Meeting. Further there was one resolution under special business passed as ordinary resolution in the 19th 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.

Twentieth Annual Report 2010-2011

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 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 the important means of communications with the Shareholders. Further, Company as well as its R&T Agents promptly responds 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 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 in English and Navshakti daily in Marathi as also in Financial Express (All India Edition). 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 Stock Exchange, Mumbai, 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 20th 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 structures 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 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 means of a properly defined framework.

CEO/CFO Certification:

Shri. Pavan Agarwal 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. Pavan Agarwal, 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, 2011 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 2011, as approved by the Board.

SUDITI INDUSTRIES LTD

Place: Mumbai
Date: 30.05.2011

PAVAN AGARWAL
MD & 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:

Indian Economy so far has vastly exceeded expectations. India could see the double-digit growth rate backed by the immense foreign inflows, unabating rising domestic demand, boosting agricultural output, government's bolster for the infrastructure development will spur the economic growth and employment opportunities further for the next five years. The Indian economy is projected to grow by 8.6 per cent in 2010-11, the fastest in three years, on the back of a sharp recovery in farm output, but high inflation remains an area of concern. In December, general inflation was 8.43% and food inflation for the week ended January 22 stood at 17.05%. Abundant rains in the last monsoon season has helped agriculture and allied activities to expand by 5.4% in 2010-11 compared to just 0.4% in the previous financial year.

The 8.6% GDP growth prospects however could not cheer markets. The BSE benchmark Sensex is below 19000 on concerns of inflation and rising interest rates. While services such as trade, hotel, transport and communications improved to 11% from 9.7%, the manufacturing remains static at 8.8% year on year. There are some areas of concerns like 1) High Inflation - Enough to keep Growth on check 2) Slow Reform Movement - Stalling Growth Prospects 3) Earnings Slowdown - Impacted by higher Operating costs 4) Current Account Deficit - Signs of Growing Concern 5) Industrial Growth - A bit too volatile to Digest 6) Rising Interest Rates - Renders Working Conditions Costly 7) Fiscal Deficit - The Unbudgeted woes 8) FII Selling - Moving back to the West 9) Global woes - India still not decoupled yet 10) Unforeseen Events - The

Twentieth Annual Report 2010-2011

Nature's Fury. There is a need to examine these factors to negate the adverse impact on the growth of our economy.

In this context there is a downfall in the exports of apparels in the last two years. The high prices of cotton yarn and withdrawal of certain benefits by the government had a direct impact on the growth of the exports. Even though there was lot of enquiries from overseas buyers, the company could not convert these into actual exports due to low unit value realization available against the high cost of manufacturing. The driving factor for the current year is the thriving domestic demand. The growing demand for Indian cotton due to various reasons has led to increase in production which stands at over 37.5 million bales. Still some impediments occur. The fragmentation in the industry, leading to small scale companies, prevents the use of enhanced technology to drive production. The uneven supply base prevents integration between links in the supply chain. Small scale operations also reduce competitiveness. India's geographic location poses a problem as shipping costs to reach western shores are higher compared to other countries like Mexico, Turkey and China.

The global textiles and clothing industry is earmarked to grow to USD 700 billion by 2012. Whether it is denim, silk, woolen, knitwear or jute India caters to every need and fancy of the global populace. India has come a long way from using mordant dyes and printing blocks to organic dyes, intricate designs churned out from manual looms, and product diversification which has given a boost to the industry. Being a major contributor to the GDP, employment to rural areas and to the less privileged, and as a major contributor to industrial production and export, the textile industry has a bigger say in the future growth of the Indian economy.

Significant Financial Events of the Year:

The Company has recorded profit of Rs. 150.42 lakhs before tax in comparison to Rs.102.55 lakhs pertaining to corresponding previous year. There is a substantial improvement in the performance despite lower export sales. However the company need to do more on the Export front as the global conditions are still not very conducive to get better unit value realization. The company has taken some substantial steps by adding more facilities in the existing garment unit to attract buyers who can offer better volume and unit value realization.

The production levels of the garment unit are now completely stabilized. Further the performance of the process house is very encouraging in spite of various problems particularly in respect of availability of skilled and unskilled workers. The Company is regularly adding more machines as well as some balancing equipment to strengthen the production capacities apart from economizing the cost of operations

On the Retail business front, the company has set up around 7 retail stores which are in operation during the year under review. Since this being the first year, there were some initial teething trouble particularly from the logistics and merchandising aspects. The problems are now almost resolved and based on this experience the company would be adding another 20-25 stores in the current year. Though the company is yet to achieve break even levels, addition of more stores would enable the company to achieve the target in the current year itself. Further to increase the pace of the growth, the company has now decided to offer fresh equity shares to the existing shareholders on "Rights Basis." The company has already filed Draft Letter of offer with SEBI (Securities & Exchange Board of India) to raise additional capital of Rs.852 lakhs through rights issue. One of the objects for this issue is to augment resources for expansion of the retail business activities.

Opportunities & Threats

The textile industry is undergoing a substantial re-orientation towards other than clothing segments of textile sector, which is commonly called as technical textiles. It is moving vertically with an average growing rate of nearly two times of textiles for clothing applications and now account for more than half of the total textile output. The processes in making technical textiles require costly machinery and skilled workers. The application that comes under technical textiles are filtration, bed sheets and abrasive materials, healthcare upholstery and furniture, blood-absorbing materials and thermal protection, adhesive tape, seatbelts, and other specialized application and products. There is wide scope and offers ample opportunities for the textile units to take advantage of the new emerging trends.

The domestic demand is growing in a rapid phase due to sustained growth in our economy since last few years. The growth is likely to continue and the disposable income will also increase accordingly. This will eventually translate into a demand boom particularly in the ready made garments and apparels. Added to this the growing mall culture throughout the country also pushes the demand for textile articles and the textile units are now diverting sizable quantity of production to the local market instead of concentrating on exports. The per capita consumption of clothing is very low compared to international standards. There is vast scope to enhance the per capita consumption of clothing materials in the country. With the increased disposable income and sustained growth in the economy the future for the textile units in the country is very bright and many units have already planned their capital expenditure programme as the demand is expected to surpass the supply in the next few years.

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. The best quality was produced in Europe and Japan. Since then, India has come a long way, emerging as a manufacturer of high quality yarns and fabrics. This has created opportunities for increasing the unit value realization apart from providing value addition to our products. This was one of the main constraints for our company to accept export business from overseas buyers. This trend would help the company to enhance the scope of the export business in large volume.

Apart from this, there are some inherent strength to the Indian textile industry, such as abundant skilled workforce, traditional expertise in the design and development, increasing working female population, pro-active policy from the government, growing domestic demand, brand building & joint ventures by big companies in the overseas markets. These measures are giving big thrust to the Indian textile sector and overseas buyers are now able to source their requirement more comfortably than in the past. These developments are giving new opportunities to the garment units in the country and the company is certainly in a comfortable position to take advantage of this situation.

While the textile industry is provided 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 units are now affecting the industry totally. This will ultimately affect the units as these units are likely to defer further investment, redeployment of profits in the units for modernization/expansion and excess borrowings. Therefore unfair competition can slow down the real progress of the units in the industry.



On the one hand India is blessed with abundant and cheap labor force. But this is no longer holds good, as many countries in the Asian continent are offering labour cheaper than India. Unless and until new labor reforms and policies are made, it is difficult for our units to compete with these units located mainly in countries like Vietnam, Sri Lanka, and Bangladesh. Another challenging task is that despite the existence of stringent environmental laws and regulations, compliance by the Indian textile industry (especially processing units) has overall been rather poor. These regulations worldwide are posing as a challenge to the units unless the compensating price mechanism is put in place to offset the cost of compliances.

Apart from these factors, there are certain other threats emanating from within the country 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, governments policy on FDI in the retail sector, and Export & import policy.

The company is conscious of these factors and closely monitors all the developments to ensure that the advantage gained over these years are appropriately used to take the best benefit out of these changing economic conditions. Since Textile is given high priority in the annual policies, there is certainly a sizable level of growth is anticipated for the textile sector particularly for garments and apparels. The country is slowly transforming into a global manufacturing hub for the textile items and the company can take substantial advantage of this opportunity because of consistency maintained in the quality levels over the last many years.

Industry Structure & Development:

Cotton textiles continue to form the predominant base of the Indian textile industry, though other types of fabric have gained share in recent years. In 1995-96, the share of cotton and manmade fabric was 60% and 27% respectively. More recently, cotton fabrics accounted for around 46% of the total fabric produced, while man-made fibres held a share of around 41%. This represents a clear shift in consumer preferences towards man-made fabric. The industry structure is fully vertically integrated across the value chain, extending from fibre to fabric to garments. At the same time, it is a highly fragmented sector, and comprises small-scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises. The unorganized sector forms the bulk of the industry, comprising handlooms, power looms, hosiery and knitting, and also readymade garments, khadi and carpet manufacturing units. The organized sector consists of spinning mills involved only in spinning activities and composite mills where spinning, weaving and processing activities are carried out under a single roof. Nonetheless, overall cloth production in the country has been growing at 3.5% per annum since 2000, with growth driven largely by the power loom sector. Knitting and hosiery units account for around 17% of fabric production in the country.

