



Shaping the Trends  
of Modern Fashion

ANNUAL REPORT  
2010-2011





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*Majesty*<sup>™</sup>

Comfort & Stylish



## About Sudar

**E**verybody has a dream; we had too. A dream that took us on a journey of various destinations and a goal. To weave something that will delight people beyond imagination and happy moments they will cherish.

Our success story is interlaced with many innovative ideas and achievements. Like the weaver bird, we knit ready-to-wear garments that fulfill the needs of all. To capture the international market, we are striving to reach a wider canvas of the globe by creating garments that suit every climatic sphere and spreading our domain to the farthest lands.

We have our own manufacturing facility at Khalapur Taluka, Raigad District, Maharashtra with a built-up area of about, 29,626.30 Sq. Mtrs. with a combined capacity of manufacturing 1, 66, 667 pieces of shirts, dresses, pants, tops, skirts and denims per month. Our workforce comprises 600 workers that include 300 trained technicians.

Our promoters have expertise in the field of apparel manufacturing which helps us to understand the consumer preferences better.

Our core competency lies in the in-house manufacturing and embroidery skills right from sourcing the raw material to manufacturing, dyeing, washing of the readymades that is carried out in-house. Also, approving samples of raw materials by qualified Quality Assurance Team through various processes of manufacturing which includes dyeing, washing etc with packaging and dispatching of finished goods.

We have a very strong distribution network in metros, mini metros and large cities.



## Vision and Mission

### **Vision**

To remain in the front of the apparels business through 24X 7 innovation, outstanding range of products, up-to-date service and utmost customer satisfaction

### **Mission**

- ❖ Deliver in time, any where in the world
- ❖ Keep enhancing product quality always
- ❖ Tailor apparels complying with specific needs of customers
- ❖ Expand our supply chain throughout the world
- ❖ Keep operational costs at the minimum so customers get highest quality products at lowest possible price





# Company Information

## BOARD OF MEMBERS

**Murugan Muthiah Thevar**  
**Gopi Chellappan Nair**  
**Deepak Bhaskar Shenoy**  
**Shridhar Krishnayya Shetty**  
**Venkatraman Gopal Nadar**

*Chairman & Managing Director*  
*Whole Time Director*  
*Director*  
*Director*  
*Additional Director*

## COMPANY SECRETARY

Sapna K. Karmokar

## REGISTERED OFFICE

117,1st Floor, Vardhaman Market,  
Sector-17, Vashi  
Navi Mumbai -400703

## AUDITORS

M/s. Suresh Hegde & Co.  
Chartered Accountants

## BANKERS

The Shamrao Vithal Co-operative Bank Limited  
Vijaya Bank  
Union Bank of India

## REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited



## Chairman's Message



*If you can  
think it,  
Sudar can  
stitch it.*

**Mr. Murugan Thevar**  
(Chairman & Managing Director)

I am pleased to write to you after what has been an eventful and successful year for Sudar Garments Limited. Your Company became a publicly listed entity in March 2011 through the IPO. Having been in business since 2002, Sudar Garments is well known for its Quality products at quality price.

Your Company had a strong financial performance for the year with both total income and net income showing very strong growth. I am pleased to report that your Company has made several notable advances in its area including launching of brands "St. Paul" and "Majesty" with the goal of creating a positive development towards the growth of sale and profitability. The year 2010-11 has been a good one for the Indian economy. GDP growth has recovered from the lows of 2009-10 and the Indian economy demonstrated its resilience by being one of the first to emerge from the global financial concerns of the previous year. With the continued strong performance of the Indian economy, the readymade garment industry is likely to perform very well in the coming years and at Sudar Garments, we expect to see substantial momentum in terms of growth in production, deliveries, and new business development.

I would like to thank all the employees who have contributed to the Company's successful performance in 2010-11. I would also like to thank our other business associates and express my heartfelt gratitude to all our new shareholders for their encouragement and support.

Finally, I must express my profound gratitude to all of you, dear shareholders, for the steadfast confidence you have reposed in our Company and the Team Sudar through thick and thin.

All set for an extraordinary growth in the coming years!!

Best wishes,

Warm Regards,

Murugan Thevar  
Chairman & Managing Director

# Director's Report

To

The Members,

Your Directors are pleased to present the **Tenth Annual Report** of Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, 31st March, 2011 and the summarized financial results for the year ended 31st March, 2011 are as under:

## Financial Performance

This fiscal has been an exciting year in terms of growth and profitability. We are confident that this change will enable us to maintain our growth trajectory in to future. The financial highlights for the previous year as given below:

Particulars	For the Financial Year ended 31st March, 2011 (Rs. In Lacs)	For the Financial Year Ended 31st March, 2010 (Rs. In Lacs)
Sales & Other Income	11563.35	5286.64
Profit before interest, depreciation and tax	1906.98	913.77
Less: Depreciation	316.35	105.91
Less: Interest	458.17	163.59
Net Profit / (Loss) Before Tax	1132.46	644.27
Add/Less: Excess provision	-	(0.52)
Less : Provision for Tax	408.49	181.24
Less : Deferred Income Tax / Fringe Benefit Tax	0.13	37.75
Profit / (Loss) after Tax	723.84	424.76
Short/excess provision for previous year	(25.50)	(31.31)
Add : Profit / (Loss) brought forward	495.43	101.98
Balance Carried over to Balance Sheet	1193.77	495.43

## Review of Operation

During the year under review, the Company achieved turnover of Rs.11563.35 Lacs as against Rs. 5286.64 Lacs in previous year i.e. increase by Rs.6276.71 Lacs, as compared to the corresponding previous year. The Company earned Net Profit after Tax to the tune of Rs. 723.84 lacs as against Net Profit to the tune of Rs. 424.76 lacs for the corresponding previous financial year i.e increase by Rs.299.08 Lacs from the corresponding previous year.

## Capital Structure

During the year, your company made a maiden public offering of 90,88,000 equity shares with a price band of Rs.72/- to Rs.77/- for which the subscription was open from 21st February, 2011 to 24th February 2011. The issue received very good response and price was fixed at the upper band of Rs.77/- per equity share of Rs.10/-. With the allotment of 90,88,000 equity shares to the public on 5th March, 2011 the paid



up capital of the Company has gone up to Rs. 185,469,750/-. As per the SEBI (Disclosure & Investor Protection) Guidelines, 2000, all fresh issue of shares to the public shall be in the dematerialized form only. Accordingly, to facilitate the public to hold the shares in the demat form, the Company entered into a tripartite agreement with National Securities Depository Limited (NSDL), Central Depository Services India Limited (CDSL) and Link Intime India Pvt. Ltd (being Registrar & Share Transfer Agent).

### **Dividend**

In order to plough back the profit and strengthen the reserves, your Directors do not recommend any dividend for the year ended 31st March, 2011.

### **Utilisation of IPO Proceeds**

Out of Rs. 6997.76 lakhs raised through Initial Public Offer (IPO), Rs. 1543.76 lakhs have been utilised for setting up of new projects and expansions, Rs. 2690.03 lakhs for working capital, Rs. 600 lakhs for General Corporate expenses and Rs. 616.03 lakhs towards issue expenses. The balance amount of Rs. 1247.94 lakhs would be utilised during the current financial year.

### **Corporate Governance**

Your Company is committed to good corporate governance, firmly believes in and consistently follows good corporate governance practices, leading to a very high level of transparency in accounting and reporting to its shareholders. The Company has adopted a code of Conduct for the Board and the Senior Management. A report on the Corporate Governance and a certificate from the Auditors of the Company forms part of the Annual Report. The Company has fully complied with the Corporate Governance practices specified under the Listing Agreement with Stock Exchanges.

### **Management's Discussion and Analysis**

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management's Discussion and Analysis".

### **Listing**

The equity shares of the Company were listed on the Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE) on 11th March 2011.

### **Directors**

Pursuant to section 256 of the Companies Act, 1956, Mr. Deepak Shenoy & Mr. Shridhar Shetty are liable to retirement by rotation and being eligible offer themselves for reappointment, for the year under review. During the year, Mr. Venkatraman Nadar was inducted as an Additional Director of the Company w.e.f. 16th July, 2010 under section 260 of the Companies Act, 1956 and subject to the Articles of Association of the Company, will hold office upto the ensuing Annual General Meeting of the Company.

### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts for the financial year 2010-11, the applicable accounting standards have been followed.

2. The Directors had 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.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

#### **Disclosures under Section 217(1)(d) of the Companies Act, 1956**

Except as disclosed elsewhere in this report, there have been no material changes and commitments that have occurred between the end of the financial year of the Company and date of this report, which can affect the financial position of the Company.

#### **Particulars of Employees**

The information required under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Rule, 2011 for the year ended 31st March, 2011 is not applicable to the Company as none of the employee is drawing remuneration more than the limits presently specified under the said rules.

#### **Deposits**

During the year under review, Company has not accepted any deposits from the Public within the meaning of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

#### **Auditors**

M/s. Suresh Hegde & Company, Chartered Accountants, has given consent for their reappointment as the statutory auditors of the Company subject to members' approval in the ensuing Annual General Meeting.

#### **Auditors' Report**

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

#### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption apply to the Company and details of the same attached herewith.

Further during the year under review, the Company has neither earned nor used any foreign exchange.

#### **Acknowledgements**

Your Board sincerely appreciates the contributions made by shareholders at large who has contributed towards the success of Company's Initial Public Offer, all the employees, associates and business



partners who have contributed towards the success of the Company. Further Your Board place on record its gratitude for the support of Shareholders, Bankers and Business associates at all levels.

**For and on behalf of the Board of Directors**

**Place: Navi Mumbai**  
**Date:12/08/2011**

**Murugan Muthiah Thevar**  
**Chairman & Mg. Director**

**Deepak Shenoy**  
**Director**

**FORM - A**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	2010-2011	2009-2010
<b>(A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a. Purchased		
Units	2,78,346	1,52,513
Total Amount (Rs. In lacs)	13.36	7.32
Rate/Unit Rs.	4.80 per unit	4.80 per unit
b. Own Generation		
I) Through Diesel Generator ltr.	5410	NIL
II) Through Steam Turbine	NIL	NIL
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Product : Ready Made Garments		
Production	34,99,081 Pieces	1356000 Pieces
Electricity Units	NIL	NIL
L.D.O./F.O.	NIL	NIL

**FORM - B**  
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION**

The Company has taken initiative in technology up gradation to improve its productivity and reduce manufacturing cost. It adopted a Total 'Quality Management Programme' to ascertain and impose individual worker responsibility within the labour force, thereby ensuring greater quality and productivity.

