



NOTICE

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

ORDINARY BUSINESS:

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

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

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

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

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

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

Place : Mumbai
Dated : 29/05/2012

NOTES:

- 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.

- 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.
- 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.
- The Register of members and the Share Transfer Books of the Company will remain closed from Saturday the 8th September, 2012, to Friday the 14th September, 2012 (both days inclusive) for the purpose of payment of dividend.
- Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company/Registrar and Transfer Agents M/s. Sharex Dynamic (I) Pvt. Ltd., under the signature of the sole/first joint holder, the following information, so that the Bank Account No., Name and Address of the Bank can be printed on the dividend warrants:
 - Name of Sole / First Joint holder and Folio No.
 - Particulars of Bank Account, viz.
 - Name of Bank
 - Name of Branch
 - Complete address of Bank with Pin Code
 - Account type, whether Saving Account (SB) or Current Account (CA)
 - Account No. allotted by the Bank.
- 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.
- Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

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

ITEM NO.6

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

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

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

Place : Mumbai
Dated : 29/05/2012

Twenty-First Annual Report 2011 - 2012

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

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

Energy, Technology and Foreign Exchange:

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

Directors:

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

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

Directors' Responsibility Statement:

The Directors hereby confirm: -

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

Corporate Governance:

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

Cost Audit:

The Company has appointed M/s. Talati & Associates (Prof. V.J. Talati - Reg. No. M-2203), Cost Accountants as the Cost Auditor to audit the cost records maintained by the Company for the year 2011-12. This is as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company.

Auditors:

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

Appreciation:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29.05.2012

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Annexure I

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

A) Conservation of Energy:

a) Energy Conservation measures taken:

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

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

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

B) Technology Absorption:

a) Research & Development:

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



3. Future Plan of Action:

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

Expenditure on R&D (Rs. in lakhs)

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

b) Technology absorption, adoption, & innovation:

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

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

C) Foreign Exchange Earnings and Outgo:

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

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

Form - A
(See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

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

B) Consumption per unit production:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 29.05.2012

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Corporate Governance

Report of the Directors on Corporate Governance:

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

Board of Directors:

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

Composition of Board of Directors:

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

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

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

Responsibilities and role of Independent Directors:

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

Board Meetings:

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

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

Twenty-First Annual Report 2011 - 2012

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

Details of Directors being appointed/re-appointed:

During the year under review, Shri. Anand Agarwal Chairman has resigned from the board and no new Director has been inducted to the Board. Shri. A.Indusekhar Rao and Shri. Vivek Gangwal, Directors of the Company retires by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Board Committee:

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

Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri A. Indu Sekhar Rao and Shri Pawan Agarwal who has been inducted in place of Shri Anand Agarwal after his resignation from the board.

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

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

Brief Description and terms of reference:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommending to the Board, the appointment, re-appointment, and if required, the re-placement or removal of the statutory auditor and the fixation of audit fees;
- 3) Approval of payments to the statutory auditors for any other services rendered by them;
- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
 - b) Significant changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgments by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;

- e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft Audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 5A) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - 6) Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems;
 - 7) Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;
 - 8) Discussion with Internal Auditors, Cost Auditors etc., any significant findings and follow up thereon;
 - 9) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - 10) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - 11) To look into the reasons for any substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
 - 12) To review the functioning of the Whistle Blower mechanism, in case the same is existing;
 - 13) Approval of appointment of CFO (i.e., Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate;
 - 14) Undertake any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also analyses and reviews the following information:

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

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

The Audit Committee has met 4 times during the year under review. The attendance of the each member of the committee at the Audit Committee meeting held is as under. Apart from this, the Audit Committee also met once before the presentation of Audited Accounts to the Board.



Name	No. of Meetings Attended
Shri Vivek Gangwal	4
Shri Indu Sekhar Rao	4
Shri Anand Agarwal	4

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

Remuneration Committee:

The remuneration committee is constituted with three directors with Shri. A.Indu Sekhar Rao as chairman and the other members of the committee are Shri. Vivek Gangwal and Shri. Sushilkumar Kasliwal. The Remuneration Committee reviews and recommends compensation payable to the Executive/Managing Director. Further the Committee also review the overall compensation structure and policies of the Company including the incentive schemes payable to all the Senior Management personnel with a view to attract, retain and motivate employees. The Committee also ensures that the compensation payable to the Senior Management personnel are consistent, fair and transparent in motivating and rewarding employees appropriately according to their job, role size, performances, contribution, skill and competence. The members of the Remuneration Committee also act as the members of the Compensation committee set up to administer the SUDITI ESOP 2011 scheme and during the year the Compensation committee met twice to discuss and finalise the SUDITI ESOP 2011 scheme.

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

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

Remuneration Policy:

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

Details of Remuneration to the Directors during the financial year ended 31st March 2012:

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

Shareholders/Investors Grievance Committee:

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

Pawan Agarwal as the member of the committee. Subsequently the committee elected Shri.Indusekhar Rao as the chairman of the committee. The Committee on a regular basis in their meeting approves transfers, transmission, splitting, and consolidation of shares. The Committee also monitors redressal of Shareholders grievance relating to transfer of shares, non-receipt of Annual Report etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services. The committee ensures that all transfer/transmission/split/consolidation etc are promptly attended and completed within the stipulated time period.

During the year under review, the committee met 12 times and the members were present in all the meetings respectively.

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

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

Annual General Meeting:

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

AGM	Financial Year	Date and Time	Venue of AGM
20 th	2010-11	September 02, 2011 at 4.00 p.m.	Kilachand Conference Room,
19 th	2009-10	September 03, 2010 at 4.00 p.m.	2 nd Floor, Lajji Narajji Memorial Indian
18 th	2008-09	September 11, 2009 at 4.00 p.m.	Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.

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

There was one Special Resolution passed in the 20th Annual General Meeting. Further there was one resolution under special business passed as ordinary resolution in the Nineteenth Annual General meeting. Except these resolutions, no other Special Resolutions were passed at the last three Annual General Meetings.

c) Passing of Special Resolutions by Postal Ballot:

There were no Extra Ordinary General Meetings held during the last three years. There were no Special Resolutions required to be passed through Postal Ballot in the last three Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

Code of Conduct:

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

Communication and relationship with Shareholders:

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

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

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

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

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

Disclosures:

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

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

General Shareholder Information:

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

Auditors Certificate on Corporate Governance:

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

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

Risk Management:

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

CEO/CFO CERTIFICATION:

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

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

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

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

SUDITI INDUSTRIES LIMITED

Place : Mumbai
Date : 29.05.2012

PAWAN AGARWAL
CMD & CEO/CFO

NON-MANDATORY REQUIREMENTS

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



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

Management Discussion and Analysis Report:

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

Overview:

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

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

Significant Financial Events of the Year:

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

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

Opportunities & Threats:

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

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

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

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

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

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

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

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

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

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

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- Increased competition from competing countries through exchange rate manipulation, hidden subsidies.
- Preferential tariff regimes for close competitors in certain major markets.
- Continuation of recessive trends for an extended period will cast its long shadow on textiles industry.

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, government's policy on FDI in the retail sector, and Export & import policy.