Business integration - especially forward integration - by the larger textile companies has been prominent among Indian companies. Several companies that are engaged in fabric manufacturing are now keen to enter the readymade garments space. Most of the large textile companies have opted for an inorganic growth strategy to scale up operations. Acquisition is the most logical step towards integrating operations and building the value chain. Global retailers prefer large-sized companies that can scale up capacities consistently, keep up with delivery schedules and meet their growing demand. They have clear preferences for companies with integrated design, process and manufacturing facilities. An interesting commonality in countries with successful garment exports is that they have a much lower level of sub-contracting than India. Consequently, these countries have a wider base of exports

and have done very well in the market for large volumes of uniform products.

The fragmented industry structure has in the past been beneficial in generating employment, but will be difficult to sustain in a globally competitive environment. For fabric manufacturers in the unorganized segment, this will mean inefficient units losing out eventually, while the more efficient and dynamic ones aligning with manufacturers or buyers. For readymade garment SMEs, rising demand and preference for ready-to-wear outfits in the domestic market will sustain a large number of units in this sector. This will be the most thriving segment in the industry and SMEs will play a key role. India's key assets include a large and low-cost labour force, sizable supply of fabric, sufficiency in raw material and spinning capacities. On the basis of these strengths, India will become a major outsourcing hub for foreign manufacturers and retailers, with composite mills and large integrated firms being their preferred partners. It will thus be essential for SMEs to align with these firms, which can ensure a market for their products as well as provide the units with orders round the year.

The Company has already stepped into the retail business activities apart from providing regular supply of finished garments to some of the reputed large retail brands. Adequate flexibility is already built in the manufacturing facilities and with the addition of wholesale distribution the company has adapted swiftly to the fast changing trends and fashions in the market.

Performance

The Company has maintained the business levels with some improvement. However the overall performance is much below the anticipated levels. The export sales were far below the expectations and this is the major reason for lower growth in the business levels. However the garment unit is now fully stabilized and can produce high value garments in line with international standards. The company is expecting some sizable amount of business from retail activities and this would enable the company to register better improvement in the overall profitability levels. The details of revenue by segments are given below:

(Rs.in Lakhs)

Particulars	2010-11	2009-10	Percentage Change
Local Sales	3091.24	2877.89	7.41
Export Sales	9.64	160.03	(93.98)
Other Income	59.75	98.15	(39.12)
Total:	3160.63	3136.07	0.78

The Company has registered improvement in the income levels and correspondingly the Company has also recorded improvement in the performance by registering the net profit of Rs. 119.67 lakhs against net profit of Rs. 84.55 lakhs in the previous year. The company has now planned systematic investment in the retail business along with enhancement in the garment manufacturing capacity and based on the prevailing trends, the company is hopeful of achieving the projected levels of business in the current year.

Earnings per share:

The Company's earning per share for 2010-11 is Rs. 1.40 as against Rs.0.99 per share during 2009-10.

Fixed Assets/ Investments:

The Fixed Assets are adequately insured, periodically verified and maintained in good conditions. The Company continues to hold investment of 2880 Nos. of equity shares of IDBI Bank Ltd., in the demat form.

Twentieth Annual Report 2010-2011

Current Assets:

In view of the new Retail business activities there are some changes in the current assets and current liability levels and the current ratio position as on 31st March 2011 is 1.44

Human Resources

Human Resources play a significant and vital role in the growth of any organization. The Company's Productivity based incentive scheme, in-house training and orientation programme are very helpful in improving the productivity. Further The Board has also authorized Managing Director to examine and suggest the scope for implementing the stock based compensation scheme for employees in the organization. The strength includes both direct and indirect laborers, which vary from month to month. The overall Employee Relations environment was healthy and worked well towards aligning colleagues across the organization, with the Company's business goals and mission.

Risk and Concerns:

India is one of the few countries in the world to have a well-established, complete value chain in the Textile & Garment industry. The industry is more competitive in spinning and garmenting segments but intermediary weaving and processing segments are weak, which is a serious concern. While India produces high quality yarn, it depends on imported fabrics for the manufacture of high-quality garments for exports. Hence, despite the strong backward linkages, the Indian Textile & Garment industry is rendered uncompetitive due to technological backwardness. A large number of Textile & Garment players in India operate with low-end machinery. Moreover, about three-fourths of the industry's demand for textile machinery is met through imports due to an underdeveloped domestic textile machinery industry is a matter of concern. Nevertheless, technological changes are gradually sweeping across the industry as many firms across segments have started upgrading machinery to increase production capabilities and efficiency.

The Indian Textile & Garment industry has high growth potential but certain elements of risk could disrupt growth and performance. The industry faces high risk on the exchange rate front, as steady appreciation in the rupee could lead to revenue as well as employment losses. The industry faces moderate business risk in terms of machinery supplies as it is largely dependent on imported machinery. Since many textile and garment companies are implementing major expansion plans, any hurdle in machinery supplies from abroad could pose great financial risks. The other risk element in India's textiles and garments business is the imbalanced product mix, highly favoring cotton, contrary to the popular global trend, which favors synthetics over cotton. Some element of business risk may also emanate from the shortage of technically-trained manpower, which is extremely crucial to retain India's competitive edge in the global textiles market. There are other form of risk like credit risk on account of credit sales, Operational risks covers mainly systems, processes and people, Strategic risks are associated with the environment from where it is operating, Hazard risks related to natural hazards arising out of manufacturing process, nature of product, accidents, fire, earthquake or cyclone. Further industry has significant dependence on exports with EU27 being the largest export market, and US is the second largest export market for Indian Textile & Clothing industry. Therefore problems related to these countries have significant impact on our exports performance. Then Failure of cotton crop and government policy in terms of minimum support prices and export incentives for cotton can push up the cotton prices. Now countries are increasingly protecting their domestic industries from surging imports. This will again have an adverse impact in spite of free trade regime in the world. Apart from this the subsidies/government support in competing countries and economic slowdown also poses risks in the domestic and international markets.

The company has an effective risk management system in place. Various risks and concerns affecting the organizational goal are identified and reviewed on a regular

basis. Certain policies and procedures are already in place to address some of the risks like financial risks, operational risks and hazard risks. The company is conscious of these concerns and has taken adequate steps to ensure that maximum level of insulation is provided to the company against these risks.

Internal Controls & Systems

The internal control and systems are effectively placed in the company to review all the functions and procedures. These Internal Controls and Systems are regularly evaluated and this supplements the Company's efforts to check any major revenue leakage or wastage of resources. Regular reviews of systems are made by Internal Auditors through checking inspection and verification. The Internal Audit department makes a detailed Audit plan to identify the operational risk, wastage, and revenue leakages apart from identifying any non-compliance of statutory or other legal requirements. The Internal Audit process involves identification of the risks perceived for a particular function with review and evaluation of the effectiveness of the existing controls for ensuring adherence to policies, systems, and recommendations for improvement. The recommendation and suggestions are also placed before the Audit Committee as per the requirement and necessary actions are initiated as per the Audit Action Plan.

Outlook

Expectations are high; prospects are bright, but capitalizing on the new emerging opportunities will be a challenge for textile companies. Some pre-requisites to be included in the globally competing textile industry are: 1) Imbibing global best practices 2) Adopting rapidly changing technologies and efficient processes 3) Innovation 4) Networking and better supply chain management 5) Ability to link up to global value chains. The Indian textiles industry has established its supremacy in cotton based products, especially in the readymade garments and home furnishings segment. These two segments will be the key drivers of growth for Indian textiles. The readymade garment segment will be the principal driver of growth even in the domestic industry. The changing preferences of Indian consumers' - from buying cloth to readymade garments - have prompted several companies to move up the value chain into the finished products segment. Most businesses are evolving from the economic downturn with renewed vigor primarily due to a flexible approach to market, focus on building supply chain capabilities and strong brands. The growth outcome expected from the Indian fashion retail sector throws open an investment opportunity of over Rs. 30,000 crores annually across the textile retail value chain. This is expected to increase the size of the textile retail industry from its current size of Rs. 315,000 crores to Rs. 990,000 crores by year 2020. The textile retail sector will be one of the largest employment generators apart from being a large value creator in the Indian economy. The company has taken an optimistic view of these trends and is in the process of making fresh investments to take the best advantage of the anticipated boom in the market.