**For and on behalf of the Board of Directors**

**Place: Navi Mumbai**  
**Date:12/08/2011**

**Murugan Muthiah Thevar**  
**Chairman & Mg. Director**

**Deepak Shenoy**  
**Director**





# Management Discussion And Analysis

## Introduction

Sudar Garments Limited is a leading manufacturer and exporter for readymade garments specialized in elegant shirts, trousers and wide range of apparel for men, women & kids. We started with a small apparel factory in 1990 and got incorporated as limited company in the year 2002.

Quality, quantity and variety, work in equal conformity here and this is the bottom-line of our success story. The passion for innovation and the tireless striving towards perfection has been instrumental in providing us with a distinct stature at the international front. Quality products at quality price - this is our mantra.

The principal products that Sudar Garments Ltd. produces are Formal Wear, Mix & Match, Knit Wear, Tank Tops, Denims, Trousers, Cargos, Kids Wear and Shirts.

## Industry Structure and Developments

The Textile industry occupies an important place in the Economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. The textile industry encompasses a range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics.

The textile industry can be broadly classified into two categories, the organized mill sector and the unorganized mill sector. Considering the significance and contribution of textile sector in national economy, initiative and efforts are being made to take urgent and adequate steps to attract investment and encourage wide spread development and growth in this sector.

## Opportunities and Threats

India seems to benefit due to raw material, design skills and skilled labour advantages. India is the one of the world's largest producer of cotton, cotton yarn, exporter of cotton fabric and exporter of synthetic fabric. With the establishment of training institutions like National Institute of Fashion Technology (NIFT), many high quality designers, who are able to create modern designs and interact with the buyers, are emerging. This is a distinctive advantage that Indian companies have, and not yet exploited.

Consumers in the major markets also seem to have shifted towards cheaper products and therefore more economic sources of supply. Countries which are able to supply cheaper goods have therefore been less affected. Several of the leading manufacturing countries have taken various steps to mitigate the hardship faced by their respective garment industries.

## Operating Results / Financial Highlights

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

During the year, the Company has achieved a net turnover of Rs.11562.41 lakhs, The Company posted a strong top line performance due to good order book. Profit before tax was at Rs 1132.47 lakhs and net profit after tax stood at Rs.723.85 lakhs.

The higher net profit margin is due to our most of sales are to the foreign buyers, which enjoys higher margins.

## Risks and Concerns

Risks are of both internal and external. Internal risks shall include, but not limited to, our dependency on limited number of buyers. Loss of any buyer or decrease in the volume of apparels they source from the

Company may adversely affect revenues, pricing pressures and consequently profitability of the Company. Another risk factor is that with the opening up of international markets, after removal of quota system, there may be pricing pressure on products due to various suppliers who will start competing for the same orders in the international markets.

Apart from the above, we are exposed to foreign currency risk. The company is an export oriented apparel manufacturer and approx. Similarly, our profits would depend on the Indian rupee appreciation/depreciation.

The Government of India has instituted several policies to promote the growth and these include interest rate subsidies, duty/tax reimbursement schemes etc. Withdrawal/ termination of any of these policies / schemes may adversely impact the profitability of the Company. Also wage costs in India have been significantly lower than the wage costs in the developed countries for skilled professionals in the textile industry, which has been our competitive strength. Wage increase in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins.

However, the Company has put in place a Risk Management Document which has the objective to create an awareness about various risks associated with the business of the Company. It defines the risk policies, lays out the risk strategies and methodology to decide on the risk taking ability of the Company. The risk management process involves risk identification, risk measurement, risk prioritization, risk monitoring, risk escalation and risk mitigation. The Audit Committee and Board have approved this risk management document during last fiscal.

### Internal Control Systems and their adequacy

The Company is committed to maintaining an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions.

The Audit Committee periodically reviews audit plans, observations and recommendations of the external auditors with reference to significant risk areas and adequacy of internal controls.

The minutes of Audit Committee would be reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

### Human Resources / Industrial Relations

The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refreshal are corner stones for the success of any organization.

### Caution Statement

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.



Saint Paul

Future Lifestyle

SP90-36  
91-03

# Corporate Governance Report

## (A) Company's Philosophy on Code of Corporate Governance

The Company believes that high standards of accountability and audit, timely disclosure and reporting in all areas of operations contribute towards developing and sustaining best operating systems and procedures. These standards define your Company's Corporate Governance philosophy of trusteeship, transparency, empowerment, accountability and integrity. The Company will continue to remain focused on good corporate governance practices for achieving growth, long term value creation and maximizing value for all its stakeholders.

## (B) Board of Directors

### 1 Board Composition

As on 31st March, 2011 the strength of Board of Directors was 05, comprising of 02 Executive Directors and 03 Non-Executive Independent Directors.

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member on more than ten Committees and Chairman of more than five Committees as per Clause 49 (I) (c) (ii) (across all Companies in which they are Directors).

The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The constitution of the Board as on 31st March, 2011 was as under:

Name of the Directors	Category	Number of other		
		Directorships	Committee Memberships	Committee Chairmanships
Mr. Murugan Muthiah Thevar	Managing Director	-	-	-
Mr. Gopi Chellapan Nair	Executive Non Independent,	-	-	-
Mr. Deepak Shenoy	Non-Executive, Independent	1	-	-
Mr. Shridhar Shetty	Non-Executive, Independent	2	-	-
Mr. Venkatraman Nadar	Non-Executive, Independent	1	-	-

### 2 Board Meetings and Attendance of Directors

During the year ended 31st March, 2011, 20(Twenty) meetings i.e. on April 16th, 2010, May 6th, 2010, May 15th, 2010, May 20th, 2011, June 01st, 2010, July 08th, 2010, July 10th, 2010, July 14th, 2010, July 15th, 2010, July 16th, 2010, July 19th, 2010, September 02nd, 2010, September 27th, 2010, September 29th, 2010, November 18th, 2010, January 22nd, 2011, February 28th, 2011, March 3rd, 2011, March 5th, 2011, March 9th, 2011 of the Board of Directors were held.



Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2010-11 and the last AGM:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Mr. Murugan Muthiah Thevar	20	20	Yes
Mr. Gopi Chellapan Nair	18	18	Yes
Mr. Deepak Shenoy	20	20	Yes
Mr. Shridhar Shetty	15	15	Yes
Mr. Venkatraman Nadar	11	11	No

### (C) Board Committees

Presently, the Board has three committees: the Audit Committee, the Shareholders/ Investor Grievances Committee and Remuneration Committee. The Audit Committee consists of two non-executive independent directors and one executive director whereas Shareholders/ Investor Grievances Committee consist of one executive director and two non-executive independent directors and the Remuneration Committee consists of solely three non-executive independent directors. The minutes of these committee meetings are submitted to the Board for approval/confirmation.

The Board is responsible for the constitution, co-opting and fixing the terms of reference for the said Committees.

#### (i) Audit Committee Terms of reference

##### (a) Primary objectives of the Audit Committee

The Audit Committee acts as a link between the Statutory Auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements and other management information and adequacy of provisions for liabilities. The primary objective of the Audit Committee (the "Committee") is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, including the independent auditors and notes the process and safeguards employed by each.

##### (b) Role of the Audit Committee

- 1 Overseeing our 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 replacement or removal of the statutory auditor and the fixation of audit fees.
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4 Appointment, removal and terms of remuneration of internal auditors
- 5 Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - ◆ 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;

- ❖ Changes, if any, in accounting policies and practices and reasons for the same;
  - ❖ Major accounting entries involving estimates based on the exercise of judgment by management;
  - ❖ Significant adjustments made in the financial statements arising out of audit findings;
  - ❖ Compliance with listing and other legal requirements relating to the financial statements;
  - ❖ Disclosure of any related party transactions;
  - ❖ Qualifications in the draft audit report;
- 6 Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
  - 7 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - 8 Monitoring the use of the proceeds of the proposed initial public offering of the Company.
  - 9 Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
  - 10 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;
  - 11 Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
  - 12 Discussion with internal and statutory auditors on any significant findings and follow up there on;
  - 13 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;
  - 14 Discussion with the 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;
  - 15 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
  - 16 To review the functioning of the Whistle Blower mechanism, when the same is adopted by the Company and is existing;
  - 17 Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
  - 18 The Audit Committee shall mandatory review the following information:
    - ❖ Management discussion and analysis of financial condition and results of operations;
    - ❖ Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - ❖ Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - ❖ Internal audit reports relating to internal control weaknesses; and
    - ❖ The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
    - ❖ Financial statements, in particular, the investments made by the unlisted subsidiary company.

### **(c) Composition**

The Audit Committee is constituted in accordance with the Corporate Governance Code of the Listing Agreement and the provisions of the Companies Act, 1956. The statutory auditors are invited to the Audit Committee Meetings whenever required.



The Audit Committee comprises of two non-executive independent directors and one executive director, namely:

Sr.No	Name of the director	Designation
1	Mr. Shridhar Shetty	Chairman
2	Mr. Venkatraman Nadar	Member
3	Mr. Gopi Nair	Member

Mr. Shridhar Shetty is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. Mr. Shridhar Shetty, Chairman of the Audit Committee attended the last Annual General Meeting held on July 15, 2010.

**(d) Audit Committee Meetings and Attendance during the financial year ended 31st March, 2011**

During the financial year ended 31st March, 2011, No Audit Committee Meetings were held. The Committee has recommended to the Board the appointment of M/s. Suresh Hegde & Co., Chartered Accountants, as the statutory Auditors of the Company for the Financial Year 31st March, 2012.

**(ii) Remuneration Committee:**

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executive, including the Executive Directors are competitive keeping in view prevailing compensation packages in the Industry so as to recruit and retain suitable individual(s) in such capacity.