The company is constantly monitors and evaluates these factors closely to ensure that in no way these factors affect the performance of the unit in a significant manner. The company has already taken some important steps like Retail business to enhance the scope of existing business activities, printing unit to gain value addition. Since Textile sector is given high priority sector in the annual policies, sizable level of growth is anticipated for the textile sector particularly for garments and apparels. The company proposes to scale up its garment and fabric production with more product ranges to meet the requirements of reputed brands from the domestic and international markets. 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:

The textile industry is vertically-integrated across the value chain and extends from fibre to fabric to garments. At the same time, it is a highly-fragmented sector, and comprises of many small-scale, non-integrated spinning, weaving, processing and cloth manufacturing enterprises. According to the statistics released by the Ministry of Textiles, the entire textile industry is highly fragmented except the spinning sub-segment. The organised sector contributes more than 95% of spinning, but hardly 5% of weaving fabric. SMEs perform the bulk of weaving and processing operations. The unorganised sector forms the bulk of the industry, comprising handlooms, power looms, hosiery and knitting, and also readymade garments, khadi and carpet manufacturing units. The organised mill 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. These organised units are mostly independent and small scale in nature unlike the composite units that undertake all activities together. The textile industry of India operates largely in the form of clusters - mostly natural clusters - with roughly 70 textile clusters producing 80% of the country's total textiles.

The Indian textile sector is also well placed globally as indicated by the statistical figures. In terms of installed capacity of spinning machinery, it ranks second after china while in weaving its ranks first in plain handlooms and fourth in the shuttle looms. The Indian textile Industry had been plagued by obsolescence, labour problems, raw material vagaries and lack of modernisation including that of spindles. The post fabric stage processing technology has also been lagging but is now coming up fast with infusion of textile processing technology. SME firms perform the majority of weaving and processing operations. The level of weaving technology is of lower order and knitting units don't possess capacity to perform dyeing, processing and finishing to international standards. There is a need for more capital investment for modernisation and enhancement of the capacity levels. The industry needs to adopt latest technological developments in all spheres of activities like product development, wastage control, high tech machines for design and development and manpower training and skill development.

At present, 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.

Indian Garment Industry is also undergoing major changes to attract the export orders with product development, improving designs fabric innovation etc. Any boost to

improve the export competitiveness for exports to other than EU and US will enhance the industry growth. Also, any interest subvention and extension of duty drawback will flourish competitiveness of the industry.

The Domestic Textile and Garment Industry is estimated at Rs.150000 crore which has grown at an annualized rate of 14% since 2007, providing Direct Employment to about 6 Million People. Majority of the Market is unorganized, characterized by Family run Businesses with small capacities and limited reach. Organized market constitutes only 25-27% of the domestic manufacturing sector, largely driven by the penetration of Organized Retail. High degree of growth is expected on account of rising disposable Incomes, growing Consumer class and advent of International Brands in the Indian Markets which would increase the level of consumption. The Domestic Market Size is expected to reach Rs.300000 crores by 2017 creating a direct employment opportunity to more than 7 Million People.

Ministry of Textiles has targeted a growth of 16% per annum for the Indian textile industry to reach US \$ 115 billion by the end of Eleventh Five Year Plan. It also wants to secure a 7% share in global textile and cotton (T and C) trade by the end of the Eleventh Five Year Plan. Provided the targeted growth is achieved, Indian textile industry has potential to employ 45 million people by 2012-13. Under these circumstances, textile industry is unlikely to achieve the envisioned targets unless the industry makes a strategic shift in the current year.

The Company has already taken some proactive steps in this direction and as a part of this industry; the company understands the very structure of this industry. Accordingly the company has actively ventured into retail business activities apart from providing regular supply of finished garments to some of the reputed large retails brands. The manufacturing facilities and product ranges are always upgraded and kept in line with the latest trends and requirements of the market. Adequate flexibility is already built in the manufacturing facilities and product range. Finally with the addition of sale through Large Store Formats, the company has adapted swiftly to the fast changing trends and fashions in the market.

Performance:

The Company has made substantial improvement in the sales in comparison to last year. The performance of the Retail division is much below the anticipated levels. Similarly the slump in the export sales is mainly attributed to the recessionary conditions in the European markets. Because of strong domestic market, the company could partly offset the shortfall in the exports and record some overall improvement in the business. However during the year the company could not register higher profits because of the incidence of higher finance cost and loss generated from the new retail business activities.

(Rs.in Lakhs)

	2011-12	2010-11	Percentage Change
Local Sales	4168.17	3093.43	34.74
Export Sales	32.57	9.01	261.49
Other Income	64.92	58.29	11.37
Total:	4265.66	3160.73	34.96

The Company has taken some substantial measures to improve the profitability levels of retail division as well enhance the product range in the fabric sales. The company is in the process of setting up a printing project to bring value addition to the present product mix both in the fabric as well as garment section. The network of retails stores have also now increased and substantial additions are planned in the current year. This will improve the overall growth in the business of the company's Retail division.

Earnings per share:

The Company's earning per share for 2011-12 is Rs. 0.77 as against Rs.1.40 per share during 2010-11.

Fixed Assets/Investments/Current Assets:

During the year the company has conducted physical verification of the fixed assets through M/S. Engineers Associates, Chartered Engineers & Approved valuers. 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. In view of the enhancing the scope of the company's business activities there are some changes in the current assets and current liability levels.

Human Resources:

The company attaches significant importance to the human resources as they play an important and vital role in the growth of any organization. Productivity based incentive scheme, in-house training and orientation programme are continued as they are very helpful in improving the productivity. The company is also in the process of introducing stock option plan for employees at certain levels to have better participation from them in the growth of the organization. The strength includes both direct and indirect laborers, which vary from month to month. The overall employee relations in the company was healthy and worked well towards aligning colleagues across the organization, with the Company's business goals and mission.

Risk and Concerns:

The Indian textile industry is in a stronger position than it was in the last six decades. The industry which was growing at 3-4 percent during the last six decades has now accelerated to annual growth rate of 9-10 percent, in spite of various factors effecting annual growth rate of Textile Industry and Global recession is one of them. While cost of raw materials and inputs remain at higher levels in comparison with competing countries, the output and profitability of the industry have taken a nose dive in recent months. The Indian Textiles Industry is an export intensive industry and about one third of its total production is exported in some form or the other, through export friendly government policies and positive effort by the exporting community. The 50 percent exports of the entire textile are the readymade garments, most of which is cotton, readymade garments and accessories. India's textile and apparel exports may have missed the \$33-billion target in 2011-12 fiscal despite a weak rupee, as demand from biggest market Europe dwindled due to the sovereign debt crisis. Textile and garment exports by India may reach \$31 billion to \$32 billion in 2011-12, falling short of the target by a tad despite a sharp depreciation of the rupee. The industry has significant dependence on exports with EU27 being the largest export market, accounting for 33% of the total T&C exports by value in 2007-08. US is the second largest export market for Indian T&C industry, accounting for 21% of India's total T&C exports by value in 2007-08. The continuation of the economic slowdown poses risks both in the domestic and international markets. Therefore the factors like global recession, rising cost of production, volatile foreign exchange markets are now matter of serious concern for the industry.

Failure of cotton crop and government policy in terms of minimum support prices and export Incentives for cotton can push up the cotton prices. The Man Made filaments/ fibres are Crude Derivatives and move in line with crude oil prices. The oil prices are now moving up due to various international factors, and rising oil prices coupled with sharp depreciation in rupee can derail the growth plan for the economy as well as for industry.

Apart from this, off late, the countries are increasingly resorting to protectionist measures for safeguarding their domestic industries from surging imports. In addition to this, the subsidies/government support in competing countries is against the spirit of free trade and affects the prospects of our industry in the global market. The competition is becoming severe and unhealthy for the industry and is becoming a matter of concern not only for the industry but also for the government.

The main risks in the industry are usually associated with four factors. The first one is about individual capabilities. The second factor to be tackled is the work environment. Ease of grasp, size, shape and stability is the third factor. Lastly, consider the task itself. The activities engaged in by employees are same activities that can bring them injury. The company has taken Precautionary measures to avoid any scale of injury to the workmen at the plant. Further the company has identified areas where the scope of manual handling is more and introduced handling equipments to safeguard the persons performing the task. Plant safety procedures and measures are advised to workers in order to ensure safety in these high risk areas.