Cautionary Statement

Statements and observations stated in this Management Discussion and Analysis & other reports, describing the Company's objectives, projections, data information and estimates may be "forward looking" statements within the meaning of applicable securities, laws, and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and International markets, changes in the Government regulations, tax laws, statutes, and other incidental factors.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30.05.2010

ANAND AGARWAL
CHAIRMAN



Shareholders' Information

Registered Office:

A-2, Shah, & Nahar Indl.Estate, Unit No.23/26, Lower Parel, Mumbai - 400 013.

Factory & Admn.Office

C-253/254, MIDC, TTC Indl.Area, Pawne Village, Turbhe, Navi Mumbai-400 705.

Knitting and Garment Division:

C3-B, MIDC, TTC Indl.Area, Pawne Village, Turbhe, Navi Mumbai-400 705

Annual General Meeting : 20th A.G.M.

Date and Time: 2nd September, 2011 - 4.00 p.m.

Venue:

Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai - 400 020.

Financial Calendar (Tentative)

- First Quarter : Before middle of August
- Second Quarter/Half year : Before middle of November
- Third Quarter : Before middle of February
- Fourth Quarter : End of April (In case of un-audited results)
End of May (Audited Results)

Date of Book closure:

26.08.2011 to 02.09.2011 (both days inclusive)

Dividend payment: Nil

Listing on Stock Exchanges:

Company's (SIL) equity shares are listed on The Bombay Stock Exchange Ltd. (BSE)

Listing fees:

The annual Listing fee for the financial year 2011-12 has been paid to The Bombay Stock Exchange Ltd.

Delisting:

Delisted from Ahmedabad Stock Exchange and applied for delisting of shares from Delhi & Calcutta Stock Exchanges.

Dematerialisation:

The Company's Shares are dematerialized in National Securities Depository Ltd. & Central Depository Services (India) Ltd. The Company's ISIN No. is INE691D01012. The Company is Taking all steps to dematerialize the entire Share capital and the members are advised to Dematerialize their holdings immediately.

Complaints:

The Company has received a letter from its R&T Agent M/s. Sharex Dynamic (I) Pvt.Ltd. indicating that there are no complaints pending against the Company. (Refer Investor Grievances Report)

Unclaimed Dividend:

There is no unclaimed Dividend account pending for transfer to IEPE.

Market Price Data: Source (Website - bseindia.com)

Month	The Stock Exchange, Mumbai.		
	Low (Rs.)	High (Rs.)	Monthly Volume
April 2010	6.50	7.77	65900
May 2010	6.47	7.24	9600
June 2010	6.10	7.00	18800
July 2010	6.20	7.60	32100
August 2010	6.68	8.03	30700
September,2010	7.40	9.84	36900
October, 2010	7.80	9.85	22200
November, 2010	8.70	14.00	63600
December, 2010	10.62	12.58	3700
January, 2011	8.94	10.50	9200
February, 2011	8.58	10.00	4100
March, 2011	7.72	9.50	531600

Stock Code : Stock Exchange Mumbai (521113)

The ISIN Number is : INE691D01012 (NSDL & CDSL)

Share Transfer Agent : -

M/s. Sharex Dynamic (India) Pvt.Ltd.
Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (E), Mumbai - 400 072.

Stock Price Suditi v/s BSE Sensex

(Source-R&T Agents)



SUDITI INDUSTRIES LTD.

Distribution of shareholding (Scrip Value) as on 30th May 2011

Category From To	No. of Cases	% of Cases	Amount	% of Amt.
Upto 5000	10627	95.00	14005100	16.44
5001 - 10000	281	2.51	2304000	2.70
10001 - 20000	92	0.82	1454500	1.71
20001 - 30000	65	0.58	1638000	1.92
30001 - 40000	17	0.15	600000	0.70
40001 - 50000	19	0.17	902000	1.06
50001 - 100000	39	0.35	3092700	3.63
100001 and above	47	0.42	61203700	71.84
Total:	11187	100.00	85200000	100.00
Physical Mode	8669	77.49	37158000	43.613
Electronic Mode	2518	22.51	48042000	56.387
Total:	11187	100.00	85200000	100.00

Shareholding Pattern as on 30th May, 2011.

Categories	No. of folios	No. of Shares	Percentage (%)
Foreign Collaborators	—	—	—
Foreign Promoters	—	—	—
Non-Resident Indians	538	172600	2.026
Nationalised Banks	5	1100	0.013
Other Bodies Corporate	101	672728	7.896
Directors	2	1709300	20.063
Company Promoters	18	2552700	29.960
Individuals / Others	10522	3411472	40.041
Overseas Corporate Bodies	—	—	—
Clearing Members	1	100	0.001
Grand Total:	11187	8520000	100.00

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

Plant Location:

- C-253/254, MIDC, TTC Indl.Area, Pawne Village, Navi Mumbai.
- C-3B, MIDC, TTC Indl.Area, Pawne Village, Navi Mumbai.

Address for Correspondence:

Shareholders correspondence should be addressed to the Company's Share Transfer Agents at the address given above. In case of any difficulty, shareholders may contact Compliance Officers Mr. Deepak Naik (Tel: 67368600/10, 67368611)/or Company Secretary at the Company's Secretarial Dept. at C-253/254, MIDC, TTC Indl.Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

SUDITI INDUSTRIES LTD.

INVESTOR GRIEVANCE REPORT FOR THE PERIOD 28.05.2010 TO 29.05.2011

(As submitted by the R&T Agents M/s.Sharex Dynamic (I) P.Ltd. - Mumbai)

Sl.	Particulars	Receipt	Replied
1.	REQUESTS		
a	Change/Correction of address	2	2
b	Receipt of dividend warrants for revalidation	—	—
c	Correction of name on dividend warrants	—	—
d	Change/Correction of Bank Mandate	—	—
e	Receipt of IB for issue of duplicate d/w	—	—
f	Letter of intimation of Bank Mandate	—	—
g	Registration of Power of Attorney	—	—
h	Request for ECS facility	—	—
i	Loss of securities and request for issue of duplicate Shares	1	1
j	Receipt of IB and affidavit for issue of duplicate Shares	—	—
k	Request for stop transfer of securities	—	—
l	Receipt of damaged/mutilated dividend warrant	—	—
m	Request for consolidation/split of securities	—	—
n	Request for issue of duplicate dividend warrant	—	—
o	Deletion of joint name due to death	1	1
p	Request for transmission of securities	—	—
q	Request for transposition of securities	—	—
r	Receipt of 15G Form for Exemption of Tax	—	—
s	Specimen sign change/ not mentioned in application.	—	—
t	Receipt of securities for endorsement as fully paid	1	1
u.	Queries regarding payment of allotment money	—	—
2.	COMPLAINTS		
a.	Non-receipt of Dividend Warrant	—	—
b.	Excess/Short payment of dividend	—	—
c.	Non receipt of Annual Report	1	1
d.	Correspondence/Query relating to NSDL/CSDL operations	—	—
e.	Non receipt of refund order	1	1
f.	Correction of name on securities	—	—
g.	Non receipt of securities/complaint relating to transfer of shares	2	2
3.	Others		
		1	1
	Total:-	10	10

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, in respect of electronic holdings with their Depository Participants are requested to register at the earlier. Members who hold shares in physical form are requested to send their email id at: cs@suditi.in or sharexindia@vsnl.com

SUDITI INDUSTRIES LTD.

COMPLIANCE REPORT

To the Board of Directors
SUDITI INDUSTRIES LIMITED

We have examined the registers, records, books and papers of Suditi Industries Ltd. (the Company), having its Registered Office at A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Parel, Mumbai-400013, and having Registration No.(11-63245) L19101MH1991PTC063245 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the period from 1st April, 2010 to 31st March, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify, in respect of the aforesaid financial year, that:

1. The necessary registers and records have been maintained properly and in accordance with the requirements.
2. All the requisite forms, returns, and documents have been filed with the Registrar of Companies and other authorities as per the provisions of the Act and Rules there under.
3. All the requirements relating to the meetings of Directors, Committees of Directors, and Shareholders as well as relating to the minutes of the proceedings thereat have been complied with.
4. All appointment/reappointment of Directors including the Managing Director have been made in accordance with the requirements of the Act.
5. Due disclosure have been made by the Directors under Section 299 and Section 274(1) (g) of the Act, The Company also complied with the requirements in pursuance of the disclosure made by its Directors.
6. Certificate of Shares and other securities have been issued and the Transfer and Transmission thereof have been registered as per requirement.
7. All necessary approvals of Directors, Shareholders and other authorities as per requirement have been obtained.
8. Disclosure requirements as per listing agreements with BSE have been complied with.
9. The Company has transferred all unpaid Dividend to Investors Education & Protection Fund and there is no outstanding as on date.
10. The Company has complied with the disclosure requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

For ND & ASSOCIATES

Place: Mumbai
Date: 30.05.2011

Neeta H. Desai
Company Secretary
FCS 3262 CP4741

CORPORATE GOVERNANCE

To,
The Members of Suditi Industries Limited

We have examined the compliance of conditions of Corporate Governance by Suditi Industries Limited for the year ended 31st March, 2011 as stipulated in clause 49 of the listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from The Registrars and Share Transfer Agents and as per records maintained by the Company which are presented to the Shareholders Grievances Committee, we state that, during the year ended 31st March, 2011 no investor grievances were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For CHATURVEDI & COMPANY
Chartered Accountants

Place: Mumbai
Date: 30.05.2011

(S.N.CHATURVEDI)
Partner

Twentieth Annual Report 2010-2011

AUDITOR'S REPORT

To,
The Members of

SUDITI INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of **SUDITI INDUSTRIES LIMITED** as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given and management

representations made to us, the said accounts subject to what is stated in Para 4 above, read together with the accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011
- ii) In the case of the Profit and Loss account, of the "Profit" for the year ended on that date; and
- iii) In the case of the Cash Flow statement, of the Cash Flow for the year ended on that date.