The Remuneration Committee is headed by an independent director and consist of the following directors:

Sr.No	Name of the director	Designation
1	Mr. Shridhar Shetty	Chairman
2	Mr. Deepak Shenoy	Member
3	Mr. Venkatraman Nadar	Member

**Directors' Remuneration**

The aggregate remuneration comprising of salary and perquisites paid to the Mr. Murugan Thevar Managing Director and Mr. Gopi Nair Exutive Director for the year ended 31st March 2011 are as follows:

Mr. Murugan Thevar	Rs. 36,00,000/-
Mr. Gopi Nair	Rs. 12,00,000/-

The Company does not have any stock option plans.

**(iii) Shareholders/Investors Grievance Committee:**

The Shareholders Grievances Redressal Committee is headed by an Independent Director and consists of the following directors:

Sr.No	Name of the director	Designation
1	Mr.Deepak Shenoy	Chairman
2	Mr.Shridhar Shetty	Member
3	Mr.Gopi Nair	Member

The said Committee among other functions considers and review redressal of shareholders' complaints regarding non receipt of balance sheets and transfer of shares as per Clause 49 of the Listing Agreement.

The Company did not receive any complaints from the shareholders. There were no pending complaints from the shareholders as on 31st March 2011.

Delivery of equity shares of the Company by all investors / shareholders is now mandatory in the dematerialized form in all Stock Exchanges.

**(D) General Body Meetings:**

Details of last three Annual General Meetings are given hereunder:

Year	Date	Venue	Time
2008	September 30	Building No.44, Flat No.1552, Tilak Nagar, Chembur (E), Mumbai-400089	11.00 A.M.
2009	September 30	Building No.44, Flat No.1552, Tilak Nagar, Chembur (E), Mumbai-400089	11.00 A.M.
2010	July 15	117, 1st Floor, Vardhaman Market, Sector- 17, Vashi, Navi Mumbai – 400 703	11.00 A.M.



**Special Resolution:**

Details of Special Resolution passed at last three Annual General Meetings:

Date	Particulars
July 15, 2010	Appointment of Mr. Murugan Thevar as Chairman and Managing Director of the Company.
	Appointment of Mr. Gopi Nair as a Wholetime Director of the Company
	Approval of Borrowing limit upto Rs. 200,00,00,000 (Two Hundred Crores)
	Increase in the Authorised Capital of the Company from Rs.15.00 Crores to Rs.25.00 Crores
	Alteration of Articles of Association

During last three financial years, Seven Extra ordinary General Meeting was held.

Date	Particulars
October 12, 2007	Increase in Authorised Capital of the Company from Rs. Fifty lakhs to Rs. Two Crore Fifty lakhs only
January 28, 2010	Increase in Authorised Capital of the Company from Rs.Two Crore Fifty lakhs to Rs. Fifteen Crores only
February 18, 2010	Conversion of Private Limited Company into Public Limited Company
March 8, 2010	Shifting of Registered Office of the Company from Mumbai to Navi Mumbai
March 15, 2010	Issue of <b>35,95,900</b> Bonus Shares(Equity shares) in the ratio of 1:4
March 30, 2010	Preferential Allotment of 49,64,100 Equity Shares
July 20, 2010	Further Issue of 90,88,000 Equity shares through Initial Public Offering (IPO)

**Postal ballots:**

No resolution was passed through postal ballot during the financial year ended 31st March 2011.

**(A) Disclosures:****(i) Related Party Transactions:**

There are no related party transaction during the financial year ended 31st March 2011.

**(ii) Compliances by the Company:**

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets.

**(iii) Whistle Blower Policy and Access of personnel to the Audit Committee:**

The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in

cases such as concerns about unethical behavior, frauds and other grievances. No employee of the Company has been denied access to the Audit Committee.

- (iv) Compliance with the Mandatory requirements and implementation of the Non-mandatory requirements:

The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement. The Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the listing agreement except the constitution of Remuneration Committee.

**(F) Means of Communication:**

- i. The quarterly results as well as the proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd. immediately after the conclusion of the respective meeting and also published in the newspapers as per the provisions of the Listing Agreement.
- ii. No presentations were made to the institutional investors or to analysts during the year under review,
- iii. The Management Discussion and Analysis Report forms part of this Annual Report.

**(G) Certificate on Corporate Governance:**

As required by Clause 49 of the Listing Agreement, a Certificate issued by M/s. Suresh Hegde & Company, Statutory Auditors of the Company, regarding compliance of conditions for Corporate Governance is given as an annexure to the this Report.

**(H) CEO Certification:**

As required by Clause 49 of the Listing Agreement, the CEO i.e. the Chairman and Managing Director's certification is annexed to this Annual Report.

**(I) General Shareholders' Information:**

- (i) Annual General Meeting:

<b>Date and time</b>	<b>20th September, 2011 at 11.A.M.</b>
<b>Venue</b>	The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703

- (ii)

<b>Financial Calendar (tentative and subject to change)</b>	<b>Financial reporting for quarter ended</b>
	June 30, 2011 by August 14, 2011
	September 2011 by November 15, 2011
	December 2011 by February 15, 2012
	March 2012 by May 30, 2012
	Annual General Meeting for the year ended 31st March 2012 – on or before September 30, 2012

**(iii) Book Closure date**

The Register of Members shall remain closed from 13th September, 2011 to 20th September, 2011 (both days inclusive) for the purpose of ensuing Annual General Meeting.

**(iv) Announcement of Dividend**

The Board of Directors has not recommended any dividend.

(v)	<b>Registered &amp; Corporate Office</b>	117, 1st Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703 Email: sudarr_gar@rediffmail.com Website: www.sudargarments.com Contact Nos: 27800706, 27889239 Fax No. : 27889239
(vi)	<b>Listing on Stock Exchange and fees for 2010-11</b>	During the financial year 2010-11, the Company got listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
(vii)	<b>Stock Exchange Code</b>	BSE :533332 NSE: SUDAR
(viii)	<b>Disclosure regarding re-appointment of director</b>	Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Deepak Shenoy & Mr. Shridhar Shetty retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. The Board has recommended the re-appointment of Mr. Venkatraman Nadar as Director of the Company to the shareholders.

**\*(ix) Stock Market Data**

Month	BSE High	BSE low	NSE High	NSE low
March 2011	128.80	74	129	80

**\*Note:**

The Shares of the company were listed on 11th March, 2011. Hence, the Stock Price Date for the financial year 2010-2011 could not be provided by the company.

(x)	<b>Registrar &amp; Share Transfer Agents</b>	<b>Registrar and Share Transfer Agents</b> Link Intime India Private Limited C 13 Pannalal Silk Mills, Bhandup (West), Mumbai - 400078, India. <b>Contact Person:</b> Mr. Mahesh Masurkar <b>Designation :</b> Officer <b>Phone:</b> +91 - 22 - 2594 6970 <b>Fax:</b> +91 - 22 - 2594 6969 <b>Email:</b> mt.helpdesk@linkintime.co.in
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(xi)	<b>Share Transfer Systems</b>	Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are proper in all respects. The Shareholders / Investors Grievance Committee meets as often as required. As per the revised Clause 49 of the Listing Agreement and to expedite the process of share transfers, the Board has delegated the powers of share transfers and related matters to Mr. Murugan Thevar, Chairman and Managing Director and Mr. Deepak Shenoy who shall attend to share transfer formalities at least once in a fortnight. The total number of equity shares transferred in physical form during the year 2010-11 was 50 shares
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**(xii) Distribution of Shareholding as on 31st March 2011**

No. of Equity Shares held	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
1 - 500	1036	53.5124	119453	0.6441
501 - 1,000	98	5.0620	77724	0.4191
1,001 - 2,000	628	32.4380	701171	3.7805
2,001 - 3,000	46	2.3760	114969	0.6199
3,001 - 4,000	12	0.6198	43670	0.2355
4,001 - 5,000	12	0.6198	54225	0.2924
5,001 - 10,000	35	1.8079	246738	1.3303
10,001 - above	69	3.5640	17189025	92.6783
<b>Total</b>	<b>1936</b>	<b>100</b>	<b>18546975</b>	<b>100</b>

**Category of Shareholders (as on 31st March 2011)**

Category	Shareholders Number	Shares Number	% to total Capital
<b>PROMOTER AND PROMOTER GROUP HOLDING</b>			
Indian Promoters	3	8521375	45.94
<b>Total</b>	<b>3</b>	<b>8521375</b>	<b>45.94</b>
<b>NON – PROMOTER HOLDING</b>			
Institutional Investors Fils	3	2239438	12.07
Others Private Corporate Bodies	170	4907542	26.46
Indian Public	1473	1306656	7.04
NRIs	7	1137	0.00
Any other (Clearing Members)	280	1570827	8.47
<b>Total</b>	<b>1933</b>	<b>10025600</b>	<b>54.06</b>
<b>Grand Total</b>	<b>1936</b>	<b>18546975</b>	<b>100.00</b>



The Shares of the Company are listed on Bombay Stock Exchange Ltd. And National Stock Exchange of India Ltd. and hence facilitates liquidity. It is confirmed that the Company has paid Annual Listing Fee.

Stock Codes:

BSE : 533332

NSE : SUDAR

(xiii) Dematerialisation of Shares and liquidity	<p>The Company has established connectivity with Central Depository Services (India) Limited and National Securities Depository Limited for dematerialisation of shares and the same are available in electronic segment under ISIN No. INE384L01017.</p> <p>As on 31st March 2011, 18546975 Equity Shares representing 100% of the total paid up capital had been dematerialized.</p>
(xiv) Outstanding GDRs / ADRs / Warrants or any convertible Instruments, conversion date and likely impact on equity.	<p>Till date, the Company has not issued any GDRs / ADRs /Warrants or any other convertible instruments.</p>
(xv) Plant Locations	<p>The Plant of the Company is situated at: Plot No. 27 &amp; 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra – 410 222</p>
(xvi) Address for Correspondence	<p>Link Intime India Private Limited C 13 Pannalal Silk Mills, Bhandup (West), Mumbai - 400078, India. <b>Contact Person:</b> Mahesh Masurkar <b>Designation :</b> Officer <b>Phone:</b> +91 - 22 - 2594 6970 <b>Fax:</b> +91 - 22 - 2594 6969 <b>Email:</b> rnt.helpdesk@linkintime.co.in</p>

#### CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the year ended 31st March, 2011.

Place: Navi Mumbai  
Date: 12/08/2011

Murugan Thevar  
Chairman & Managing Director

# Certification By Chairman & Managing Director

I, **MURUGAN MUTHIAH THEVAR**, Chairman & Managing Director of **SUDAR GARMENTS LIMITED**, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Company's disclosure, controls and procedures; and
  - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. I have disclosed based on my most recent evaluation, wherever applicable, to the Company's auditors and Board of Directors (and persons performing the equivalent functions):
  - a) all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - b) significant changes in internal controls during the year covered by this report;
  - c) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - d) instances of significant fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal controls system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. I affirm that I have provided protection to 'whistleblowers' from unfair termination and other unfair or prejudicial employment practices; and
9. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**By Order of the Board of Directors**

# Auditors' Certificate On Corporate Governance

To the Members of  
**SUDAR GARMENTS LIMITED**

We have examined the compliance of conditions of Corporate Governance by SUDAR GARMENTS LIMITED for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedure 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 abovementioned Listing Agreement.