There are other types 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, and the risks associated with technological innovations & changes, supply of imported machinery, imbalanced product mix are causing great concern to the industry.

The company has an effective risk management system in place. The company identifies and evaluates the risks and concerns affecting the organizational goal on a regular basis. The risks management systems and procedures are also placed before the board and board committees for deliberations. 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 company has an effective internal control and systems to review all the functions and procedures. These Internal Controls and Systems are regularly evaluated to ensure its effectiveness and this supplement 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 various 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:

Indian textile sector is in a good phase to trigger and encourage developments in the overall domestic textile industry. The prospect of the textiles industry seems to be bright in all aspects. As such government places all its trust and relies heavily on this sector for its strong employment creation capability, more precisely in the garments manufacturing side. The Retail sector is also witnessing a sharp growth in the last few years, which augurs well for domestic garment manufacturers. Lowering tax burdens on companies will play an important part in cutting down production costs and boosting competitiveness, increasing ability to tap high-volume orders from the global market. Modernization will enable companies provide quality and volume solutions which is in constant demand by international buyers. With more emphasis on product having longer cycles than those average apparels, the home textiles manufacturing is more protected than its apparel counterparts. Those wishing to reap the benefits of opportunities have to show good preparatory dispositions as well as willingness to stay on the forefront of the global competition game. The Company already doing sizeable business in the Domestic market is taking all steps to maintain and increase gradually its presence in the Domestic market. The Capital investments in the Plant & Machinery as well as Retail business is taken considering all these growth potential in the Domestic market.

Government has introduced several export promotion measures in the Union Budget 2011-12 as well as through schemes of Foreign Trade Policy 2009-14 to increase the Indian share of exports in the global trade of textiles and clothing. As the company is now well placed to meet any challenge, it would be ideal situation for the company with strong garment and fabric manufacturing set up, to forge ahead in the retail and export business of garments & apparels.

Cautionary Statement:

All the statements and observations stated in the 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 : 29.05.2012

PAWAN AGARWAL
CHAIRMAN & MANAGING DIRECTOR

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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:

21st. A.G.M.

Date and Time:

14th September, 2012 - 4.00 p.m.

Venue:

Walchand Hirachand Hall, 4th Floor,
Lalji Naranji Memorial Indian Merchants',
Chamber Building Trust (IMC Bldg.),
Churchgate, Mumbai - 400 020.

Financial Calendar (Tentative):

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

Date of Book Closure:

08.09.2012 to 14.09.2012 (both days inclusive)

Dividend payment:

Rs.0.50 per Share

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 2012-13 has been paid to The Bombay Stock Exchange Ltd.

Delisting:

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

Dematerialization:

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)

The Stock Exchange, Mumbai.			
Month	Low (Rs.)	High (Rs.)	Monthly Volume
April, 2011	7.75	8.99	27000
May, 2011	7.00	8.36	6700
June, 2011	7.66	9.45	33800
July, 2011	8.70	9.00	6300
August, 2011	6.50	8.76	6500
September, 2011	7.51	9.55	39900
October, 2011	6.80	9.90	7600
November, 2011	9.22	9.70	2400
December, 2011	6.51	8.76	5800
January, 2012	5.43	6.20	2600
February, 2012	5.71	7.97	10000
March, 2012	7.70	8.00	1100

Stock Code:

Bombay Stock Exchange Ltd (521113)

The ISIN Number is:

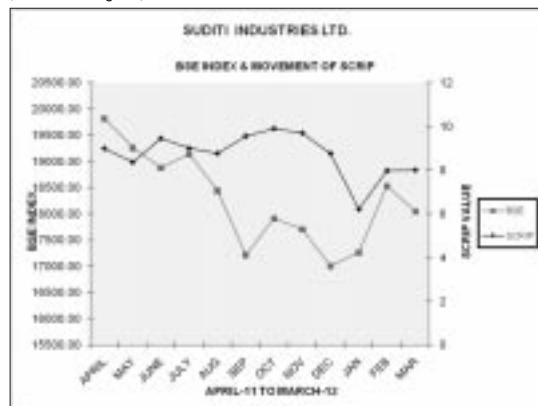
INE691D01012 (NSDL & CDSL)

Share Transfer Agent:

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

Stock Price Suditii v/s BSE Sensex

(Source-R&T Agents)



Category From To	No. of Cases	% of cases	Amount	% of Amt.
Upto 5000	10584	95.05	13920900	16.34
5001 - 10000	278	2.50	2283000	2.68
10001 - 20000	90	0.81	1435500	1.68
20001 - 30000	69	0.62	1739000	2.04
30001 - 40000	17	0.15	591500	0.69
40001 - 50000	19	0.17	893000	1.05
50001 - 100000	31	0.28	2517700	2.96
100001 and above	47	0.42	61819400	72.56
Total	11135	100.00	85200000	100.00
Physical Mode	8596	77.20	27491000	32.27
Electronic Mode	2539	22.80	57709000	67.73
Total	11135	100.00	85200000	100.00



Shareholding Pattern as on 29th May, 2012:

Categories	No. of folios	No. of Shares	Percentage (%)
Foreign Collaborators	-	-	-
Foreign Promoters	-	-	-
Non-Resident Indians	531	171000	2.007
Nationalized Banks	5	1100	0.013
Other Bodies Corporate	97	565680	6.639
Directors	2	1096800	12.873
Company Promoters	14	3574200	41.951
Individuals / Others	10485	3110520	36.508
Overseas Corporate Bodies	-	-	-
Clearing Members	1	700	0.008
Grand Total:	11135	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 Officer/ Company Secretary or Mr. Deepak Naik (Tel: 67368600/10, 67368611/15)/ at the Company's Secretarial Dept. at C-253/254, MIDC, TTC Indl. Area, Pawne Village, Turbhe, Navi Mumbai - 400 705.

SUDITI INDUSTRIES LIMITED

INVESTOR GRIEVANCE REPORT FOR THE PERIOD 30.05.2011 TO 28.05.2012 (As submitted by the R&T Agents M/s. Sharex Dynamic (I) Pvt. 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	3	3
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	-	-
p Request for transmission of securities	2	2
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	-	-
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	-	-
3. Others	-	-
Total	9	9

COMPLIANCE REPORT

To the Board of Directors

SUDITI INDUSTRIES LIMITED

We have examined the registers, records, books and papers of Suditi Industries Limited (the Company), having its Registered Office at A-2, Shah & Nahar Industrial Estate, Unit No. 23/26, Lower Parel, Mumbai-400013, and having Registration No. (11-63245) and CIN no. 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 2011 to 31st March 2012. 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:

- The necessary registers and records have been maintained properly and in accordance with the requirements.
- 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.
- All the requirements relating to the meeting of Directors, Committees of Directors and Shareholders as well as relating to the minutes of the proceedings thereat have been complied with.
- All appointment / reappointment of Directors including the Managing Director have been made in accordance with the requirements of the Act.
- Due disclosure have been made by the Directors under Section 299 and Section 274(1)(g) of the Companies Act, 1956 and the Company has complied with the requirements in pursuance of the disclosure made by its Directors.
- Certificate of Shares and other securities have been issued and the Transfer and Transmission thereof have been registered as per requirement.
- All necessary approvals of Directors, Shareholders and other authorities as per requirement have been obtained.
- Disclosure requirements as per listing agreements with BSE have been complied with.
- The Company has transferred all unpaid Dividend to Investors Education & Protection Fund and there is no outstanding as on date.
- The Promoters and persons acting in concert have complied with the disclosure requirements as per clause 30 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

For ND & Associates
Sd/-

Neeta H. Desai
Company Secretary
FCS 3262 CP 4741

Place : Mumbai
Date : 29.05.2012

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, 2012 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, 2012 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
(Registration No.302137E)

(S. N. CHATURVEDI)

Place: Mumbai

Partner

Date: May 29, 2012

Membership No. 040479

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

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

(S. N. CHATURVEDI)

Partner

Membership No. 040479

Place : Mumbai

Date : May 29, 2012



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our Report of even date

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for the assets under installation.
- b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) As the assets disposed during the year are not very significant, it does not have any bearing on the going concern assumption followed by the company.
- 2) a) The inventory has been physically verified 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 are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- 5) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) As regards transactions made in pursuance of contracts or arrangement entered into the registers maintained under Section 301 and exceeding the value of rupees five lac in respect of any party during the year, in our opinion and according to the information and explanation given to us, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) a) According to the books of account and records as produced and examined by us in accordance with the generally accepted auditing practice in India, in our opinion, there have been occasional delays in depositing Profession Tax, Employees State Insurance and Income Tax. However, there were no dues outstanding at the year end. Other statutory dues as applicable have been deposited in time with the appropriate authorities.
- b) According to the books of accounts and records as produced and examined by us in accordance with the generally accepted auditing practices in India, as at 31st March 2012, the following are the particulars of dues that have not been deposited on account of any dispute.