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

S.N. CHATURVEDI
(Partner)
Membership Number: 40479

Place : Mumbai
Date : May 30, 2011

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date

- 1)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
 - b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) As the assets disposed during the year is not very significant, it does not have any bearing on the going concern assumption followed by the company.
- 2)
 - a) The inventory has been physically verified during the year by the management at reasonable intervals during the year.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- 3) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms, or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.



- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) As regards transactions made in pursuance of contracts or arrangement entered into the registers maintained under Section 301 & exceeding the value of rupees five lac in respect of any party during the year, in our opinion and according to the information and explanation given to us, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) a) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practice in India, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Service Tax, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
- b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at 31st March 2011, the following are the particulars of dues that have not been deposited on account of any dispute.
- 10) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 11) According to the records examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
- 12) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- 16) On the basis of the records examined by us, and according to the information and explanations given to us, the Company has not obtained any term loan during the year.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- 18) During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) During the period covered under audit, the company has not issued any debentures.
- 20) The company has not raised any money through public issue during the year.
- 21) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Name of the Statute	Nature of Dues	Amount (Rs.in lacs) dispute is pending	Forum where
Central Excise Act, 1944	On account of interpretation of exemption notification of Excise duty for the period		Commissioner (Appeals)
	(a) March, 2002 to November, 2002	33.78	
	(b) December, 2002 to January, 2003	6.34	
	(c) September, 1998 to September, 1999	0.73	
Income Tax	Demand raised for A.Y.2008-09	615.17	Commissioner of Income Tax
Sales Tax	Demand raised as per Assessment Order -		Asst. Commissioner, Sales Tax, (Appeals) Mumbai
	1997-98	11.42	
	1996-97	65.17	
	Revised order for -		
	1998-99	80.23	

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

S.N. CHATURVEDI
(Partner)
Membership Number: 40479

Place: Mumbai
Date: May 30, 2011

Twentieth Annual Report 2010-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs.)

SCHEDULE		As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Equity Share Capital	A	85,200,000	85,200,000
Reserves & Surplus	B	72,990,623	61,023,357
Loan Funds			
Secured Loans	C	41,532,513	21,107,429
		<u>199,723,136</u>	<u>167,330,786</u>
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	D	327,481,584	316,048,436
b) Less : Depreciation		<u>261,169,508</u>	<u>254,302,686</u>
c) Net Block		66,312,076	61,745,750
d) Capital Work in Progress		<u>4,561,198</u>	<u>4,041,810</u>
		70,873,274	65,787,560
Investments	E	234,000	234,000
Deferred Tax Assets		17,080,086	17,080,086
Current Assets, Loans & Advances :			
a) Inventories	F	101,927,082	44,820,706
b) Sundry Debtors	G	65,433,100	67,530,386
c) Cash & Bank Balance	H	4,747,768	5,807,472
d) Loans and Advances	I	56,774,797	53,952,396
		<u>228,882,747</u>	<u>172,110,960</u>
Less : Current Liabilities & Provisions	J		
a) Current Liabilities		117,346,971	87,881,820
Net Current Assets		111,535,776	84,229,140
		<u>199,723,136</u>	<u>167,330,786</u>
Significant Accounting Policies &			
Notes to the Accounts :			
	R		

This is the Balance Sheet referred to in our report of even date

For CHATURVEDI & CO.
CHARTERED ACCOUNTANTS

S. N. CHATURVEDI
(PARTNER)

ANAND AGARWAL
(CHAIRMAN)

PAVAN AGARWAL
(MANAGING DIRECTOR)

A. INDUSEKHAR RAO
(DIRECTOR)

VIVEK GANGWAL
(DIRECTOR)

SUSHIL KUMAR KASLIWAL
(DIRECTOR)

Place : Mumbai
Date : 30.05.2011

H.GOPALKRISHNAN
(V.P.FINANCE & CO.SEC)



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs.)

SCHEDULE	Year Ended 31.03.2011	Year Ended 31.03.2010
INCOME		
Sales - Export	963,721	16,002,777
Sales - Others	309,124,226	287,788,719
Other Income	K 5,975,409	9,815,390
	<u>316,063,356</u>	<u>313,606,886</u>
Increase /(Decrease) in Stock	L 41,871,391	(160,348)
	<u>357,934,747</u>	<u>313,446,538</u>
EXPENDITURE		
Raw Materials Consumed	M 138,104,367	118,758,557
Trading Purchases	-	-
Manufacturing Expenses	N 113,850,767	104,732,506
Payment to & Provisions for Employees	O 36,102,656	28,158,393
Administrative & Selling Expenses	P 44,010,918	44,128,129
Interest	Q 3,956,951	907,163
	<u>336,025,659</u>	<u>296,684,748</u>
Extra Ordinary Items	-	-
Profit before Depreciation & Tax	21,909,088	16,761,790
Depreciation	6,866,822	6,507,224
Profit before Tax	15,042,266	10,254,566
Taxation for the Year		
Current Tax (MAT)	3,075,000	1,787,000
Wealth Tax	-	12,500
Profit after Tax	11,967,266	8,455,066
Balance brought Forward	61,023,357	52,568,291
Balance carried to Balance Sheet	<u>72,990,623</u>	<u>61,023,357</u>
Basic and diluted Earnings per share	1.40	0.99
(Face value Rs 10/- per share)		
No. of equity shares	8,520,000	8,520,000
Significant Accounting Policies & Notes to the accounts	R	

This is the Profit & Loss Account referred to in our report of even date

For CHATURVEDI & CO.
CHARTERED ACCOUNTANTS

S. N. CHATURVEDI
(PARTNER)

ANAND AGARWAL
(CHAIRMAN)

PAVAN AGARWAL
(MANAGING DIRECTOR)

A. INDUSEKHAR RAO
(DIRECTOR)

VIVEK GANGWAL
(DIRECTOR)

SUSHIL KUMAR KASLIWAL
(DIRECTOR)

Place : Mumbai
Date : 30.05.2011

H.GOPALKRISHNAN
(V.P.FINANCE & CO.SEC)

Twentieth Annual Report 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE "A" - SHARE CAPITAL		
Authorised		
18,000,000 Equity Shares of Rs. 10 each	<u>180,000,000</u>	<u>180,000,000</u>
Issued, Subscribed & Paid up		
8,520,000 Equity Shares of Rs. 10 each, fully paid up	<u>85,200,000</u>	<u>85,200,000</u>
	<u>85,200,000</u>	<u>85,200,000</u>
SCHEDULE "B" - RESERVES & SURPLUS		
Profit & Loss Account	<u>72,990,623</u>	<u>61,023,357</u>
	<u>72,990,623</u>	<u>61,023,357</u>
SCHEDULE "C" - SECURED LOANS		
Cash Credit	39,232,513	21,107,429
Short Term Loan	2,300,000	-
	<u>41,532,513</u>	<u>21,107,429</u>

Notes:

- 1) During the year the company has transferred the working capital facilities availed from Union Bank of India to Indian overseas Bank fort Branch Mumbai. The prime security of cash credit loans availed from Indian Overseas Bank is through hypothecation of all tangible moveable assets including raw materials, semi finished goods, finished goods & present & future book debts etc. The said facility is further secured by exclusive first charge on all the Company's moveable & immovable properties both present & future.
- 2) The short term loan availed from Indian Overseas Bank is secured by marking lien on the fixed deposit amounting to Rs.25 lakhs made with Indian Overseas Bank

SCHEDULE "D" - FIXED ASSETS

(Amount in Rs.)