We have to state that in respect of investors' grievances, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders/Investor's Grievance Committee.

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.

Place: Mumbai  
Date: 12/08/2011

For M/s. Suresh Hegde & Co.,  
*Chartered Accountants*  
Sd/-  
Suresh Hegde  
(Proprietor)

# Auditors' Report

**TO,  
THE MEMBERS,**

1. We have audited the attached Balance Sheet of **SUDAR GARMENTS LTD.**, as at **31st March, 2011** and Profit & Loss Account of the Company 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 have conducted our audit in accordance with the 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 misstatements. 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 the 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 Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standard referred to in section 211 (3C) of the Companies Act, 1956, to the extent applicable;
  - e) On the basis of written representations received from the directors of the company and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March, 2011** from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit & Loss account read with notes thereon, give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (i) In case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2011**, and
    - (ii) In case of the Profit & Loss Account, of the Profit of the company for the year ended on that date.

for **Suresh Hegde And Co,**  
*Chartered Accountants,*  
Sd/-  
**F Reg No: 125795W**  
**CA SURESH HEGDE**  
**Membership Number 118493**  
**Proprietor**

Mumbai. 12th August, 2011



## Annexure to the Auditors Reports

*(Referred to in Paragraph (1) of our report, we further state as follows)*

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme 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.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms and other parties covered in the register maintained under Section 301 of the companies Act, 1956 :  
In view of what has been stated above, clause (iii)(b) regarding terms and conditions of such loans, clause (iii)(c) regarding payment of principal amount and interest and clause (iii)(d) regarding steps for recovery of overdue amount of Para 4 of the order are not applicable to the company for the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods.
- (v) Based on the audit procedures applied by us and according to information and explanations provided by the management, we are of the opinion that the company has not entered into any transactions during the year, which need to be entered into the register maintained under section 301 of the companies Act, 1956.  
In view of what has been stated above, clause (v)(b) regarding reasonability of price of such transactions is not applicable.
- (vi) During the year under review, the company has not accepted any deposit from public. Hence it is not violated any provisions of sections 58A and 58AA of the companies Act, 1956 and the companies (Acceptance of Deposits) Rules 1975.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In respect of activities of the company covered by the notification issued by central government under section 209(1) (d) the companies Act, 1956 we have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the prescribed rules and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident Fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, cess and other statutory dues. According to the information and explanations

## Annexure to the Auditors Reports

given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at **31st March, 2011** for a period of more than six months from the date they became payable.

- (x) The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Society are not applicable to the Company.
- (xiv) The nature of Company's business/activities during the year does not include dealing in shares, securities, debentures or other investments, hence the requirement of offering comments on this clause is not applicable.
- (xv) According to the information and explanations given to us and records made available to us, the terms and conditions of guarantees given by the Company for the loans taken by others from banks or financial institutions are in our opinion, prima facie not prejudicial to the interest of the Company.
- (xvi) The term loans have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment by the Company.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the period covered by our audit report, the Company has not issued any debentures requiring report under this clause.
- (xx) The Company has raised Rs 69,97,76,000/- by way of public issue by allotting 90,88,000 equity shares of Rs. 77/- each during the end of the financial year and the part of the proceedings are used for the purpose of the issue.
- (xxi) Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for **Suresh Hegde And Co**  
*Chartered Accountant*  
Sd/-  
F Reg NO: 125795W  
CA Suresh Hegde  
Membership Number 118493  
Proprietor

Place: Mumbai.  
Dated: 12.08.2011

## Balance Sheet As On 31st March, 2011

PARTICULARS	SCHE- DULE	AS ON 31.03.2011	AS ON 31.03.2010
<b>I EQUITY &amp; LIABILITY</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
A) CAPITAL	<b>A</b>	185,469,750	94,589,750
B) SURPLUS	<b>B</b>	777,914,045	99,184,171
<b>2. LOAN FUNDS</b>			
A) SECURED LOANS	<b>C</b>	640,021,860	254,613,548
B) UNSECURED LOANS	<b>D</b>	16,764,581	36,265,738
3. DEFERRED TAX LIABILITY		3,788,373	3,775,041
		<b>1,623,958,609</b>	<b>488,428,248</b>
<b>II ASSETS</b>			
<b>1. FIXED ASSETS</b>			
A) TANGIBLE ASSETS	<b>N</b>	305,494,279	286,314,025
B) NON TANGIBLE ASSETS		NIL	NIL
		305,494,279	286,314,025
C) LESS: DEPRECIATION		52,727,049	21,901,871
		<b>252,767,230</b>	<b>264,412,154</b>
<b>2. CAPITAL WIP</b>		<b>234,439,438</b>	<b>12,000,000</b>
<b>3. INVESTMENT</b>	<b>E</b>	<b>270,989,680</b>	<b>34,783,890</b>
<b>4. CURRENT ASSETS</b>	<b>F</b>	<b>912,894,695</b>	<b>275,378,540</b>
<b>5. OTHER CURRENT ASSETS</b>	<b>I</b>	<b>1,271,573</b>	<b>700,000</b>
		<b>914,166,268</b>	<b>276,078,540</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	<b>H</b>	<b>48,404,006</b>	<b>98,846,336</b>
		<b>865,762,261</b>	<b>177,232,205</b>
		<b>1,623,958,609</b>	<b>488,428,248</b>

As per Our Audit report of even date

for Suresh Hegde And Co

*Chartered Accountants*

F Reg NO: 125795W

**CA Suresh Hegde**

Membership Number 118493

Proprietor

Place: MUMBAI

Dated: 12.08.2011

for SUDAR GARMENTS LIMITED

*Sd/-*

**CHAIRMAN &**

**MANAGING DIRECTOR**

*Sd/-*

**DIRECTOR**

**Sapna Karmokar**

**Company Secretary & Compliance officer**

# Profit & Loss Account For The Year Ended 31st March, 2011

PARTICULARS	SCHE- DULE	AS ON 31.03.2011	AS ON 31.03.2010
<b>INCOME</b>			
INCOME	J	1,156,334,793	528,663,889
INCREASE / DECREASE IN STOCK	G	78,579,746	12,064,230
<b>TOTAL</b>		<b>1,234,914,539</b>	<b>540,728,119</b>
<b>EXPENDITURE</b>			
PURCHASES	K	982,927,790	439,634,011
ADMINISTRATIVE EXPENSES	L	60,927,592	9,542,112
FINANCIAL CHARGES	M	45,816,844	16,359,191
DEPRECIATION	N	31,634,576	10,591,189
PRELIMINARY EXP. WRITTEN OFF	I	361,642	175,000
		<b>1,121,668,443</b>	<b>476,301,503</b>
<b>PROFIT BEFORE TAXATION</b>		113,246,096	64,426,616
LESS: SHORT PROVISION OF PRV YR			52,018
		113,246,096	64,374,598
<b>PROVISION FOR TAXATION</b>			
Current Tax		40,848,606	18,123,566
Deffered Tax Laibility		13,332	3,775,041
Fringe Benefit Tax			-
		40,861,938	21,898,607
<b>PROFIT AFTER TAXATION</b>		72,384,158	42,475,991
<b>SHORT/EXCESS PROVISION OF PR YR</b>		(2,550,284)	(3,130,750)
ADD: OPENING BALANCE		49,543,171	10,197,930
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>119,377,045</b>	<b>49,543,171</b>

As per Our Audit report of even date

for Suresh Hegde And Co

*Chartered Accountants*

F Reg NO: 125795W

**CA Suresh Hegde**

Membership Number 118493

Proprietor

Place: MUMBAI

Dated: 12.08.2011

for SUDAR GARMENTS LIMITED

Sd/-

Sd/-

CHAIRMAN & DIRECTOR

MANAGING DIRECTOR

Sapna Karmokar

Company Secretary & Compliance officer

## Schedules

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE 'A': SHARE CAPITAL</b>		
<b>AUTHORISE CAPITAL</b>		
2,50,00,000 EQUITY SHARES OF RS. 10/- EACH	250,000,000	150,000,000
<b>ISSUED SUBSCRIBED AND PAID-UP CAPITAL</b>		
18546975 EQUITY SHARES OF RS. 10/- EACH	185,469,750	
9458975 EQUITY SHARES OF RS. 10/- EACH		94,589,750
	<b>185,469,750</b>	<b>94,589,750</b>
<b>SCHEDULE 'B': SURPLUS</b>		
SHARE PREMIUM	[A] 658,537,000	49,641,000
<b>PROFIT &amp; LOSS A/C</b>		
OPENING BALANCE	49,543,171	10,197,930
ADD: NET PROFIT FOR THE YEAR	113,246,096	64,426,616
LESS: SHORT PROV OF PREVIOUS YEAR	(2,550,284)	(52,018)
LESS: TFD TO GENERAL RESERVE		(3,130,750)
LESS: PROVISION FOR INCOME TAX	(40,861,938)	(21,898,607)
	[B] 119,377,045	49,543,171
<b>GENERAL RESERVE</b>		
TFD FROM PROFIT & LOSS ACCOUNT	-	3,130,750
LESS: ISSUE OF BONUS SHARE DURING THE YEAR	-	(3,130,750)
	[C] -	-
	{A+B+C} 777,914,045	99,184,171
<b>SCHEDULE 'C': SECURED LOAN</b>		
THE SHAMRAO VITHAL CO-OP BANK (CC)	69,631,070	29,906,606
THE SHAMRAO VITHAL CO-OP BANK (TERM LOAN)	315,975,466	78,228,817
VIJAYA BANK (COLABA BR.) - C C ACCOUNT	68,944,145	9,759,624
UNION BANK OF INDIA - C C ACCOUNT	95,144,347	48,429,554
UBI BANK TERM LOAN	57,704,396	50,218,032
UBI - CAR LOAN	-	1,055,000
VIJAYA BANK (COLABA BR.) - TERM LOAN	32,501,066	36,637,385
CAR LOAN - ICICI BANK LTD	121,370	378,530
	<b>640,021,860</b>	<b>254,613,548</b>
<b>SCHEDULE 'D': UNSECURED LOAN</b>		
GOPI NAIR	428,608	-
M.MURUGAN THEVAR	12,795,323	36,265,738
S E INVESTMENTS	3,540,650	-
<b>BALANCE C/D</b>	<b>16,764,581</b>	<b>36,265,738</b>