Name of the Statute	Nature of Dues	Amount (Rs.in lacs)	Forum where dispute is pending
Central Excise Act, 1944	On account of interpretation of exemption notification of Excise duty for the period (a) March, 2002 to November, 2002	33.78	Commissioner (Appeals)
	(b) December, 2002 to January, 2003	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 - 1997-98 1996-97 Revised order for - 1998-99	11.42	Asst. Commissioner Sales Tax, (Appeals) Mumbai
		65.17	
		80.23	

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

For **CHATURVEDI & COMPANY**
Chartered Accountants
(Registration No.302137E)
(S.N. CHATURVEDI)

Partner

Membership No. 040479

Place : Mumbai

Date : May 29, 2012

Twenty-First Annual Report 2011 - 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

	Note	As at 31 st March, 2012	As at 31 st March, 2011
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share Capital	3.	85,200,000	85,200,000
(b) Reserves and Surplus	4.	<u>74,574,548</u>	<u>72,990,623</u>
		159,774,548	158,190,623
2. Non-Current Liabilities			
(a) Long-term Borrowings	5.	2,138,145	-
(b) Other Long-term Liabilities	6.	<u>4,400,000</u>	<u>4,350,000</u>
		6,538,145	4,350,000
3. Current Liabilities			
(a) Short-term Borrowings	7.	73,910,712	41,532,513
(b) Trade Payables	8.	72,775,402	66,703,335
(c) Other Current Liabilities	9.	15,775,595	17,820,972
(d) Short-term Provisions	10.	<u>5,340,749</u>	<u>5,740,957</u>
		167,802,458	131,797,777
Total		<u><u>334,115,151</u></u>	<u><u>294,338,400</u></u>
II. Assets			
1. Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11.	74,488,404	65,715,931
(ii) Intangible Assets		486,965	596,145
(iii) Capital Work-in-Progress		852,936	-
(iv) Intangible Assets Under Development		<u>1,769,388</u>	<u>1,769,388</u>
		77,597,693	68,081,464
(b) Deferred Tax Assets (Net)	12.	17,080,086	17,080,086
(c) Long-term Loans and Advances	13.	<u>24,966,088</u>	<u>20,335,415</u>
		119,643,867	105,496,965
2. Current Assets			
(a) Current Investments	14.	234,000	234,000
(b) Inventories	15.	119,065,092	101,927,082
(c) Trade Receivables	16.	67,229,090	65,433,100
(d) Cash and Bank Balances	17.	1,453,991	4,747,768
(e) Short-term Loans and Advances	18.	18,310,875	12,227,147
(f) Other Current Assets	19.	<u>8,178,236</u>	<u>4,272,338</u>
		214,471,284	188,841,435
Total		<u><u>334,115,151</u></u>	<u><u>294,338,400</u></u>

Significant Accounting Policies & Notes on financial Statements

1 to 46

The Notes are an integral part of the Financial Statements.
In terms of our report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**
Chartered Accountants
(Firm Registration No.302137E)

Pawan Agarwal
Chairman & Managing Director

A.Indusekhar Rao
Director

Vivek Gangwal
Director

Sushil Kumar Kasliwal
Director

(S.N.Chaturvedi)
Partner
(Membership No.040479)
Mumbai, 29th May, 2012

H.Gopalkrishnan
V.P.Finance & Company Secretary

Mumbai, 29th May, 2012


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

	Note	As at 31 st March, 2012	As at 31 st March, 2011
I. Revenue			
Revenue from Operations (Gross)	20.	438,529,398	326,090,307
Less: Excise Duty		18,455,981	15,846,353
Revenue from Operations (Net)		420,073,417	310,243,954
II. Other Income			
	21.	6,492,151	5,828,741
III. Total Revenue (I+II)			
		426,565,568	316,072,695
IV. Expenses			
Cost of Materials Consumed	22.	185,639,761	138,104,367
Purchases of Stock-in-Trade		1,954,201	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23.	(31,338,810)	(41,871,391)
Employee Benefits Expense	24.	47,189,913	36,970,458
Other Expenses	25.	199,526,034	157,003,222
Finance Cost	26.	7,765,949	3,956,951
Depreciation and amortisation expenses		7,797,752	6,866,822
Total Expenses		418,534,800	301,030,429
V. Profit / (Loss) before tax (III-V)			
		8,030,768	15,042,266
VI. Tax Expense			
Current Tax (MAT)		1,540,000	3,075,000
(Less): MAT credit (where applicable)		-	-
Current tax expense relating to prior years		(44,236)	-
Net current tax expense		1,495,764	3,075,000
Deferred tax		-	3,075,000
VII. Profit and Loss After Tax (V-VI)			
		6,535,004	11,967,266
VIII. Earnings per share (of Rs.10/- each)			
Basic		0.77	1.40
Diluted		0.77	1.40
Number of Shares Used for Computing Earning Per Share			
Basic		8520000	8520000
Diluted		8520000	8520000

Significant Accounting Policies & Notes on financial Statements

1 to 46

 The Notes are an integral part of the Financial Statements.
 In terms of our report of even date

For and on behalf of the Board

 For **Chaturvedi & Co.**
 Chartered Accountants
 (Firm Registration No.302137E)

Pawan Agarwal
 Chairman & Managing Director

A.Indusekhar Rao
 Director

Vivek Gangwal
 Director

Sushil Kumar Kasliwal
 Director

(S.N.Chaturvedi)
 Partner
 (Membership No.040479)
 Mumbai, 29th May, 2012

H.Gopalkrishnan
 V.P.Finance & Company Secretary

 Mumbai, 29th May, 2012

Twenty-First Annual Report 2011 - 2012

Suditi Industries Limited

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

1. Corporate information

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

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

2. Significant Accounting Policies

1. Basis of Preparation

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

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

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

3. Inventories

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

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

4. Cash Flow

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

5. Depreciation / Amortisation

(a) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified under Schedule XIV of the Companies Act, 1956.

(b) Depreciation on fixed assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

6. Revenue Recognition

(a) Sale of Goods

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

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

(b) Other Income

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

7. Fixed Assets

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

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

8. Foreign Currency Transactions

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

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

9. Government Grants

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



10. Investments

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

11. Employee Benefits

(i) Short-term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period.

(ii) Long-term Employee Benefits

(a) Defined Contribution Plans

Provident Fund

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

(b) Defined Benefit Plan

Gratuity Plan

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

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

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

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

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

(iv) Other Long-term employment benefits

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

12. Borrowing Costs

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

13. Segment Reporting

The company is presently engaged in the business of manufacturing and processing of knitted hosiery fabrics and ready made 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.