Sr. No.	Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2010	Additions	Deduction/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the Period	Deduction/ Adjustments	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land (Leasehold)	1,642,190	-	-	1,642,190	-	-	-	1,642,190	1,642,190	
2	Building	16,214,666	-	-	16,214,666	8,530,552	541,570	-	9,072,122	7,142,544	7,684,114
3	Plant & Machinery	270,217,783	1,603,101	-	271,820,884	230,036,413	4,528,755	-	234,565,168	37,255,716	40,181,370
4	Furniture & Fixtures	7,829,536	6,139,067	-	13,968,603	5,704,163	342,665	-	6,046,828	7,921,775	2,125,373
5	Office & Other Equip.	9,124,643	2,442,501	-	11,567,144	5,083,761	764,306	-	5,848,067	5,719,077	4,040,882
6	Electrical Installation	8,193,459	917,368	-	9,110,827	4,695,494	406,994	-	5,102,488	4,008,339	3,497,965
7	Vehicles	2,826,159	331,111	-	3,157,270	252,303	282,532	-	534,835	2,622,435	2,573,856
		316,048,436	11,433,148	-	327,481,584	254,302,686	6,866,822	-	261,169,508	66,312,076	61,745,750
	Previous Year	308,680,419	8,667,664	1,299,647	316,048,436	248,241,632	6,507,224	446,170	254,302,686	61,745,750	60,438,787
	Capital Work In Progress								4,561,198	4,041,810	

SUDITI INDUSTRIES LTD.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
--	---------------------	---------------------

SCHEDULE " E" - INVESTMENTS (At Cost)

(Quoted)	234,000	234,000
IDBI Bank Ltd. [2880 (Including Bonus issues of 1080 shares) Equity Shares of Rs. 10/- each fully paid up] (Aggregate Market Value Rs.4,10,256/ - ; P.Y.Rs.3,31,200/ -)	234,000	234,000

SCHEDULE "F" - INVENTORIES

(As taken, valued & certified by the Management)

Stores & Spares	7,085,487	8,499,843
Raw Materials	41,168,937	24,519,596
Work in Process	2,293,177	11,709,683
Finished Goods	51,379,481	91,584
	101,927,082	44,820,706

SCHEDULE "G" - SUNDRY DEBTORS

(Unsecured and considered good)

Debts outstanding for a period exceeding six months	25,068,677	21,815,638
Other Debts	40,364,423	45,714,748
	65,433,100	67,530,386

SCHEDULE "H" - CASH & BANK BALANCES

Cash on hand	2,004,570	1,910,855
Balances with Scheduled banks :-		
Current Accounts	243,198	1,285,214
Deposit Account	2,500,000	2,611,403
	4,747,768	5,807,472

SCHEDULE "I" - LOANS & ADVANCES

(Unsecured, considered good and subject to confirmation)

Receivables in cash or in kind or for values to be received	38,732,865	38,942,938
Deposits	17,443,605	13,867,248
Balance with Central Excise & Customs	598,327	1,142,210
	56,774,797	53,952,396

Twentieth Annual Report 2010-2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE "J" - CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	66,703,335	43,363,307
Other Liabilities	40,787,584	31,256,511
Advances from Customers	9,856,052	13,262,002
	<u>117,346,971</u>	<u>87,881,820</u>
SCHEDULE "K" - OTHER INCOME		
Interest received	802,255	1,257,103
Miscellaneous Income	5,173,154	8,558,287
	<u>5,975,409</u>	<u>9,815,390</u>
SCHEDULE "L" - INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Fabric	10,565,736	39,809
Finished Garments	25,868,421	51,775
Finished Retail	14,945,324	-
Work in Progress	2,293,177	11,709,683
	<u>53,672,658</u>	11,801,267
Less : Opening Stock		
Finished Fabric	39,809	78,513
Finished Garments	51,775	54,929
Work in Progress	11,709,683	11,828,173
	<u>11,801,267</u>	11,961,615
	<u>41,871,391</u>	<u>(160,348)</u>
SCHEDULE "M" - RAW MATERIAL CONSUMED		
Opening Stock	24,519,596	8,924,036
Add : Purchases	154,753,708	134,354,117
Less : Closing Stock	41,168,937	24,519,596
	<u>138,104,367</u>	<u>118,758,557</u>

SUDITI INDUSTRIES LTD.



SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE "N" - MANUFACTURING EXPENSES		
Stores & Spares Consumption	23,593,969	26,793,375
Stiching & Processing Charges	1,360,074	2,837,836
Fuel & Oil	27,116,789	23,164,315
Water Charges	7,744,871	5,831,763
Electricity Charges	18,693,749	16,463,266
Labour Charges	25,912,443	21,482,992
Jobwork-Garments	4,290,687	2,233,515
Operating Expenses-Retail	436,524	-
Knitting Charges	4,701,661	5,925,444
	<u>113,850,767</u>	<u>104,732,506</u>
SCHEDULE "O" - PAYMENT TO & PROVISIONS FOR EMPLOYEES		
Salary, Wages & Bonus	31,940,112	20,628,349
Contribution to Gratuity Fund	551,026	134,555
Welfare Expenses	2,676,752	6,891,567
Contribution to Provident Fund	934,766	503,922
	<u>36,102,656</u>	<u>28,158,393</u>
SCHEDULE "P" - ADMINISTRATIVE & SELLING EXPENSES		
Transportation	6,089,648	5,053,107
Travelling & Conveyance Expenses		
Conveyance Expenses	1,867,733	1,917,171
Travelling Expenses-Directors	211,152	1,329,659
Travelling Expenses-Others	966,701	308,900
Security Charges	2,358,699	1,951,086
Rent, Rates & Taxes	7,884,970	5,210,153
Electricity Expenses	311,445	135,010
Repairs and Maintenance :		
Building	616,821	706,977
Machinery	2,182,069	2,412,920
Others	2,345,246	2,901,297
Export Clearing & Forwarding Expenses	57,796	1,746,023
Motor Car Expenses	1,301,180	1,492,233
Printing & Stationery	1,238,587	1,383,704
Bank Charges, Commission & Others	819,798	3,160,692
Telephone/Telex & Postage Expenses	1,035,761	1,001,452
Advertisement Expenses	1,066,613	137,071
Sales Promotion Expenses	3,151,310	1,141,642
Registrar & Transfer Expenses	47,367	47,741
Insurance	278,044	240,909
Subscription & Membership	34,221	117,196
Licence & Fees	306,460	113,709
Remuneration to Managing Director	867,802	774,322
Consultancy Charges	2,366,273	2,464,872
Statutory Auditors Remuneration	165,450	165,450
Cost Auditors Remuneration	22,060	30,310
General Expenses	3,363,384	3,351,717
Loss on Sale of Assets	-	453,477
Sundry Balance (W.Off)	2,192,153	4,328,306
Prior Period Expenses	862,175	51,023
	<u>44,010,918</u>	<u>44,128,129</u>
SCHEDULE "Q" - INTEREST		
Bank Interest	3,641,180	907,163
Other Interest	315,771	-
	<u>3,956,951</u>	<u>907,163</u>

Twentieth Annual Report 2010-2011

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE - R

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS:

A) SIGNIFICANT ACCOUNTING POLICIES:

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS: -

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- b) Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles. The company follows the mercantile system of Accounting and recognizes Income & Expenditure on accrual basis.

(ii) FIXED ASSETS:

- a) Fixed Assets are stated at cost less accumulated depreciation. All costs relating to acquisition and installation of Fixed Assets including financing costs up to the date the Assets are put to use and adjustment arising from exchange rate variation relating to specific borrowings attributable to the Fixed Assets are allocated to the respective fixed assets.
- b) Capital Work In Progress: All expenditure incurred and interest cost during the project construction period, on projects which are not abandoned, are accumulated and shown as Capital Work-in-Progress until the assets are ready for use. Assets under construction are not depreciated.

(iii) DEPRECIATION:

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

(iv) IMPAIRMENT:

At each balance sheet date, the management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

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

(v) FOREIGN CURRENCIES:

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

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

(vi) INVESTMENTS:

Long-term investments are carried at cost. Provision for diminution in the value of the investment is made only if such a decline is other than temporary in the opinion of the management.

(vii) INVENTORIES:

Inventories are valued as under: -

- a) Raw materials, Stores, Spares, Dyes & Chemicals : At cost.
- b) Stock in process : At cost.
- c) Finished goods : At lower of cost or net realisable value.

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

(viii) REVENUE RECOGNITION:

Revenue is recognized at the point of dispatch of finished goods. The finished goods include Fabrics and Grey cloth which are exempted from Excise duty and Branded Apparels & Garments on which Excise duty is applicable. Sales value is net of returns and sales tax.