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>BALANCE B/D</b>	<b>16,764,581</b>	<b>36,265,738</b>
	<b>16,764,581</b>	<b>36,265,738</b>
<b>SCHEDULE 'E': INVESTMENT</b>		
FD WITH SVCB	236,300,000	2,300,000
FD WITH VIJAYA BANK	5,300,000	
SHARES IN LISTED INDIAN COMPANY	27,324,480	32,418,690
SBI MUTUAL FUND	2,000,000	
SHARES OF SVCB	65,200	65,200
	<b>270,989,680</b>	<b>34,783,890</b>
<b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS</b>		
<b>TRADE RECEIVABLE</b>		
ADDON EXPORTS	1,036,903	34,693,630
AL OBAIDANI ITNL - LLC	56,021,100	-
S J AGENCIES	66,206,434	
INDIA FASHION	-	45,272,468
MTV EXPORT	27,479,749	39,672,543
SHALOM FASHION	54,008,334	54,864,718
SHREE BHAGWATI INTERNATIONAL	63,402,536	-
EPSILON PRODUCTS		18,000,000
STAR FASHION		5,129,200
B SOURABJI		6,350,457
CREATIVE GARMENTS PVT LTD		4,283,574
GEORGE STREET LONDON	61,976,002	-
TRINITY APPARELS		1,100,000
	<b>[a] 330,131,058</b>	<b>209,366,590</b>
<b>ADVANCES TO CREDITORS</b>		
DEV BHAIRAV HARDWARE	-	10,538
KAILASH THREADS	-	15,654
KSHITIJ ELECTRICALS	-	23,060
A R FABRICS	20,447,274	
ELIM TRADERS	50,240,592	
R J TRADERS	50,440,282	
TEXVIN FASHION	11,348,396	
	<b>[b] 132,476,544</b>	<b>49,252</b>



PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>CASH &amp; CASH EQUIVALENTS</b>		
CASH IN HAND	1,431,248	619,108
CASH AT BANK	38,940,217	32,506,708
	<b>[c] 40,371,465</b>	<b>33,125,816</b>
<b>LOANS AND ADVANCES</b>		
GALA ADVANCE	250,000	250,000
ADVANCE TO STAFF	529,500	50,000
ADVANCE TO DIRECTOR	600,000	
JBS INTERNATIONAL	200,000	200,000
REGENT CAPITAL PVT LTD	240,000,000	-
SANTOSH MAHABDI	1,100,000	-
SATGURU ENTERPRISES	-	30,000
A SOLOMON	-	150,000
RAJ IMPEX - MACHINARY ADVANCE	40,000,000	-
	<b>[d] 282,679,500</b>	<b>680,000</b>
<b>DEPOSITS</b>		
VEERAMANI ARUMUGAM		100,000
ADVANCE TAX (F Y 2009-10)	500,000	500,000
ADVANCE TAX (F Y 2010-11)	10,000,000	
ELECTRICITY DEPOSIT	335,096	335,096
BPL MOBILE	4,500	4,500
POPULAR KNIWEAR-DEPOSIT		400,500
GALA DEPOSIT	600,000	600,000
BSE DEPOSIT	7,000,000	
SHOP'S PREMISES	97,000	97,000
TELEPHONE DEPOSIT	3,000	3,000
S V SHANBHAG	270,000	270,000
	<b>[e] 18,809,596</b>	<b>2,310,096</b>
<b>SCHEDULE 'G': INCREASE/ DECREASE IN STOCK</b>		
OPENING STOCK	29,846,786	17,782,556
LESS: CLOSING STOCK	108,426,532	29,846,786
	<b>[f] 78,579,746</b>	<b>12,064,230</b>
	<b>[a to f] 912,894,695</b>	<b>275,378,540</b>

<b>PARTICULARS</b>	<b>AS ON 31.03.2011</b>	<b>AS ON 31.03.2010</b>
<b>SCHEDULE 'H': CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b> A		
<b>SUNDRY CREDITORS</b>		
(AS PER ANNEXURE "A")	2,826,024	79,818,435
OM SAI CONSTRUCTION - DEPOSIT		554,000
<b>NON CURRENT LIABILITY</b>	NIL	NIL
	<b>2,826,024</b>	<b>80,372,435</b>
<b>PROVISIONS :</b> B		
<b>SHORT TERM PROVISION</b>		
GRATUITY PAYABLE	307,871	
TDS PAYABLE	4,219,005	200,335
AUDIT FEE PAYABLE	202,500	150,000
PROVISION FOR INCOME TAX (F.Y 10-11)	40,848,606	
PROVISION FOR INCOME TAX		18,123,566
	<b>45,577,982</b>	<b>18,473,901</b>
	<b>48,404,006</b>	<b>98,846,336</b>
<b>SCHEDULE 'I'</b>		
<b>OTHER CURRENT ASSETS</b>		
PRELIMINARY EXPENSES	1,633,215	875,000
LESS: WRITTEN OFF DURING THE YEAR	361,642	175,000
	<b>1,271,573</b>	<b>700,000</b>
<b>SCHEDULE 'J': INCOMES</b>		
SALES ACCOUNT	1,156,241,418	527,589,153
SUBSIDY RECEIVED	41,000	59,000
PREVIOUS PERIOD ADJUSTMENTS	-	998,393
DIVIDEND INCOME	52,375	17,344
	<b>1,156,334,793</b>	<b>528,663,889</b>
<b>SCHEDULE 'K': PURCHASE</b>		
PURCHASES	836,940,732	365,681,808
DIRECT COST	145,987,058	73,952,203
	<b>982,927,790</b>	<b>439,634,011</b>





PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE -L : ADMISTRATION EXPENSES</b>		
COMPUTER EXPENSES	55,270	5,450
CONVEYANCE EXPENSES	185,585	212,295
DIRECTORS REMUNERATION	5,025,000	1,800,000
ELECTRICAL EXPENSES	720,581	-
ELECTRICITY CHARGES	1,336,810	732,060
ADVERTISEMENT EXPENSES	4,386,379	358,000
INSURANCE	4,091,764	437,703
COMMISSION PAID	1,217,949	846
MAHATRA POLLUTION CONTROL BOARD	100,306	20,045
MISC. EXPENSES	20,000	19,653
MOTOR CAR EXPENCES	-	231,833
OFFICE MAINTANANCE EXPENSES	-	34,891
MACHINARY MAINTANANCE EXPENSES	3,750	-
PROCESSING FEES	2,562,339	109,250
PROFESSIONAL FEES	32,156,389	505,607
PROVIDENT FUND	437,641	118,120
RENT PAID	153,000	24,000
REPAIRS & AUTO SERVICING CHARGES	8,232	87,760
SALARY	5,040,676	4,020,989
SECURITY CHARGES	193,906	126,119
STAFF WELFARE	167,099	223,393
SUNDRY EXPENSES	-	21,592
PROPERTY TAX	105,000	62,094
TELEPHONE EXPENSES	139,922	28,764
TRANSPORTATION CHARGES	59,621	315,990
VEHICLE EXPENSES	22,380	38,658
PETROL EXPENSES	646,550	-
GRATUITY	307,871	-
LEGAL CHGS	32,000	-
STAMPING CHARGES	165,657	-
TRAVELLING EXPENSES	226,410	-
PRINTING & STATIONARY	1,359,505	-
WASHING CHARGES	-	7,000
	<b>60,927,592</b>	<b>9,542,112</b>
<b>SCHEDULE 'M': FINANCIAL CHARGES</b>		
BANK INTEREST / CHARGES	45,816,844	16,359,191
	<b>45,816,844</b>	<b>16,359,191</b>

**SCHEDULE 'N': DEPRECIATION**

NAME OF ASSET	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		BAL. AS ON 31.3.2010	BAL. ADDITION	BAL. AS ON 31.03.2011	BAL. AS ON 31.3.2010	DEPN. CR. YR	BAL. AS ON 31.03.2011	BLOCK AS ON 31.3.2010	BLOCK AS ON 31.03.2011
AIR CONDITION	15%	28,711	972,889	1,001,600	20,495	146,223	166,718	8,216	834,882
BUS	30%	-	2,430,781	2,430,781	-	550,016	550,016	-	1,880,765
COMPUTER	60%	353,592	-	353,592	220,480	79,867	300,347	133,112	53,245
ELECTRICITY INSTALLATION	15%	19,039,968	180,000	19,219,968	1,427,998	2,668,796	4,096,794	17,611,970	15,123,174
FACTORY PREMISES NEW	15%	138,389,150	57,950	138,447,100	10,379,186	19,210,187	29,589,373	128,009,964	108,857,727
KALA GENSET	15%	-	616,528	616,528	-	92,479	92,479	-	524,049
OFFICE EQUIPMENT	15%	53,100	158,470	211,570	39,328	23,701	63,029	13,772	148,541
ROOTS MULTICLEAN	15%	-	377,258	377,258	-	56,589	56,589	-	320,669
FURI. & FIXTURE	10%	4,037,405	1,200,870	5,238,275	279,712	495,856	775,568	3,757,693	4,462,707
SPARKLE	15%	-	50,000	50,000	-	7,500	7,500	-	42,500
LAND	0%	10,750,926	-	10,750,926	-	-	-	10,750,926	10,750,926
SHOP PREMISES	0%	82,100	-	82,100	-	-	-	82,100	82,100
MACHINERY	15%	113,579,073	15,710,546	129,289,619	21,639,393	14,983,911	36,623,304	91,939,680	92,666,315
TOTAL		286,314,025	21,755,292	308,069,317	34,006,592	38,315,125	72,321,712	252,307,433	235,747,600

FINANCIAL YEAR : 2010-11

ASSESSMENT YEAR : 2011-12

# Notes on Accounts

## Significant Accounting Policies and Notes to Accounts

### I. a) Basis of Preparation of financial statements.

- i. The Financial Statement are Prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles prevalent in India.
- ii. Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii. All income and expenditure having material bearing on the financial statements are recognized on an accrual basis.