14. Leases

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

15. Earning 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.

16. Taxes on Income

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

17. Expenditure on Research and Development

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

18. Impairment

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

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

19. Contingent Liabilities

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

20. Custom duty

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

21 Service tax input credit

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

3. Share Capital

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.		Amt. in Rs.	
Authorised				
18,000,000 Equity Shares of Rs. 10 each	<u>180,000,000</u>		<u>180,000,000</u>	
Issued, Subscribed and Paid-up				
8,520,000 Equity Shares of Rs. 10 each, fully paid up	<u>85,200,000</u>		<u>85,200,000</u>	

	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares	Amt. in Rs.	No. of Shares	Amt. in Rs.
(a) Reconciliation of Number of Shares				
Number of shares outstanding as at the beginning of the year	8,520,000	85,200,000	8,520,000	85,200,000
Add: Shares issued on conversion of Share Warrants	0	0	0	0
Add: Shares allotted under the Employee Stock Option Plan	0	0	0	0
Number of shares outstanding as at the end of the year	<u>8,520,000</u>	<u>85,200,000</u>	<u>8,520,000</u>	<u>85,200,000</u>

- (b) The company has only one class of shares i.e. Equity Shares having a face value of Rs. 10 each. Each shareholder is eligible for one vote per share held.
- (c) List of shareholders holding more than 5% shares as at the Balance Sheet date

	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Pawan Kishorilal Agarwal	1,581,800	18.566	1,172,800	13.765
Gowind Agarwal	880,000	10.329	880,000	10.329
Kishorilal Agarwal	780,000	9.155	780,000	9.155
Anand Agarwal	536,500	6.297	536,500	6.297

- (d) Shares reserved for issue under options
960000 shares are to be issued under the Employees Stock Option Plan pursuant to a special resolution passed in 20th Annual General Meeting held on 2nd, September, 2011.
- (e) The company has decided to implement its proposal for rights issue of equity shares pursuant to a resolution passed in its Board of Directors' meeting held on 19th May, 2011.
- (f) Shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st March, 2012)
There has been no allotment of shares pursuant to contract(s) without payment being received in (cash during 5 years immediately preceding 31st March, 2012)

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
4. Reserves and Surplus				
Surplus in Statement of Profit and Loss				
Balance as at the beginning of the year	72,990,623		61,023,357	
Profit for the year	6,535,004		11,967,266	
	<u>79,525,627</u>		<u>72,990,623</u>	
Less: Appropriations				
Proposed Dividend	4,260,000		-	
Tax on Proposed Dividend	691,079		-	
Balance as at the end of the year		<u>74,574,548</u>		<u>72,990,623</u>
		<u>74,574,548</u>		<u>72,990,623</u>



	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
5. Long-term Borrowings				
Surplus in Statement of Profit and Loss				
Secured				
Term Loans				
From Banks	2,138,145		-	
		2,138,145		-
		<u>2,138,145</u>		<u>-</u>

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

(i) Terms Loans from Banks are secured by hypothecation of specific assets purchased under loans. The loan is collaterally secured by Land and Building and Plant and machinery located at Turbhe-Mahape Plant, Navi Mumbai.

(ii) Repayable in 57 Monthly Installments beginning after three months from the time loan is taken along with interest @ rate of 13.75% P.A.

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

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
6. Other Long-term Liabilities				
Security Deposit	4,400,000		4,350,000	
		<u>4,400,000</u>		<u>4,350,000</u>
7. Short-term Borrowings				
Loan repayable on demand from bank				
Secured	73,910,712		41,532,513	
		<u>73,910,712</u>		<u>41,532,513</u>

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

8. Trade Payables				
Micro and Small Enterprises*	7,048,708		9,535,712	
Others	65,726,694		57,167,623	
		<u>72,775,402</u>		<u>66,703,335</u>

* Micro and Small Enterprises

i. Principal Amount Remaining unpaid

ii. Interest

iii. Total of a & b

iv. Interest in term of sec 16

v. Interest due & payable for the period of delay in payment

vi. Interest accrued & remaining unpaid

vii. Interest due & payable even in succeeding years

7,048,708	9,535,712
Nil	Nil
7,048,708	9,535,712
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil

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

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
9. Other Current Liabilities				
Other payables				
ESIC	133,193		115,612	
Provident fund	313,318		325,018	
Salary & remuneration	2,946,313		1,590,827	
Sales tax	-		4,550,681	
TDS	653,821		700,731	
Gratuity	162,827		616,076	
Professional tax	40,250		65,975	
Security Deposits	1,000,000		-	
Dividend Payable	4,260,000		-	
Advances from customers	6,265,873		9,856,052	
		<u>15,775,595</u>		<u>17,820,972</u>

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

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10. Short-term Provisions		
Provision for employee benefits		
Bonus payable	796,890	356,965
Leave salary	2,402,532	1,830,770
	<u>3,199,422</u>	<u>2,187,735</u>
Provision others		
Provision for expenses	2,141,327	3,553,222
	<u>5,340,749</u>	<u>5,740,957</u>

11. Fixed Assets

(Amount in Rs.)

Sr. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Additions	Deduction/ Adjustments	As at 31.03.2012	As at 01.04.2011	For the Period	Deduction/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Tangible Assets										
1	Land (Leasehold)	1,642,190	-	-	1,642,190	-	-	-	-	1,642,190	1,642,190
2	Building	16,214,666	3,948,078	-	20,162,744	9,072,122	563,187	-	9,635,309	10,527,435	7,142,544
3	Plant & Machinery	271,820,884	4,389,941	133,500	276,077,325	234,565,168	4,751,985	-	239,317,153	36,760,172	37,255,716
4	Furniture & Fixtures	13,968,603	3,419,726	1,200,408	16,187,921	6,046,828	581,291	-	6,628,119	9,559,802	7,921,775
5	Office & Other Equip.	4,938,903	245,035	14,993	5,168,945	2,348,892	240,896	-	2,589,788	2,579,157	2,590,011
6	Computers	5,954,705	4,409,962	-	10,364,667	3,421,784	781,333	-	4,203,117	6,161,550	2,532,921
7	Electrical Installation	9,110,827	818,947	17,564	9,912,210	5,102,488	440,564	-	5,543,052	4,369,158	4,008,339
8	Vehicles	3,157,270	595,821	-	3,753,091	534,835	329,316	-	864,151	2,888,940	2,622,435
		326,808,048	17,827,510	1,366,465	343,269,093	261,092,117	7,688,572	-	268,780,689	74,488,404	65,715,931
	Intangible Assets										
1	Software	673,536	-	-	673,536	77,391	109,180	-	186,571	486,965	596,145
		327,481,584	17,827,510	1,366,465	343,942,629	261,169,508	7,797,752	-	268,967,260	74,975,369	66,312,076
	Previous Year	316,048,436	11,433,148	-	327,481,584	254,302,686	6,866,822	-	261,169,508	66,312,076	61,745,750
	Capital Work In Progress									852,936	-
	Intangible Assets Under Development									1,769,388	1769388

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
12. Deferred tax (liability) / asset				
<u>Tax effect of items constituting deferred tax liability</u>				
On difference between book balance and tax balance of fixed assets	4,768,699		4,163,543	
On expenditure deferred in the books but allowable for tax purposes	<u>549,588</u>		<u>627,139</u>	
		5,318,287		4,790,682
Tax effect of items constituting deferred tax assets				
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	180,175		67,993	
Unabsorbed depreciation carried forward	25,147,511		27,571,158	
Brought forward business losses	-		9,890,193	
Tax effect of items constituting deferred tax assets		<u>25,327,686</u>		<u>37,529,344</u>
Net deferred tax (liability) / asset		<u><u>20,009,399</u></u>		<u><u>32,738,662</u></u>