(ix) CUSTOM DUTY:

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

(x) CUSTOM DUTY BENEFITS:

Custom duty entitlements eligible under Duty Entitlement Pass Book Scheme/Duty Draw Back benefit scheme is accounted in the year in which the exports are made.

(xi) EXCISE DUTY:

Excise duty is payable on Branded Apparels and Garments on the clearance thereof from the factory.

(xii) CENVAT:

- (a) No cenvat benefit is considered for the year under review in respect of Fabrics and Grey Cloth as these items are exempt from Excise Duty.
- (b) In respect of Branded Apparels & Garments since the cenvat benefit is not material, the company has decided not to take any credit.

(xiii) EMPLOYEE BENEFITS :

Short-term employee benefits:

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



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

Long-term employee benefits:

(i) Defined benefit plans:

Provident Fund:

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

Gratuity Plan:

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

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

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

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

(ii) Other Long-term employment benefits:

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

(xiv) BORROWING COST:

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

(xv) CASH FLOW:

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

(xvi) CONTINGENT LIABILITIES:

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

(xvii) EARNINGS PER SHARE:

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

(xviii) INCOME TAX:

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

(xix) SEGMENT REPORTING:

The company is presently engaged in the business of carrying out job work for processing of textile fabrics and manufacture/export of garments. Disclosure relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS) - 17 issued by the Institute of Chartered Accountants of India have been made for a single product and for two geographical segments-local & exports.

(xx) DEFERRED REVENUE EXPENSES:

Preliminary expenses are written off in installments over a period of ten years.

B) NOTES TO THE ACCOUNTS :

- 1) I) **Contingent Liabilities not provided for:**
 - a) In respect of Bonds executed in favour of:
 - i Asst. Commissioner of Customs under EPCG scheme towards export obligation-Rs.169.07 lacs. (Previous Year Rs.169.07 lacs)
 - b) Disputed matters in appeal

Contested in respect of	Current year 31.03.2011 (Rs. in lacs)	Previous year 31.03.2010 (Rs. in lacs)
Excise Duty including penalties	40.85	40.85
Sales Tax	156.25	156.25

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.Nil (Previous year Rs.2.50 lakhs)

- 2) The Company's Sales Tax assessment is completed upto the accounting year 2004-2005 and the disputed demand outstanding upto the said assessment year is Rs.156.25 lacs. Based on the opinion received by the company, the demands made are likely to be either deleted or substantially reduced and accordingly no provision has been made in the accounts.
- 3) Some of the Balances in the customers and suppliers, deposit accounts are taken as per books and are subject to confirmation/reconciliation and consequent adjustments.
- 4) In terms of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has computed Net Deferred Tax Asset for the F.Y. 2010-2011 amounting to Rs.327.39 lakhs (previous year Rs.579.17 lakhs). The Management does not consider it appropriate to account for the Net Deferred Tax Asset due to uncertainty of future profits.

Twentieth Annual Report 2010-2011

<p>5) a) The Company makes contribution towards Provident Fund administered by the Central Government. The contribution towards the Fund are made as per the Provident Fund Act and Rules amended from time to time. The amount of contribution is directly charged to the Profit and Loss account as revenue expense. Since the contribution is paid to the Provident Fund authorities of the Central Government as per rules & regulations, there are no further liabilities on the Company towards this obligation.</p>		<p>Employee cost) for the year ended 31.3.2011)</p>																																																											
<p>b) The Company makes annual contribution to the Employees Group Gratuity cum Life Assurance Scheme of Life Insurance Corporation of India, a funded "Defined Benefit Plan" for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment as per the Gratuity Scheme. Vesting occurs upon completion of five years of service. There are no other schemes, apart from the above, that are administered by the company for the benefit of employees.</p>		<p>Current service cost</p>	<p>1.37</p>	<p>2.07</p>																																																									
<p>c) The Company has also computed and made necessary provisions on account of leave encashment benefits based on actuarial valuation as per Accounting Standard-15(Revised) "Employee Benefits". The total service eligibility as per the Company's leave rules are estimated and provided in the books as a revenue expenditure after making adjustment towards the benefit paid on this account. The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2011. The following tables set out the funded status and amounts recognized in the Company's financial statement as at 31st March, 2011 for the defined benefit plans.</p>		<p>Interest defined benefit obligation</p>	<p>1.10</p>	<p>0.60</p>																																																									
<table border="1"> <thead> <tr> <th></th> <th>(Rs.in lacs) Gratuity</th> <th>(Rs.in lacs) Leave encashment benefits</th> </tr> <tr> <th></th> <th>As at 31.3.2011</th> <th>As at 31.3.2011</th> </tr> </thead> <tbody> <tr> <td>a) Changes in the defined benefit Obligation</td> <td></td> <td></td> </tr> <tr> <td>Projected defined benefit obligation, beginning of the year (1st April, 2010)</td> <td>14.85</td> <td>7.69</td> </tr> <tr> <td>Current service cost</td> <td>1.37</td> <td>2.07</td> </tr> <tr> <td>Interest Cost</td> <td>1.10</td> <td>0.60</td> </tr> <tr> <td>Actuarial (gain)/loss</td> <td>2.29</td> <td>11.53</td> </tr> <tr> <td>Benefits paid</td> <td>(1.81)</td> <td>(3.58)</td> </tr> <tr> <td>Past Service Cost</td> <td>1.58</td> <td>-</td> </tr> <tr> <td>Projected defined benefit obligation, end of the year</td> <td>19.38</td> <td>18.31</td> </tr> <tr> <td>b) Changes in the fair value of plan assets</td> <td></td> <td></td> </tr> <tr> <td>Fair value of plan assets, beginning of the year (1st April, 2010)</td> <td>10.94</td> <td>-</td> </tr> <tr> <td>Expected return on plan assets</td> <td>0.83</td> <td>-</td> </tr> <tr> <td>Employer's contributions</td> <td>-</td> <td>-</td> </tr> <tr> <td>Actuarial gain/(loss)</td> <td>-</td> <td>-</td> </tr> <tr> <td>Benefits paid</td> <td>(1.81)</td> <td>-</td> </tr> <tr> <td>Fair value of plan assets, end of the year</td> <td>9.96</td> <td>-</td> </tr> <tr> <td>Liability (net)</td> <td>9.42</td> <td>18.31</td> </tr> <tr> <td>c) Net employee benefit expense (recognized in</td> <td></td> <td></td> </tr> </tbody> </table>			(Rs.in lacs) Gratuity	(Rs.in lacs) Leave encashment benefits		As at 31.3.2011	As at 31.3.2011	a) Changes in the defined benefit Obligation			Projected defined benefit obligation, beginning of the year (1st April, 2010)	14.85	7.69	Current service cost	1.37	2.07	Interest Cost	1.10	0.60	Actuarial (gain)/loss	2.29	11.53	Benefits paid	(1.81)	(3.58)	Past Service Cost	1.58	-	Projected defined benefit obligation, end of the year	19.38	18.31	b) Changes in the fair value of plan assets			Fair value of plan assets, beginning of the year (1st April, 2010)	10.94	-	Expected return on plan assets	0.83	-	Employer's contributions	-	-	Actuarial gain/(loss)	-	-	Benefits paid	(1.81)	-	Fair value of plan assets, end of the year	9.96	-	Liability (net)	9.42	18.31	c) Net employee benefit expense (recognized in			<p>Expected return on plan assets</p>	<p>(0.83)</p>	<p>-</p>
	(Rs.in lacs) Gratuity	(Rs.in lacs) Leave encashment benefits																																																											
	As at 31.3.2011	As at 31.3.2011																																																											
a) Changes in the defined benefit Obligation																																																													
Projected defined benefit obligation, beginning of the year (1st April, 2010)	14.85	7.69																																																											
Current service cost	1.37	2.07																																																											
Interest Cost	1.10	0.60																																																											
Actuarial (gain)/loss	2.29	11.53																																																											
Benefits paid	(1.81)	(3.58)																																																											
Past Service Cost	1.58	-																																																											
Projected defined benefit obligation, end of the year	19.38	18.31																																																											
b) Changes in the fair value of plan assets																																																													
Fair value of plan assets, beginning of the year (1st April, 2010)	10.94	-																																																											
Expected return on plan assets	0.83	-																																																											
Employer's contributions	-	-																																																											
Actuarial gain/(loss)	-	-																																																											
Benefits paid	(1.81)	-																																																											
Fair value of plan assets, end of the year	9.96	-																																																											
Liability (net)	9.42	18.31																																																											
c) Net employee benefit expense (recognized in																																																													
		<p>Net actuarial (gain)/loss recognized in the year</p>	<p>2.29</p>	<p>11.53</p>																																																									
		<p>Past service cost</p>	<p>1.58</p>	<p>-</p>																																																									
		<p>Net benefit expense</p>	<p>5.51</p>	<p>14.20</p>																																																									
		<p>Actual return on plan assets</p>	<p>-</p>	<p>-</p>																																																									
		<p>d) Assumptions used in accounting for gratuity And post-employment medical benefit Obligations</p>																																																											
		<p>Discount rate</p>	<p>8.25</p>	<p>8.25%</p>																																																									
		<p>Expected rate of return on plan assets</p>	<p>8%</p>	<p>0</p>																																																									
		<p>Increase in compensation cost</p>	<p>5%</p>	<p>5%</p>																																																									
		<p>i) Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.</p>																																																											
		<p>ii) Expected rate of return on plan assets is based on the average long-term rate of return expected on Investments of the fund during the estimated term of the obligations.</p>																																																											
		<p>iii) The estimates of future salary increases, considered in actuarial valuation, take account the inflation, seniority, promotion and other relevant factors.</p>																																																											
			<p>(Rs. in Lacs) Year ended (March 31, 2011)</p>	<p>(Rs. in Lacs) Year ended (March 31, 2010)</p>																																																									
		<p>6) Managerial Remuneration:</p>																																																											
		<p>Managing Director's Remuneration</p>																																																											
		<p>Salary & Allowances</p>	<p>8.69</p>	<p>9.14</p>																																																									
		<p>Company's contribution to PF</p>	<p>0.09</p>	<p>0.09</p>																																																									
		<p>7) Auditors Remuneration:</p>																																																											
		<p>Audit Fees</p>																																																											
		<p>- Statutory</p>	<p>1.38</p>	<p>1.38</p>																																																									
		<p>- Tax Audit Fees</p>	<p>0.27</p>	<p>0.27</p>																																																									
		<p>Certification work</p>	<p>0.41</p>	<p>0.27</p>																																																									
		<p>Reimbursement of Expenses</p>	<p>0.13</p>	<p>0.14</p>																																																									
		<p>Cost Audit</p>	<p>0.22</p>	<p>0.30</p>																																																									
		<p>8) CIF Value of Imports</p>																																																											
		<p>Capital Goods</p>	<p>8.25</p>	<p>25.46</p>																																																									
		<p>Spares</p>	<p>16.73</p>	<p>18.50</p>																																																									
		<p>9) Expenditure in Foreign Currency</p>																																																											
		<p>Travelling</p>	<p>-</p>	<p>7.73</p>																																																									
		<p>Other</p>	<p>-</p>	<p>-</p>																																																									
		<p>10) Earnings in Foreign Currency</p>																																																											
		<p>Export of Goods (FOB Value)</p>	<p>9.01</p>	<p>136.29</p>																																																									
		<p>11) There are no Micro, Small and Medium Enterprises, to whom the Companies owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the company has neither paid nor is any interest payable to any Micro, Small and Medium Enterprises on the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.</p>																																																											