### b) Use of Estimate

The presentation of financial statement requires estimates and assumptions to be made that affect the reported amounts of asset and liabilities on the date of financial statement and the reported amounts of revenue and expenses during the reporting period. The estimate are made to the best of the management's ability considering all necessary information. Differences, if any, between actual result and estimate are recognized in the period in which the results are ascertained.

### II. Statement of significant Accounting policies.

#### a Fixed Assets and Depreciation:

Fixed Assets are stated at cost net of CENVAT / values Added Tax less accumulated Depreciation and impairment loss if any. The Company capitalized all costs relating to the acquisition and installation of fixed assets. Depreciation on the fixed assets added / disposed off / discarded during the year has been provided on WDV Basis at the rates specified under Companies Act, 1956 with reference to the month of addition / disposal / discarding.

#### b Inventories :

Inventory of goods is valued at Cost or Market Value whichever is less. Cost is ascertained on first in first out (FIFO) basis and includes all applicable charges and duties.

Raw Material, packing material, and store & consumption are valued at cost. Works in process are valued at raw material cost conversion cost. Finished goods are valued at cost or net realizable value whichever is lower.

#### c Investment:

Long term investments are stated at cost and provision for diminution in value in the value thereof is made to recognize a decline of a permanent nature. Current investment is carried at the lower of cost and fair value as at the balance sheet date.

#### d Recognition Of Income and Expenditure:

Sale are recognized when goods are supplied and are recorded net of Rebates, Sales Tax, Expenses are accounted for on accrual basis and provision is made for all known losses and expenses.

#### e Contribution to provident fund:

Contribution to provident Fund is made at predetermined rate and charges to the profit and loss Account.

#### f Employees Retirement Benefits:

Gratuity for Financial year worked out as per AS15 (revised 2005) and the same has been recognized during the period.

**g Foreign Currency Transactions:**

No foreign Currency Transaction taken place during the year.

**h Taxation:**

Income tax expenses comprises of current & deferred Income Tax .

**Current taxes**

Provision for current income tax is recognized in accordance with the provision of Indian Income tax Act 1961, and annually based on the tax liability after credit for allowances and exemption.

**Deferred Taxes**

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred Tax is recognized at the Balance Sheet date, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**i Borrowing cost:**

Borrowing costs attribution to acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset, till the period in which the asset is ready for use. Other borrowing costs are recognized as an expense in the period in which these are incurred.

**j Provision, Contingent liabilities and Contingent Assets:**

Provision are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimated required to settle the obligation at the balance sheet date. Provision are reviewed at each balance sheet date and adjusted to reflect current best estimate. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not, require an outflow of resource. When there is a possible obligation or a present obligation in respect of which the like hood of outflow of resources is remote, no provision or disclosure is made.

**k Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of asset. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount. The carrying amount is reduced to its recoverable amount. This reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**III Notes on Accounts**

1. During the year, company has issued 90,88,000 Equity shares of Rs. 10/- each at a premium of Rs. 67/- through IPO.
2. In the opinion of the Board, carrying value of all current assets, loans & advances and other receivable are not less than realizable value in the ordinary course of business.

### 3 Related Party Disclosures

a. There is no any related parties transaction within the meaning of AS18 during the period.

b. Remuneration paid to Key Management Personnel :

(Rs in lakhs)

Particulars	31.03.2011	31.03.2010
M. Murugan Thevar	36.00	9.00
M. Valliammal Thevar	2.25	9.00
Gopi Nair	12.00	
Total	50.25	18.00

### 4 Contingent Liabilities

(Rs in lakhs)

Particulars	31.03.2011	31.03.2010
Guarantees given by banks	-	-
Bill discounted	-	-

### 5 Auditors Remuneration

(Rs in lakhs)

Particulars	31.03.2011	31.03.2010
Statutory audit	1.50	1.00
Tax audit	0.75	0.50

### 6 Additional information pursuant to the provisions of Paragraphs 3, 4C, and 4D of Schedule VI of the Companies Act 1956 :

#### a Details of Production

Particular	31.03.2011		31.03.2010	
	Unit	Quantity	Unit	Quantity
Shirts	Nos.	27,99,122	Nos.	16,95,000
Pants	Nos.	3,90,570	Nos.	1,93,500
Others	Nos.	3,09,389	-	-

#### b Purchase of major raw materials

(Rs in lakhs)

Particulars	Unit	31.03.2011		31.03.2010	
		Quantity	Value	Quantity	Value
A.R. Fabric	Meters	32,52,591	3037.28	17,59,602	1626.41
Elim Traders	Meters	34,24,328	3418.60	13,41,214	1233.55
S.S. Traders	Meters	-	-	1,79,662	259.90
Vinod Biyani HUF	Meters	-	-	1,15,785	187.45
Pedo Clothing	Meters	1,02,832	77.30	1,73,451	251.54
R J Traders	Meters	15,09,762	1396.82	-	-
Ashok Weaving	Meters	11,703	9.71	-	-
Texvin Fashion	Meters	13,11,742	1075.77	54,478	87.89

**c Finished Good Stocks**

(Rs in lakhs)

Particular	Unit	31.03.2011		31.03.2010	
		Quantity	Value	Quantity	Value
Men's Shirts	Nos.	63,258	232.06	22,128	61.07
Trouser	Nos.	32,962	160.85	5,548	20.97
Ladies Top & others	Nos.	31,247	101.87	10,512	26.91

**7 Earnings Per Share (EPS)**

(Rs in lakhs)

Particulars	31.03.2011	31.03.2010
Profit after Tax	723.84	428.15
Number of Equity Shares as at year end	185,46,975	94,58,975
Weighted avg no of shares (due to New issue for Pv Yr)	185,46,975	36,63,888
Adjusted EPS (Due to New issue for Pr Year)	3.90	11.68

**8 Segment Information**

Company's activities during the year, of reselling exporting, whole selling of Readymade Garments and fabrics constitutes the single reportable business segment. All assets of the company are located in India.

- 9 Based on the information available with the company, as at the balance sheet date, there are no amounts due to small-scale industrial undertakings.

**10 Employee benefits**

Liability in respect of gratuity is recognized during the period in respect of eligible employees as per Gratuity Act, 1972, Leave encashment benefits are recognized to the extent of leave standing to the credit of each employee as at the year-end.

- 11 Previous year figures have been regrouped, reclassified and recast wherever necessary to confirm to current years classification

**for Suresh Hegde And Co****Chartered Accountant**

Sd/-

F Reg NO: 125795W

**CA Suresh Hegde**

Membership Number 118493

Proprietor

Place: MUMBAI

Dated: 12.08.2011

**for SUDAR GARMENTS LIMITED**

Sd/-

**CHAIRMAN &  
MANAGING DIRECTOR**

Sd/-

**DIRECTOR****Sapna Karmokar  
Company Secretary & Compliance officer**

# Schedule O: Notes On Accounts

Additional information as required under part IV of Schedule VI to the Companies Act 1956.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	1 3 4 7 0 7	State Code	11
Balance Sheet Date	3 1	0 3	1 1
	Date	Month	Year

### II. Capital raised during the year (Amount in ₹. thousands)

Public Issue	699776	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil

### III. Position of mobilisation and deployment of funds (Amount in ₹ thousands)

Total Liabilities	1623959	Total Assets	1623959
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#### Sources of Funds

Paid-up-Capital	185470	Reserves & Surplus	777914
Secured Loans	640022	Unsecured Loans	16765

#### Application of Funds

Deferred Tax Liability	3788	Investments	270990
Net Fixed Assets	252767	Miscellaneous Expenditure	1272
Net Current Assets	1098930		
Accumulated Loss	Nil		

### IV. Performance of the Company (Amount in ₹ thousands)

	Turnover (including other income)	Total Expenditure	
	1234914	1121668	
+/-	Profit / Loss before Tax	+/- Profit / Loss After Tax	
+	113246	+	72384

Please tick appropriate box (+) for profit, (-) for Loss

Basic

Earning per share in Rs.	3.90	Dividend Rate %	Nil
--------------------------	------	-----------------	-----

**V. Generic Names of Three Principal Products/Services of the Company**

**(As per monetary terms)**

Item Code No. (ITC Code)

Product Description:      Shirts  
  Pants  
  Blouse

**for Suresh Hegde And Co**

***Chartered Accountants***

F Reg NO: 125795W

**CA Suresh Hegde**

Membership Number 118493

Proprietor

Place: MUMBAI

Dated: 12.08.2011

**for SUDAR GARMENTS LIMITED**

*Sd/-*

*Sd/-*

**CHAIRMAN & DIRECTOR**

**MANAGING DIRECTOR**

**Sapna Karmokar**

**Company Secretary & Compliance officer**





## Cash Flow Statement For The Year Ended 31st March, 2011

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before Tax as per P &amp; L A/c</b>	113,246,096	63,024,000
<b>Adjusted for:-</b>		
Depreciation	31,634,576	10,591,000
Misc. Expenses W/off	361,642	-
Finance Charges	45,816,844	16,140,300
Less:-(Profit on sale of Investments)	(5,416,907,960)	-
Less:( Interest Income)	5,416,907,960	-
Less:( Dividend Income)	(52,375)	(17,436)
<b>Operating Profit before Working capital changes</b>	191,006,782	89,737,864
<b>Adjusted for :-</b>		
(Increase)/Decrease in Trade Receivables & Advances	(5,416,907,960)	(161,003,055)
(Increase)/Decrease in Inventories	(78,579,746)	(12,064,585)
(Increase)/Decrease in Loans & Advances	-	1,551,150
(Increase)/Decrease in Other Current Assets	-	(770,343)
Increase/(Decrease) in Current liabilities. & Provisions	(75,717,654)	73,951,200
<b>Cash (used in )/ Generated from Operations</b>	-	(7,705,080)
Taxes Paid	(28,123,566)	(3,148,583)
<b>Net Cash (used in )/From Operating Activities</b>	<b>(533,104,943)</b>	<b>(11,745,023)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase) /Decrease in Fixed Assets	(242,429,090)	(111,098,436)
(Increase)/Decrease in Investments	(236,205,790)	(32,419,000)
(Increase)/Decrease in C.WIP	-	-
Dividend Income Recd	52,375	17,436
(Increase) / Decrease in Misc. exps	(933,215)	-
<b>Net Cash (used in )/From Investing Activities</b>	<b>(479,515,721)</b>	<b>(143,500,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Share Capital	90,880,000	49,642,000
Increase in Share Premium	608,896,000	49,642,000