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

	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
13. Long-term Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Capital Advances	2,791,810		2,791,810	
Security Deposits				
Considered Good	<u>21,573,144</u>		<u>17,443,605</u>	
		24,364,954		20,235,415
Other Loans and Advances		<u>601,134</u>		<u>100,000</u>
		<u><u>24,966,088</u></u>		<u><u>20,335,415</u></u>

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Notes:

(i)	Sale of products:				
	<u>Manufactured Goods</u>				
	Knitted Fabrics	257,603,989		205,611,024	
	Garments & Apparels	<u>172,609,782</u>		<u>118,401,333</u>	
		430,213,771		324,012,357	
	<u>Traded Goods</u>				
	Trading Goods	<u>42,119</u>	430,255,890	<u>35,570</u>	324,047,927
(ii)	Sale of services:				
	Commission	<u>32,696</u>	<u>32,696</u>	<u>156,007</u>	156,007
(iii)	Other operating revenues:				
	Scrap Sales	8,118,797		1,823,589	
	Duty Drawback	<u>122,015</u>	<u>8,240,812</u>	<u>62,784</u>	1,886,373
		For the year ended		For the year ended	
		31st March, 2012		31st March, 2011	
		Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
21.	Other Income				
	Interest Income from Banks				
	on Deposits	179,467		124,779	
	Interest on Income Tax Refund	41,548		476,620	
	Interest on loans and advances	134,753		-	
	Interest on overdue trade receivables	58,229		66,013	
	Other Interest	<u>6,572</u>		<u>134,843</u>	
		420,569		802,255	
	Dividend Income	10,080		8,640	
	Other Income	<u>6,061,502</u>		<u>5,017,846</u>	
			<u>6,492,151</u>		<u>5,828,741</u>
22.	Cost of Materials consumed				
	Opening stock	41,168,937		24,519,596	
	Add: Purchases	170,245,252		154,753,708	
	Less: Closing stock	<u>25,774,428</u>		<u>41,168,937</u>	
			<u>185,639,761</u>		<u>138,104,367</u>
	Material consumed:				
	Chemicals	35,860,544		35,431,297	
	Dyes	17,814,893		16,839,009	
	Yarn & Fabric	113,608,580		79,160,673	
	Other Raw Materials	<u>18,355,744</u>		<u>6,673,388</u>	
			<u>185,639,761</u>		<u>138,104,367</u>
23.	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade				
	Inventories at the end of the year:				
	Finished goods	74,256,618		51,379,481	
	Work-in-progress	8,840,513		2,293,177	
	Stock-in-trade	<u>1,914,337</u>		<u>-</u>	
			<u>85,011,468</u>		<u>53,672,658</u>
	Inventories at the beginning of the year:				
	Finished goods	51,379,481		91,584	
	Work-in-progress	2,293,177		11,709,683	
	Stock-in-trade	<u>-</u>	<u>53,672,658</u>	<u>-</u>	<u>11,801,267</u>
			<u>- 31,338,810</u>		<u>- 41,871,391</u>
24.	Employee Benefits Expense				
	Salaries and wages	41,747,277		32,807,914	
	Contributions to provident and other funds	2,054,584		1,485,792	
	Expense on employee stock option (ESOP) scheme	285,075		-	
	Staff welfare expenses	<u>3,102,977</u>		<u>2,676,752</u>	
			<u>47,189,913</u>		<u>36,970,458</u>



	For the year ended 31 st March, 2012		For the year ended 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
25. Other Expenses				
Stores & Spares Consumable	16,150,258		18,356,900	
Consumption Of Packing Materials	6,902,191		5,237,069	
Sub Contracting	48,368,672		36,264,865	
Power & Fuel	55,325,523		46,121,983	
Water	6,780,173		7,744,871	
Rent Including Lease Rentals	10,043,736		5,694,249	
Repair & Maintenance:				
Building	1,528,252		616,821	
Machinery	1,972,607		2,182,069	
Others	3,130,263		2,345,246	
Insurance	948,085		278,044	
Garment Expenses	2,026,276		367,511	
Rates & Taxes	3,798,722		2,190,721	
Communication	2,096,434		1,035,761	
Travelling & Conveyance	6,807,915		3,045,586	
Printing & Stationery	1,150,557		1,238,587	
Freight & Forwarding	100,085		57,796	
Sales Commission	2,336,974		1,769,633	
Business Promotion Expenses	5,302,600		1,381,677	
Donations & Contributions	1,501		8,052	
Legal & Professional	5,189,369		2,694,793	
Statutory Auditors Remuneration	280,900		165,450	
Transportation Charges	5,029,240		6,089,648	
Bank Charges, Commission & Others	4,411,917		819,798	
Advertisement Expenses	1,411,913		1,066,613	
Motor Car Expenses	1,583,823		1,301,180	
Security Charges	2,545,205		2,358,699	
Registrar & Transfer Expenses	74,120		47,367	
Subscription & Membership	55,561		34,221	
Sundry Balance W/Off	79,179		2,192,153	
Prior Period Expenses	303,398		862,175	
Miscellaneous Expenses	3,790,585		3,433,684	
		199,526,034		157,003,222
26. Finance Costs				
Interest Expenses on:				
Borrowings	7,468,913		3,641,180	
Trade Payables	278,837		315,771	
Others				
Interest on delayed / deferred payment of income tax	18,199		-	
		7,765,949		3,956,951
27. Auditors' Remuneration				
Statutory Audit Fees	252,810		137,875	
Tax Audit Fees	28,090		27,575	
Other Services	116,513		41,364	
Reimbursement of Expenses	44,081		16,141	
		441,494		222,955
		Year ended 31st March, 2012		Year ended 31st March, 2011
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
28. Proposed Dividend				
Proposed Dividend (Amt. in Rs.)		4,260,000		-
Number of shares outstanding as at the end of the year		8,520,000		8,520,000
Dividend per Share (Rs. per Equity Share of Rs. 10 each)		0.50		0.00
The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
29. Employees' Stock Option Plan 2011				
Pursuant to a special resolution passed by the Shareholders at the 20 th Annual General Meeting held on 2nd September, 2011 the company adopted the Employee Stock Option Scheme titled ' SUDITI EMPLOYEES' STOCK OPTION PLAN, 2011(SUDITI ESOP 2011) for employees and directors of the company. The said Issue has been approved by Bombay Stock Exchange Limited on 13 th March, 2012 in pursuance to guidelines issued by SEBI (ESOS and ESPS) Guidelines, 1999 with maximum issue and allotment of 9,60,000 Equity Shares and the company is required to complete and comply with all related terms and conditions stipulated in the sanction letter.				