12) Capacity and Production:

Class of Goods	Unit of Measurement	Installed capacity		Actual production	
		Current Yr.	Previous. Yr.	Current Yr.	Previous. Yr.
Processed fabrics	MT	4050	4050	2832.03	2651.02
Garments	PCS	1200000	1200000	1096734	1114654

Production includes Job work done for third parties.
(As certified by the management and being a technical matter accepted by the Auditor.)

13) Raw Materials consumed:

	Unit of Measurement	Year ended (March 31, 2011)		Year ended (March 31, 2010)	
		Qty.	Value (Rs.in lacs)	Qty.	Value (Rs.in lacs)
- Yarn & Fabric	MT	499.85	791.61	548.71	748.69
- Dyes & Chemicals		--	522.70	--	438.90
- Apparel & Accessories (Retail Division)		--	66.73	--	--

14) Consumption of Imported and indigenous raw materials, stores and spare parts and percentage of each to the consumption .

	Year ended March 31, 2011 (Rs. in lacs)		Year ended March 31, 2010 (Rs. in lacs)	
	Value	%	Value	%
i) Raw Materials				
a) Imported	--	--	--	--
b) Indigenous	1381.04	100	1187.59	100
ii) Stores & Spare parts				
a) Imported	16.73	7.09	18.50	6.90
b) Indigenous	219.21	92.91	249.43	93.10

15) Sales:

	Unit of Measurement	Year ended March 31, 2011 (Rs. in lacs)		Year ended March 31, 2010 (Rs. In lacs)	
		Qty.	Value	Qty.	Value
Processed Fabrics	MT	2578.94	2058.58	2446.15	1964.55
Ready-made Garments	PCS	781098	1023.71	1114654	1067.31

16) Stock of finished goods:

	Unit of Measurement	Current year March 31, 2011 (Rs. in lacs)		Previous year March 31, 2010 (Rs. in lacs)	
		Qty.	Value	Qty.	Value
Knitted Fabrics					
Opening Stock	MT	0.89	0.40	0.94	0.78
Closing Stock	MT	32.20	92.69	0.89	0.40
Closing Stock	Mtrs	14956	12.97	--	--
Garments					
Opening Stock	PCS	2725	0.52	2891	0.55
Closing Stock	PCS	290361	258.68	2725	0.52
Ready-made Garments & Made ups					
Opening Stock	PCS	--	--	--	--
Closing Stock	PCS	28000	149.45	--	--

Twentieth Annual Report 2010-2011

17) Name of Related Parties and nature of related party relationships

As per AS-18 issued by The Institute of Chartered Accountants of India, the Companies related parties are disclosed below.

a) KEY MANAGEMENT PERSONNEL

- 1) Mr. Anand Agarwal - Chairman, Mr. Pavan Agarwal - Managing Director
- 2) Relatives of Key Management Personnel : Mr. Kishorilal Agarwal (Father), Mr. Rajendra Agarwal (Brother), Mrs. Pramila Agarwal (Wife of Anand Agarwal), Mrs. Shalini Agarwal (Wife of Pavan Agarwal)

b) Enterprises under Common Control of the Promoters

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

Transactions with Related Parties: During the year the following transactions were carried out with the related parties in the ordinary course of business.

Particulars	(Rs .in lacs) Associate concerns & companies referred to in 17(b) above	(Rs .in lacs) Key Management Personnel
Sales of Goods	171.93 (331.48)	(-)
Balance outstanding as at the year end :		
Sundry Debtors	68.49 (69.81)	(-)
Deposits	100.80 (100.80)	(-)

Loans & Advances (net) Credit	-	(-)
	(11.87)	
Sale of Fixed Assets (Building)	-	(-)
Payments for Services Rendered	35.94 (29.32)	(-)
Managing Director's Remuneration		8.78 (9.23)

Note:

- Figures in bracket represents corresponding amount of previous year.
- Related party relationships have been identified by the management and relied upon by the auditors.

18) The Computation of Earnings Per Share

Particulars	Current Year 2010-11	Previous Year 2009-10
Profit after tax (Excluding extraordinary item)	11967266	8455066
Nominal value of shares	Rs.10/- each	Rs.10/- each
Number of equity shares	8520000	8520000
Basic & Diluted Earnings Per Share	1.40	0.99
Basic & Diluted Earnings Per Share (Inclusive of extraordinary items)	1.40	0.99

19) The previous year's figures have been regrouped & rearranged wherever necessary.

For CHATURVEDI & CO.

CHARTERED ACCOUNTANTS

S. N. CHATURVEDI
(PARTNER)

ANAND AGARWAL
(CHAIRMAN)

VIVEK GANGWAL
(DIRECTOR)

SUSHIL KUMAR KASLIWAL
(DIRECTOR)

Place : Mumbai
Date : 30.05.2011

H.GOPALKRISHNAN
(V.P.FINANCE & CO.SEC)

For and on behalf of Board

PAVAN AGARWAL
(MANAGING DIRECTOR)

A. INDUSEKHAR RAO
(DIRECTOR)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2011
(Pursuant to amendment to clause 32 of the Listing Agreement)

(Rs. in Lakhs)