<b>PARTICULARS</b>	<b>AS ON 31.03.2011</b>	<b>AS ON 31.03.2010</b>
Increase/(Decrease) in Term Loan	385,408,312	(15,936,000)
Increase/(Decrease) in Bank Borrowing		135,928,000
Increase/(Decrease) in Other Loan	(19,501,157)	(14,932,000)
Finance charges paid	(45,816,844)	(16,140,300)
Dividend paid (incl distribution tax)	-	-
<b>Net Cash (used in)/From Financing Activities</b>	<b>1,019,866,312</b>	<b>188,203,700</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b>	<b>703,233,808</b>	<b>32,960,481</b>
Opening Balance of Cash & Cash Equivalents	<b>33,125,816</b>	<b>166,486</b>
<b>Closing Balance of Cash &amp; cash Equivalents</b>	<b>736,359,624</b>	<b>33,126,967</b>

As per Our Audit report of even date

for Suresh Hegde And Co

*Chartered Accountants*

F Reg NO: 125795W

**CA Suresh Hegde**

Membership Number 118493

Proprietor

Place: MUMBAI

Dated: 12.08.2011

for SUDAR GARMENTS LIMITED

*Sd/-*

*Sd/-*

**CHAIRMAN & DIRECTOR  
MANAGING DIRECTOR**

**Sapna Karmokar  
Company Secretary & Compliance officer**

## SUDAR GARMENTS LIMITED

Regd. Office: 117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703

### Attendance Slip

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the Tenth ANNUAL GENERAL MEETING of the Company at **The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703 at on Tuesday, September 20, 2011 at 11.00 A.M.**

-----  
Full name of the Shareholder  
(In block Capital)

-----  
Signature

Folio No.: \_\_\_\_\_ / DP ID No\*. \_\_\_\_\_ & Client ID No.\* \_\_\_\_\_ \*Applicable of members holding shares in electronic form.

-----  
Full name of Proxy  
(In block capitals)

-----  
Signature

Note: Shareholders/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting

## SUDAR GARMENTS LIMITED

Regd. Office: 117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703

### Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, in the city / district of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the city/district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the city/district of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my our behalf at the Tenth ANNUAL GENERAL MEETING of the Company at **The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703 on Tuesday, September 20, 2011 at 11.00 A.M. and at any adjourned thereof.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Folio No.: \_\_\_\_\_ / DP ID No\*. \_\_\_\_\_ & Client ID No.\* \_\_\_\_\_ \*Applicable of members holding shares in electronic form.

No. of Shares-----

This form is to be used @ in favour of of the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit @ against

@ Strike out whichever is not desired

Affix Re.1/-  
Revenue Stamp  
only

Note: (i) The Proxy must be returned so as to reach the Registered Office of the Company at 117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703, not less than FORTY – EIGHT HOURS before the time for holding the aforesaid meeting.

(ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.

## SUDAR GARMENTS LIMITED

Regd. Office: 117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703

### Attendance Slip

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I hereby record my presence at the Tenth ANNUAL GENERAL MEETING of the Company at **The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703** at on **Tuesday, September 20, 2011 at 11.00 A.M.**

Full name of the Shareholder  
(In block Capital)

Signature

Folio No.: \_\_\_\_\_ / DP ID No\*. \_\_\_\_\_ & Client ID No.\* \_\_\_\_\_ \*Applicable of members holding shares in electronic form.

Full name of Proxy  
(In block capitals)

Signature

Note: Shareholders/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting

## SUDAR GARMENTS LIMITED

Regd. Office: 117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703

### Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_, in the city / district of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the city/district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the city/district of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my our behalf at the Tenth ANNUAL GENERAL MEETING of the Company at **The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703** on **Tuesday, September 20, 2011 at 11.00 A.M. and at any adjourned thereof.**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Folio No.: \_\_\_\_\_ / DP ID No\*. \_\_\_\_\_ & Client ID No.\* \_\_\_\_\_ \*Applicable of members holding shares in electronic form.

No. of Shares-----

This form is to be used @ in favour of of the resolution. Unless otherwise instructed, the Proxy will act as he thinks fit @ against

@ Strike out whichever is not desired

Affix Re.1/-  
Revenue Stamp  
only

Note: (i) The Proxy must be returned so as to reach the Registered Office of the Company at **117, First Floor, Vardhaman Market, Sector 17, Vashi, Navi Mumbai – 400 703**, not less than FORTY – EIGHT HOURS before the time for holding the aforesaid meeting.

(ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.





**SUDAR**  
Garments Ltd.

Suite No 117, First Floor, Vardhaman Market Sector 17, Vashi - 400 703, Navi Mumbai, India  
Phone: +91 - 22 - 2788 9239, Fax: +91 - 22 - 2788 9239, Email: [info@sudargarments.com](mailto:info@sudargarments.com)



# Notice

Notice is hereby given that the **Tenth Annual General Meeting** of the Members of **SUDAR GARMENTS LIMITED** will be held on **Tuesday, 20th September 2011** at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703 at 11.00 A.M. to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider, adopt and approve the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended as on that date along with Reports of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Deepak Shenoy, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shridhar Shetty, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. Suresh Hegde & Co., Chartered Accountants as Auditors of the Company and to fix their remuneration.

## SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. Venkatraman Gopal Nadar who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and applicable Articles of the Articles of Association of the Company and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing, under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

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

**"RESOLVED THAT** pursuant to section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and Articles of Association of the Company, consent of the Company be and is hereby given to the Board of Directors of the Company to borrow moneys whether rupee loans or foreign currency loans or other external commercial borrowings, from time to time, at their discretion together with the moneys to be borrowed/already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) either from the Company's Bankers and/or any one or more persons or Financial Institutions or from any other sources abroad, such as, Foreign Banks, Foreign Investment/Financial Institutions or Funds or other Bodies, Authorities/Entities abroad whether by way of cash credit, advance, loans or bill discounting, Issue of Fully Convertible Debentures, Partly Convertible Debentures and/or Non-Convertible Debentures with or without detachable or non-detachable warrants or warrants of any other kind, bonds, external commercial borrowings or other debt instruments, or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge on the Company's assets and properties whether movable or immovable or stock-in-trade (including raw materials, stores, spare parts and components or stock in transit) and work-in-progress of the Company on such terms and conditions as may be considered suitable by the Board of Directors upto a limit of **Rs.500 Crores (Rupees Five Hundred Crores only)** in excess of the aggregate of the paid-up-capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable, and to settle any question, difficulty or doubt that may arise in this regard, to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or Whole time Director or Director of the Company to give effect to the aforesaid resolution."

7. 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 provisions of Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to contribute to charitable and other funds not directly related to the business of the Company or the welfare of its employees from time to time in any financial year to the extent of **Rs. 2.00 Crores (Rupees Two Crores Only)** or 5% of the Company's average net profit as determined in accordance with the provisions of section 349 & 350 of the Companies Act, 1956 during the three financial year immediately preceding, whichever is greater."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to contribute to any charitable and other funds not directly related to the business of the Company or the welfare of its employees from time to time subject to maximum of **Rs. 2.00 Crores (Rupees Two Crores Only)** per annum and to do all such acts, deeds and things as they may consider appropriate to make charitable contribution for and on behalf of the Company."

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

**\*RESOLVED THAT** in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 as also provisions of any their applicable laws, rules and regulations (including any amendments thereto or reenactments thereof for the time being in force) and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), where the Shares of the Company are listed and subject to such other approvals, consents, permissions and sanctions of the Government of India (GOI), Reserve Bank of India (R.B.I.), Securities and Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board of Directors to issue, offer and allot in international offerings any securities including, Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) convertible into Equity Shares, Foreign Currency Convertible Bonds (FCCBs), Warrants, convertible into depository receipts with underlying Equity Shares/ Equity Shares (hereinafter referred to as "Securities") for an aggregate sum in Indian Rupees (INR) as may be deemed expedient by the Board or any other currency (ies) with such premium as may be appropriate, directly to Foreign/Non-resident investors (whether institutions, Bodies corporate, Mutual Funds, Trusts, Foreign Institutional Investors, Banks and/or individuals, or otherwise and whether or not such investors are members, promoters, directors or their relatives/ associates, of the Company) without first offering to the existing share holders, through Public Issue(s), Private Placement(s), or a combination thereof at such time or times in such tranche or tranches, at such price or prices, at such premium as may be appropriate to market price or prices in such manner and on such terms and conditions as may be decided by the Board, wherever necessary in consultation with the Lead Managers, Underwriters, Advisors or through the subsidiaries, including by way of Follow-on Public Offer (FPO) in Europe, USA or other countries, so as to enable the Company to get listed at any Stock Exchanges in India and/or Luxembourg/ London/ NASDAQ / New York Stock Exchanges/ Singapore Stock Exchange and/or any other Overseas Stock Exchanges.\*

**\*RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds and things as it may, in its absolute discretion deem necessary or desirable and settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of securities.\*

**\*RESOLVED FURTHER THAT** the Board is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the NSE/BSE/SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board.\*

**\*RESOLVED FURTHER THAT** without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination of terms in accordance with the international practices.\*

**\*RESOLVED FURTHER THAT** the Board is also entitled to enter into and execute all such arrangements/ agreements with the Lead Managers/ Underwriters/ Guarantors/ Depository (ies)/ Custodians/ Advisors/ Registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like.\*

**\*RESOLVED FURTHER THAT** the Company and/or any agency or body authorised by the Company may issue FCCB/GDR/ADR/Rights Issue and/or other form of securities mentioned hereinabove representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets.\*

**\*RESOLVED FURTHER THAT** the Board be and is hereby authorised to finalise the mode and the terms of issue and allot such number of Equity Shares/ Securities as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above as may be necessary in accordance with the terms of offering and all such shares will rank pari passu with the existing Equity Shares of the Company in all respects.\*

**\*RESOLVED FURTHER THAT** the Board do open one or more bank accounts in the name of Company, including escrow accounts, special purpose accounts etc, in Indian currency or Foreign currency(ies) with such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/offer, subject to requisite approvals from the RBI and other overseas regulatory authorities, if any.\*

**\*RESOLVED FURTHER THAT** such of these securities as are not subscribed, may be disposed of by the Board in its absolute discretion in such manner as the Board may deem fit.\*

**\*RESOLVED FURTHER THAT** for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of proceeds, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to





the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as they deem fit."