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30. Proposed Rights Issue

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

	Unit	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
		Quantity	Amt. in Rs.	Quantity	Amt. in Rs.
31. Consumption of Raw, Stores & Spares and Packing Materials					
Chemicals			35,860,544		35,431,297
Dyes			17,814,893		16,839,009
Yarn & Fabric	Kgs	565,977	113,608,580	499,852	79,160,673
Other Raw Materials			18,355,744		6,673,388
Stores & Spares			16,150,258		18,356,900
Packing Materials			6,902,191		5,237,069
			<u>208,692,210</u>		<u>161,698,336</u>
			Year ended 31 st March, 2012		Year ended 31 st March, 2011
			% Amt. in Rs.		% Amt. in Rs.
Imported			0.50 1,041,723		1.03 1,673,572
Indigenous			99.50 207,650,487		98.97 160,024,764
			<u>100.00 208,692,210</u>		<u>100.00 161,698,336</u>

Notes:

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

		As at 31 st March, 2012		As at 31 st March, 2011	
		Quantity	Amt. in Rs.	Quantity	Amt. in Rs.
32. Opening Stock					
1. Yarn	Kgs	93,496	14,016,126	38,335	5,697,778
2. Grey fabric	Kgs	99,548	23,919,395	110,429	16,108,869
3. Chemicals			1,758,689		1,380,766
4. Stores, Spares & Other items			6,191,959		8,148,356
5. Packing Materials			1,120,930		351,488
6. Dyes			1,247,325		1,332,183
7. Stock in trade			-		-
8. Work in Progress	Kgs	9,265	2,293,177	43,109	11,709,683
9. Finished Goods					
Finished Fabric	Kgs	32,201	10,565,736	886	39,809
Finished Garments	Pcs	318,361	40,813,745	2,725	51,775
			<u>101,927,082</u>		<u>44,820,707</u>
			For the year ended 31 st March, 2012		For the year ended 31 st March, 2011
			Quantity Amt. in Rs.		Quantity Amt. in Rs.
33. Sales*					
1. Processed Fabric	Kgs	2,976,547	256,703,754	2,578,939	205,795,296
2. Ready Made Garments	Pcs	903,718	125,175,928	756,371	92,241,637
3. Garments & Apparels (Retail Division)	Pcs	62,427	29,878,108	24,727	10,129,071
4. Trading Sales			42,119		35,570
			<u>411,799,909</u>		<u>308,201,574</u>
			For the year ended 31 st March, 2012		For the year ended 31 st March, 2011
			Quantity Amt. in Rs.		Quantity Amt. in Rs.
34. Purchases of Stock-in-Trade					
1. Purchases - Footwears	Pcs	7,200	1,938,006	-	-
2. Purchases - Items related with hospitality	Nos	41	16,195	-	-
			<u>1,954,201</u>		<u>-</u>

* Sales figures are net off excise liabilities.



		As at 31 st March, 2012		As at 31 st March, 2011	
		Quantity	Amt. in Rs.	Quantity	Amt. in Rs.
35. Closing Stock					
1. Yarn	Kgs	26,641	5,495,274	93,496	14,016,126
2. Grey fabric	Kgs	67,570	16,545,976	99,548	23,919,395
3. Chemicals			1,480,341		1,758,689
4. Stores, Spares & Other items			7,969,892		6,191,959
5. Packing Materials			1,026,060		1,120,930
6. Dyes			1,536,081		1,247,325
7. Stock in trade (Footwears)	Pcs	7,112	1,914,337	-	-
8. Work in Progress	Kgs	19,324	6,169,518	9,265	2,293,177
	pcs	60,934	2,670,995	-	-
9. Finished Goods					
Finished Fabric	Kgs	32,898	8,245,862	32,201	10,565,736
Finished Garments	Pcs	300,200	66,010,756	318,361	40,813,745
			<u>119,065,092</u>		<u>101,927,082</u>
36. CIF Value of Imports					
Components and Spare Parts			1,041,723		1,673,572
Capital Goods			140,557		824,846
37. Expenditure in Foreign Currency					
Travelling			268,650		82,350
Others			776,225		-
38. Earnings in Foreign Exchange					
FOB Value of Exports			3,256,532		900,937

39. Forward Contracts and Unhedged Foreign Currency Outstanding Balances
The company has not executed any forward contract for hedging exchange rate risk, the outstanding unhedged foreign currency balances as on 31st March, 2012 are as under:

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

Particulars	As at 31 st March, 2012		As at 31 st March, 2011	
	Amount in Foreign Currency	Amt. in Rs.	Amount in Foreign Currency	Amt. in Rs.
Receivables				
US Dollar	34,429	1,645,856	19,350	872,892
Euro	1,001	72,159	1,001	72,159
Payables #				

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

40. Employee Benefits
The company has classified various employee benefits as under:

(A) Defined Contribution Plans

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

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
		Amt. in Rs.		Amt. in Rs.
(i) Contribution to Provident Fund		1,505,263		934,766
(ii) Contribution to Employees' State Insurance Scheme		826,119		651,406

(B) Defined Benefit Plan

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

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
(a) Discount Rate (per annum)	8.65%	8.65%	8.25%	8.25%
(b) Rate of increase in Compensation Levels	5.00%	5.00%	5.00%	5.00%
(c) Rate of Return on Plan Assets	0	8.50%	0	8.00%
(d) Expected Average remaining working lives of employees in number of years	-	31.75	-	31.75

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	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
(i) Changes in the Present Value of Obligation				
(a) Opening Present Value of Obligation	1,830,770	1,937,870	768,644	1,485,173
(b) Interest Cost	216,043	172,987	59,791	109,739
(c) Past Service Cost	-	-	-	158,336
(d) Current Service Cost	891,545	320,548	207,673	137,426
(e) Benefits Paid	-207,234	-323,215	-358,207	-181,393
(f) Actuarial (Gain)/Loss	-328,592	178,513	1,152,869	228,589
(g) Closing Present Value of Obligation	2,402,532	2,286,703	1,830,770	1,937,870

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
(ii) Changes in the Fair Value of Plan Assets				
(a) Opening Fair Value of Plan Assets	-	996,012	-	1,094,341
(b) Expected Return on Plan Assets	-	127,379	-	83,064
(c) Actuarial Gain/(Loss)	-	-4,652	-	-
(d) Employers' Contributions	-	1,328,352	-	-
(e) Benefits Paid	-	-323,215	-	-181,393
(f) Closing Fair Value of Plan Assets	-	2,123,876	-	996,012

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Gratuity		Gratuity	
	Amt. in Rs.		Amt. in Rs.	
(iii) Amount recognised in the Balance Sheet				
(a) Present Value of Obligation as at the year end		2,286,703		1,937,870
(b) Fair Value of Plan Assets as at the year end		2,123,876		996,012
(c) (Asset)/Liability recognised in the Balance Sheet		162,827		941,858

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Leave Encashment	Gratuity	Leave Encashment	Gratuity
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
(iv) Expenses recognised in the Statement of Profit and Loss				
(a) Current Service Cost	891,545	320,548	207,673	137,426
(b) Past Service Cost	-	-	-	158,336
(c) Interest Cost	216,043	172,987	59,791	109,739
(d) Expected Return on Plan Assets	-	-127,379	-	-83,064
(g) Net Actuarial (Gain)/Loss	-328,592	183,165	1,152,869	228,589
Total Expenses recognised in the Statement of Profit and Loss	778,996	549,321	1,420,333	551,026

NOTE:

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

41. Segment Information

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Amt. in Rs.		Amt. in Rs.	
(A) Information in respect of Primary Segments Refer Note (a) below				
(B) Information in respect of Secondary Segments				
(i) Segment Revenue				
India		416,816,885		309,343,017
Other Countries		3,256,532		900,937
(Net of Excise)		420,073,417		310,243,954



(II) Carrying Amount of Segment Assets		
India	343,942,629	327,481,584
Other Countries	-	-
	<u>343,942,629</u>	<u>327,481,584</u>
(III) Capital Expenditure		
India	17,827,510	261,169,508
Other Countries	-	-
	<u>17,827,510</u>	<u>261,169,508</u>

- Notes:
- The primary reporting of the company is based on the business segment. The company has no substantial amount of business in other segment except manufacturing of knitted hosiery fabrics and readymade garments. During the year the company has provided service through buying house agency and received commission of Rs.32696 only.
 - Secondary segment reporting is based on the geographical location of customers. Revenue is segregated in to two segments namely India and Other Countries for the purpose of reporting geographical segments.
 - The accounting policies adopted for segment reporting are in line with the accounting policies adopted for the preparation of financial statements as disclosed in Note 2.
 - In the opinion of the Company it is not practicable to provide segmentwise disclosure relating to the Capital Employed as it cannot be bifurcated between segments considering the nature of production facilities which are common and combined for all the segments.