	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	150.42	102.55
ADJUSTED FOR :		
DEPRECIATION	68.67	65.07
FOREIGN EXCHANGE	-	-
INVESTMENTS	-	-
INTEREST	39.57	9.07
LOSS ON SALE OF ASSETS	-	4.53
PRE-OPERATIVE EXPENSES WRITTEN OFF	-	-
LOSS DUE TO FIRE	-	-
CAPITAL ADVANCES WRITTEN OFF	-	78.67
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>258.66</u>	<u>181.22</u>
ADJUSTED FOR:		
TRADE AND OTHER RECEIVABLES	(7.25)	18.47
INVENTORIES	(571.06)	(190.33)
TRADE PAYABLES	233.41	(85.70)
PROVISION & OTHER LIABILITIES	61.25	(144.07)
CASH GENERATED FROM OPERATIONS	<u>(24.99)</u>	<u>(220.41)</u>
DIRECT TAXES PAID	<u>(30.75)</u>	<u>(18.00)</u>
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	<u>(55.74)</u>	<u>(238.41)</u>
EXTRA ORDINARY ITEMS		
LOSS DUE TO FIRE	-	-
LOSS ON DISPOSAL OF STRUCTURE	-	-
ECCG OLD SETTLEMENT	-	-
WRITE BACK OF EXCESS PROVISION	-	-
NET CASH FROM OPERATING ACTIVITIES (a)	<u>(55.74)</u>	<u>(238.41)</u>
B CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	<u>(119.53)</u>	(86.68)
SALE OF FIXED ASSETS	-	4.00
ACQUISITIONS OF COMPANIES	-	-
PURCHASE OF INVESTMENTS	-	-
SALE OF INVESTMENTS	-	-
INTEREST RECEIVED	-	-
DIVIDEND RECEIVED	-	-
CAPITAL ADVANCE	-	-
DISPOSAL OF ASSETS (DUE TO FIRE)	-	-
NET CASH USED IN INVESTING ACTIVITIES (b)	<u>(119.53)</u>	<u>(82.68)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	-	-
PROCEEDS FROM LONG TERM BORROWINGS	204.25	211.07
REPAYMENT OF FINANCE LEASE LIABILITIES	-	-
DIVIDEND PAID	-	-
INTEREST PAID	<u>(39.57)</u>	<u>(9.07)</u>
NET CASH USED IN FINANCING ACTIVITIES (c)	<u>164.68</u>	<u>202.00</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS(a+b+c)	<u>(10.59)</u>	<u>(119.09)</u>
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL 2010 (OPENING BALANCE)	58.07	177.16
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH 2011 (CLOSING BALANCE)	47.48	58.07

Negative figures (-) represent cash outflows.

This is the Cash Flow Statement referred to in our report of even date

For **CHATURVEDI & CO.**
CHARTERED ACCOUNTANTS

S.N.CHATURVEDI
(PARTNER)

Place : Mumbai
Date : 30.05.2011

On behalf of the Board
For **SUDITI INDUSTRIES LTD.**

ANAND AGARWAL
(CHAIRMAN)

Twentieth Annual Report 2010-2011

Balance Sheet abstract and Company's General Business Profile as per Schedule VI. Part-(IV) of the Companies Act, 1956.

I. Registration Details

Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue
 Right Issue
 Bonus Issue
 Private Placement

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousand)
 Total Liabilities
 Total Assets
Source of funds
 Paid-up Capital
 Reserves & Surplus
 Secured Loans
 Unsecured Loans
Application of Funds
 Net Fixed Assets
 Investments
 Net Current Assets
 Miscellaneous Expenditure
 (including deferred tax assets)
 Accumulated Losses

IV. Performance of the Company

(Amount in Rs. Thousand)
 Turnover (Income)
 Total Expenditure
 Profit before Tax
 Profit after Tax
 Earnings per share (Rs.)
 Dividend rate (%)

V. Generic names of Two principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/>	Knitted Cotton Fabric
Item Code No. (ITC Code)	Product Description
<input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>	Knitted Man Made Fabric

ANAND AGARWAL
(CHAIRMAN)

PAVAN AGARWAL
(MANAGING DIRECTOR)

A. INDU SEKHAR RAO
(DIRECTOR)

VIVEK GANGWAL
(DIRECTOR)

Place : Mumbai
Date : 30.05.2011

SUSHIL KUMAR KASILWAL
(DIRECTOR)

H.GOPALKRISHNAN
(V.P.FINANCE & CO.SEC)

SUDITI INDUSTRIES LIMITED

Registered Office : A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Parel, Mumbai-400 013.

PROXY FORM

Folio No.:/DP ID No.* & Client No.* No. of Shares held.....

* Applicable for members holding shares in electronic form.

I/We..... of.....

..... in the district of.....

..... being a Member/Members of the above name Company hereby

appoint..... of..... in

the district of..... or failing him.....

of..... in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 2nd September, 2011 and at any adjournment thereof.

Signed this.....day of2011 Signature.....

Affix 1 Rupee Revenue Stamp

Note : The proxy form should be deposited at the Registered Office of the Company forty-eight hours before the meeting.

SUDITI INDUSTRIES LIMITED

Registered Office : A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Parel, Mumbai-400 013.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Twentieth Annual General Meeting - September 2nd, 2011

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company on Friday, 2nd September, 2011 at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Laji Naranji Memorial Indian Merchant's Chamber Building Trust (IMC Bldg.), Churchgate, Mumbai – 400 020.

Full name of Member (In Block Letters)

Folio No.:/DP ID No.* & Client No.* No. of Shares held

* Applicable for members holding shares in electronic form.

Full name of Proxy (In block letters)

Member's/Proxy Signature

<p style="text-align: center;">BOARD OF DIRECTORS</p> <p style="text-align: center;">Anand Agarwal (Chairman)</p> <p style="text-align: center;">Pavan Agarwal (Managing Director)</p> <p style="text-align: center;">A. Indu Sekhar Rao</p> <p style="text-align: center;">Sushil Kumar Kasliwal</p> <p style="text-align: center;">Vivek Gangwal</p> <p style="text-align: center;">.....</p> <p style="text-align: center;">H. Gopalkrishnan V. P. Finance & Company Secretary</p> <p style="text-align: center;">Registered Office A-2, Shah & Nahar Estate, Unit No. 23/26, Lower Parel, Mumbai 400 013.</p> <p style="text-align: center;">Factory & Admn. Office C-253/254, MIDC, TTC Industrial Area, Turbhe, Pawane Village, Navi Mumbai 400 705.</p>	<p style="text-align: center;">Works</p> <p style="text-align: center;">Unit No. 1 C-253/254, M.I.D.C., T.T.C. Indl. Area, Pawne Village, Navi Mumbai 400 705</p> <p style="text-align: center;">Unit No. 2 C-3/B, M.I.D.C., T.T.C. Indl. Area Navi Mumbai 400 705.</p> <p style="text-align: center;">Auditors Chaturvedi & Co. 81, Mittal Chambers, 228 Nariman Point, Mumbai 400 021.</p> <p style="text-align: center;">Legal Advisor A. Ramkrishna 75, Laxmi Insurance Bldg., 4th Floor, Sir P. M. Road, Fort, Mumbai 400 001.</p> <p style="text-align: center;">Bankers Union Bank of India HDFC Bank Ltd. Indian Overseas Bank</p> <p style="text-align: center;">Registrar & Share Transfer Agents Sharex Dynamic (India) Pvt. Ltd. Unit-1, Luthra Indl. Premises, Safed Pool, Andheri Kurla Rd., Andheri (E),</p>																										
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">CONTENTS</th> <th style="text-align: right;">Page</th> </tr> </thead> <tbody> <tr><td>Notice</td><td style="text-align: right;">1</td></tr> <tr><td>Director's Report</td><td style="text-align: right;">5</td></tr> <tr><td>Report on Corporate Governance</td><td style="text-align: right;">8</td></tr> <tr><td>Auditors' Compliance Certificate</td><td style="text-align: right;">19</td></tr> <tr><td>Compliance Report</td><td style="text-align: right;">19</td></tr> <tr><td>Auditor's Report</td><td style="text-align: right;">20</td></tr> <tr><td>Balance Sheet</td><td style="text-align: right;">22</td></tr> <tr><td>Profit & Loss Account</td><td style="text-align: right;">23</td></tr> <tr><td>Schedules to the Accounts</td><td style="text-align: right;">24</td></tr> <tr><td>Notes to the Accounts</td><td style="text-align: right;">28</td></tr> <tr><td>Cash Flow Statement</td><td style="text-align: right;">33</td></tr> <tr><td>Balance Sheet Abstract</td><td style="text-align: right;">34</td></tr> </tbody> </table>	CONTENTS	Page	Notice	1	Director's Report	5	Report on Corporate Governance	8	Auditors' Compliance Certificate	19	Compliance Report	19	Auditor's Report	20	Balance Sheet	22	Profit & Loss Account	23	Schedules to the Accounts	24	Notes to the Accounts	28	Cash Flow Statement	33	Balance Sheet Abstract	34	<p style="text-align: center;">TWENTIETH ANNUAL GENERAL MEETING On Friday, the 2nd day of September, 2011 at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Laliji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.</p> <hr/> <p style="text-align: center;">As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting</p>
CONTENTS	Page																										
Notice	1																										
Director's Report	5																										
Report on Corporate Governance	8																										
Auditors' Compliance Certificate	19																										
Compliance Report	19																										
Auditor's Report	20																										
Balance Sheet	22																										
Profit & Loss Account	23																										
Schedules to the Accounts	24																										
Notes to the Accounts	28																										
Cash Flow Statement	33																										
Balance Sheet Abstract	34																										