**"RESOLVED FURTHER THAT** Mr. Murugan Muthiah Thevar, Chairman & Managing Director and/or Mr. Deepak Shenoy, Director of the Company, be and is hereby authorised to execute, sign, amend and deliver such documents as may be deemed necessary and approve any circulars, prospectuses/admission documents, supplementary prospectuses, advertisements, press announcements and verification notes, all in an approved form, written resolutions, letters required to be delivered to the relevant Stock Exchanges or other documents to be issued by or on behalf of, or requiring approval of, the Principal in connection with or incidental to the Offering, the Publication or the Admission and all deeds, documents and other instruments whatsoever which are necessary, desirable or expedient in connection with the Offering, the Publication or the Admission and to do all other acts and things whatsoever which may be necessary, desirable or expedient to be done by the Principal in connection with the Offering, the Publication or the Admission."

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

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and any other laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) as may be applicable and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions of such statutory and/or regulatory authorities, including of the Stock Exchanges in terms of the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, as may be applicable, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board" which term shall include any Committee which the Board of Directors may have constituted or may hereafter constitute for the time being for exercising the powers conferred on the Board of Directors by this Resolution) and pursuant to the provisions of the SEBI Guidelines for Qualified Institutions Placement ("QIP") under Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the time being in force, whether or not such Qualified Institutional Buyers ("QIB") are members of the Company, the consent of the members be and is hereby accorded to the Board to create, offer, issue and allot in one or more placements/tranches to QIBs as defined under Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 [hereinafter referred to as the said Regulations] for the time being in force, equity shares and/or fully convertible debentures and/or partly convertible debentures and/or non-convertible debentures with warrants, and/or any securities (other than warrants), which are convertible into or exchangeable with equity shares at a later date (the "Securities") at such time or times as the Board may hereafter decide and at a price to be determined by the Board in accordance with said Regulations for the time being in force, provided that the issue of Securities as aforesaid shall not result in increase of the issued subscribed and paid-up capital of the Company by more than 25% (twenty five per cent) of the then post-issue issued, subscribed and paid-up equity share capital of the Company;

**RESOLVED FURTHER THAT** in accordance with Clause 86 (1) (a) of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for the time being in force, a minimum of 10% of the Securities issued pursuant to said guidelines shall be allotted to mutual funds and if no mutual fund is agreeable to take up the minimum portion or any part thereof, then such minimum portion or part thereof may be allotted to other QIBs;

**RESOLVED FURTHER THAT** the "relevant date" for pricing of the Securities, under the QIP as per the Clause 81(C) of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, for determination of minimum price for the issue of the Securities and/or shares arising out of conversion of Securities will be the date of the meeting in which the Board decides to open the proposed issue of Securities, or, in case of Securities which are convertible or exchangeable with equity shares at a later date, the date on which the holder of Securities becomes entitled to apply for equity shares, as the Board may, at the time of the decision to open the proposed issue decides, provided that any such conversion/exchange shall occur not later than 60 (sixty) months from date of allotment of the Securities;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to appoint and enter into and execute all such arrangements/agreements, as the case may be, with any merchant bankers/advisors/registrars and all such agencies/intermediaries as may be required including payment to such agencies/intermediaries of commission, brokerage, fees, remuneration for their services and expenses incurred in relation to the issue of Securities and also to seek listing of such Securities on the Stock Exchanges where the Company's shares are listed;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalise the mode and the terms of issue of Securities under the QIP and all equity shares allotted under or arising from such QIP will rank pari passu in all respects with the existing equity shares of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose with power to the Board to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of proceeds including but without

limitation to the creation, in such form and manner as may be required, of such mortgage/charge under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on pari passu basis or otherwise, as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other officers/authorized representatives of the Company to give effect to this resolution."

**For and On behalf of the Board of Directors**

**Sd/-**

**Place: Navi Mumbai  
Date : 12/08/2011**

**MURUGAN MUTHIAH THEVAR  
CHAIRMAN & MANAGING DIRECTOR**

**NOTES:**

- i. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
The proxy form should be lodged with the Company at its Registered Office at least 48 hours before the commencement of the Meeting.
- ii. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, 13th September 2011 to Tuesday, 20th September 2011** (both days inclusive.)
- iii. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
- iv. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday & public holidays between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
- v. For convenience of members, an attendance slip is annexed to the proxy form. Members are requested to affix their signature at the space provided and hand over the attendance slips at the place of meeting. The proxy of a member should mark on the attendance slip as 'proxy'.
- vi. IF THE MEMBERS HAVE ANY QUERIES ON THE AUDITED ACCOUNTS, DIRECTORS' REPORT & AUDITOR'S REPORT, THE SAME SHOULD BE FORWARDED TO THE COMPANY IN WRITING AT ITS REGISTERED OFFICE AT LEAST 10 DAYS BEFORE THE MEETING SO THAT THE SAME CAN BE REPLIED AT THE TIME OF ANNUAL GENERAL MEETING TO THE MEMBERS' SATISFACTION.
- vii. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- viii. Members are requested to bring their copies of the reports to Annual General Meeting.
- ix. Members holding shares in physical form in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.
- x. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto for the Special Businesses proposed by the Company.
- xi. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

**Link Intime India Private Limited**  
Registrar & Share Transfer Agent  
**Unit: Sudar Garments Limited**  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400078  
Tel: 022- 25983838 ; Fax: 022-25946969

**Important Communication to Members:**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notices/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****Item No: 5**

Mr. Venkatraman Nadar was appointed as an Additional Director of the Company on 16th July 2010. As per the provisions of Section 260 of the Act, he holds office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the Act along with deposit of Rs.500/- from a Member of the Company signifying his intention to propose Mr. Venkatraman Nadar as a Director of the Company.

Mr. Venkatraman Nadar, aged 45 years is an Independent Director of our Company. Mr. Venkatraman Nadar holds a degree of Bachelor of Commerce.

Except Mr. Venkatraman Gopal Nadar, no other Director of the Company may be deemed to be interested in passing of said resolution.

The Board of Directors of the Company accordingly recommends the resolution for approval of members.

**Item No.6:**

As the members are aware that in view of the growing operations the company may require additional funds for meeting its working capital, it is proposed to authorize the Board to meet such future fund raising requirements, by way of various means as enumerated in aforesaid resolution.

But, Section 293(1)(d) of the Companies Act, 1956, requires the consent of the Members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves. It is therefore recommended to enhance the borrowing powers of the Board of Directors upto Rs.500.00 Crores (Rupees Five Hundred Crores Only).

The Directors accordingly, recommend the passing of this Ordinary Resolution.

None of the Directors of the company is concerned or interested in the above resolution.

**Item No.7:**

As the members are aware that the corporates are often called upon to fulfill certain social responsibilities for the social welfare and philanthropic work of charitable organizations, and keeping in view its social commitment, it is proposed to make certain contributions/donations and other payments to the institutions, organisations, trusts, companies or other persons, not directly relating to the business of the Company or the welfare of the employees, from time to time, in any financial year to the extent of Rs. 2.00 Crores (Rupees Two Crores Only) or 5% of the Company's average net profit as determined in accordance with the provisions of section 349 & 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

Your directors recommend passing the resolution as set out in the notice, empowering the Board of Directors to make necessary charitable contribution.

None of the directors are interested or concerned in passing of the said resolution for the charitable contribution, if any, made to charitable trust, etc.

The Board of Directors of the Company accordingly recommends the resolution for approval of members.

**Item No.8:**

The Board of Directors of the Company proposes to authorize the company to raise funds for any future expansion plans and to consolidate the position in the existing markets by executing fast track orders and make inroads into new markets. Thus, your Board proposes to offer securities of the Company in the International Markets in form of Foreign Currency Convertible Bonds (FCCB), Global Depository Receipts (GDRS) and/or American Depository Receipts (ADRS) and Rights Issue for an aggregate sum as may be deemed expedient by the Board in coming time. The securities offered in the said issue are proposed to be listed at such stock exchanges in India and abroad as may be beneficial to the Company.

None of the Directors of the company is concerned or interested in the resolution.

The Board of Directors of the Company accordingly recommends the resolution for approval of members.

**Item No.9:**

The Company in order to enhance its global competitiveness and increase its ability to compete with peer groups in domestic and international markets need to strengthen its financial position by augmenting long term resources. To achieve significant competitive advantages through easy access to large amounts of domestic and international capital with extended maturities at optimal costs, the Company may need to issue securities in domestic and international markets as contemplated in the special resolution and as may be decided by the Board and found to be expedient and in the interest of the Company. The Company may raise funds by one or more sources, including, Qualified Institutional Placements.

None of the Directors of the company is concerned or interested in the resolution.

The Board of Directors of the Company accordingly recommends the resolution for approval of members.

**For and On behalf of the Board of Directors**

*Sd/-*

**MURUGAN MUTHIAH THEVAR  
CHAIRMAN & MANAGING DIRECTOR**

**Place: Navi Mumbai  
Date : 12/08/2011**



As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / reappointed are given below:

Name of Directors	Age [in yrs.]	Qualification	Experience	No. of shares held
Mr. Deepak Shenoy	26	Bachelor of Commerce	3 Years experience in operations like investments, syndication of debt instruments etc.	NIL
Mr. Shridhar Shetty	65	Master of Arts LLB(Gen) ,CAIIB, DFM	20 years of experience in Banking and Finance.	NIL
Mr. Venkatraman Nadar	45	Bachelor of commerce	15 Years experience in operations like API development process, scale up, manufacturing, cost reduction, effluent minimization, etc.	NIL