42. Related Party Disclosures

Related parties with whom the company had transactions during the year

- Key Management Personnel
 - Mr.Pawan Agarwal - Chairman and Managing Director
 - Relatives of Key Management Personnel:
 - Mr.Kishorilal Agarwal (Father)
 - Mr.Anand Agarwal (Brother)
 - Mr.Rajendra Agarwal (Brother)
 - Mrs.Pramila Agarwal (Wife of Anand Agarwal)
 - Mrs.Shalini Agarwal (Wife of Pawan Agarwal)
- Enterprises under Common control of the Promoters
 - BLR Knits Pvt. Ltd.
 - Intime Knits Pvt. Ltd.
 - Black Gold Leasing Pvt. Ltd.

Disclosure of transactions between the company and related parties

	Year ended 31 st March, 2012	Year ended 31 st March, 2011
	Amt. in Rs.	Amt. in Rs.
a) Key Management Personnel - Remuneration		
1. Mr.Pawan Agarwal	858,256	867,802
	<u>858,256</u>	<u>867,802</u>
b) Enterprises under Common control of the Promoters		
a) Sale of Goods		
1. Intime Knits Pvt. Ltd.	20,738,404	17,192,954
b) Purchase of Goods		
1. Intime Knits Pvt. Ltd.	1,965,605	-
c) Payment for Services Rendered		
1. Intime Knits Pvt. Ltd.	180,000	180,000
2. Black Gold Leasing Pvt. Ltd.	4,267,347	3,594,119
d) Balance Outstanding as at the year end		
1. BLR Knits Pvt. Ltd. (Receivable)	-	95,392
2. Intime Knits Pvt. Ltd. (Net Receivable)	3,383,068	6,573,542
3. Black Gold Leasing Pvt. Ltd. (Deposits Payables)	12,381,466	10,080,000

43. Leases

- Disclosures for Finance Leases
The company has not entered into any finance lease arrangement during the year.
- Disclosures for Operating Leases
Disclosures in respect of Premises taken on lease.

	Year ended 31 st March, 2012	Year ended 31 st March, 2011
	Amt. in Rs.	Amt. in Rs.
(a) Lease payments recognised in the Statement of Profit and Loss	10,043,736	5,694,249
(b) Significant leasing arrangements The terms of lease include terms of renewals, increase in rent in future period, terms of cancellation, etc.		

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i)	Terms of Leases (Renewal of lease terms after first 3 years)	3 - 9 year	3 - 9 year
ii)	Incremental / Escalation rate after every 3 years term	12% - 15%	12% - 15%
ii)	Terms of cancellation (By issuing notice varying from 1-3 months subject to locking period or on expiry of the term of agreement)		
(c)	Future minimum lease payments under non cancellable agreements		
(i)	Not later than one year	9,612,852	7,244,942
(ii)	Later than one year and not later than five years	22,113,864	9,976,725
(iii)	Later than five years	-	17,221,667
		31,726,716	-

44. Earnings per Share

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

	Year ended 31 st March, 2012		Year ended 31 st March, 2011	
	Amt. in Rs.		Amt. in Rs.	
Profit for the year (Amt. in Rs.)	6,535,004		11,967,266	
Weighted average number of Shares for Basic Earnings per Share	8,520,000		8,520,000	
Add: Effect of Dilutive Potential Shares (Share Warrants)	-		-	
Add: Effect of Dilutive Potential Shares (Employee Stock Options)	-		-	
Weighted average number of Shares for Diluted Earnings per Share	8,520,000		8,520,000	
Earnings per Share (Rs. per Equity Share of Rs. 10 each)				
Basic	0.77		1.40	
Diluted	0.77		1.40	
	As at 31 st March, 2012		As at 31 st March, 2011	
	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.	Amt. in Rs.
45. Contingent Liabilities				
(a) Claims against the company not acknowledged as debts				
(i) Sales tax matters	15,682,319		15,682,319	
(ii) Excise matters	4,085,627		4,085,627	
(iii) Income tax matters	61,516,831		61,516,831	
	81,284,777		81,284,777	
(i) Asstt. Commissioner of Customs under EPCG Scheme towards export obligations	16,910,924		16,910,924	
(ii) Maharashtra Pollution Control Board	-		200,000	
	16,910,924		17,110,924	

Note:

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

Capital Commitments

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

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

Signatures to Notes 1 to 46

In terms of our report of even date

For **Chaturvedi & Co.**
Chartered Accountants
(Firm Registration No.302137E)

(S.N.Chaturvedi)
Partner
(Membership No.040479)
Mumbai, 29th May, 2012

For and on behalf of the Board

Pawan Agarwal
Chairman & Managing Director

Vivek Gangwal
Director

H.Gopalkrishnan
V.P.Finance & Company Secretary

Mumbai, 29th May, 2012

A.Indusekhar Rao
Director

Sushil Kumar Kasiwal
Director


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
A. Cash flow from operating activities				
Net Profit before Tax		80.31		150.42
Adjustments for -				
Depreciation and Amortisation Expense	77.98		68.67	
Interest Income	(4.21)		(8.02)	
Interest Expense	77.66		39.57	
Dividend Received	(0.10)		(0.09)	
		<u>151.33</u>		<u>100.13</u>
Operating profit before working capital changes		231.64		250.55
Adjustments for -				
Trade and Other Receivables	(158.65)		233.58	
Inventories	(171.38)		(571.06)	
Trade and Other Payables	36.26		67.33	
		<u>(293.77)</u>		<u>(270.15)</u>
Cash generated from operations		(62.13)		(19.60)
Direct Taxes paid (net of refund of taxes)		(14.96)		(30.75)
Net cash from operating activities		<u>(77.09)</u>		<u>(50.35)</u>
B. Cash flow from investing activities				
Purchases of Fixed Assets	(173.14)		(132.03)	
Sale of Fixed Assets	-		-	
Dividend Received	0.10		0.09	
Interest received	4.21		8.02	
Net cash used in investing activities		<u>(168.83)</u>		<u>(123.92)</u>
C. Cash flow from financing activities				
Proceeds from issue of Share Capital	-		-	
Proceeds from Long-term Borrowings	21.38		-	
Repayment of Long-term Borrowings	-		-	
Proceeds from/(Repayment of) Short-term Borrowings	323.78		204.25	
Dividend paid	(42.60)		-	
Expenses in connection with the Right Issue	(5.01)		(1.00)	
Tax paid on Dividend	(6.91)		-	
Interest paid	(77.66)		(39.57)	
Net cash used in financing activities		<u>212.98</u>		<u>163.68</u>
Net increase/(decrease) in cash and cash equivalents		<u>(32.94)</u>		<u>(10.59)</u>
Cash and Cash Equivalents - Opening Balance		47.48		58.07
Cash and Cash Equivalents - Closing Balance [Refer Note 2 below]		14.54		47.48

Notes:

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

In terms of our report of even date

For and on behalf of the Board

For **Chaturvedi & Co.**
Chartered Accountants
(Firm Registration No.302137E)

Pawan Agarwal
Chairman & Managing Director

A.Indusekhar Rao
Director

Vivek Gangwal
Director

Sushil Kumar Kasliwal
Director

(S.N.Chaturvedi)
Partner
(Membership No.040479)
Mumbai, 29th May, 2012

H.Gopalkrishnan
V.P.Finance & Company Secretary
Mumbai, 29th May, 2012

SUDITI INDUSTRIES LIMITED

Registered Office : A-2, Shah & Nahar Indl. Estate, Unit No.23/26, Lower Pare, 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 TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Friday, the 14th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012 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 Pare, Mumbai - 400 013.

ATTENDANCE SLIP

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

Twenty First Annual General Meeting - September 14, 2012

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the company on Friday, 14th September, 2012 at 4.00 p.m. at Walchand Hirachand Hall, 4th 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 _____