



SUDAR

Industries Ltd.

**11th Annual Report
2011-12**

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ABOUT SUDAR

Sudar Industries is as an integrated apparel manufacturer with the established capability to design and manufacture readymade garments across the value chain comprising cutting, body stitching, washing, ironing and finishing.

When we floated our IPO in 2011, we had assured our shareholders that we would justify their trust reposed in our intent to grow our garments business.

We reported a 68.67 per cent growth in revenues and 90 per cent growth in profit after tax in 2011-2012 from our garment operations. This validates their trust in our ability to grow our business using their capital.

However, following the close of 2011-12, we embarked on a decisive initiative that we had not promised our shareholders at the time of the IPO:

- We have acquired the Land & Building and Plant & Machineries of Benzo Petro International Ltd., [BPIL] a Company engaged in the manufacture of petrochemical products promoted by technocrat promoters from GAMI FAMILY comprising of Shri D.C. Gami and Shri Ramesh C. Gami through preferential issue to BPIL.

With the objective to accelerate growth on the one hand and de-risk our business from an excessive dependence on a single labour Intensive business on the other.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Murugan Thevar	- Chairman & Managing Director
Mr. Venketraman Nadar	- Deputy Managing Director
Mr. Venkatraman G.S.	- Executive Director
Mr. Gopi Nair	- Whole-time Director
Mr. Rajkumar Dohare	- Independent Director
Mr. Sridhar Shetty	- Independent Director
Mr. Sagar Warekar	- Independent Director
Mr. Ravikant Mhatre	- Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

MUSTAFA BADAMI

REGISTERED OFFICE

Plot No. 27 & 29, Village: Paud, Mazgaon Road,
Khalapur Taluka, Raigad District,
Maharashtra – 410 222

JOINT AUDITORS

M/s. Suresh Hegde & Co.
M/s. J. S. Uberoi & Company

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C -13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai-400 078
Tel.:022-25963838 / Fax: 022-25946969

VISION AND MISSION STATEMENT

Vision

To set a precedent in the global garment manufacturing industry through continuous Innovation, exceptional products, and focused services and enhanced customer satisfaction.

Having flair to the best quality of apparels we look forward for smooth business relations globally.

Mission

- Deliver on-time, every time, anywhere in the world
- Keep a sharp eye on product quality and put in all efforts to raise the bar constantly
- Comply flawlessly with all statutory regulations required by our customers in any country
- Augment and maintain a logistics infrastructure that adheres to the highest levels of efficiency and seamlessly blends with our customers' own supply chain
- Ensure escalating productivity standards at the lowest operating cost, thus offering our customers a product of the highest quality at the most competitive price

NOTICE

Notice is hereby given that the **Eleventh** Annual General Meeting of the Members of **SUDAR INDUSTRIES LIMITED** (Formerly known as *SUDAR GARMENTS LIMITED*) will be held on **Thursday, 27th September, 2012** at Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra: 410 222, 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, 2012 and the Statement of Profit and Loss 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. Venketraman Nadar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gopi Nair, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT M/s. Suresh Hegde & Co., Chartered Accountants and M/s. Mukesh Mehta & Associates, Chartered Accountants, be and are hereby appointed as the Joint Statutory Auditors of the Company to fill the vacancy caused by the retirement of one of the Joint Statutory Auditors, namely M/s. J.S. Uberoi & Company, Chartered Accountants and to hold office until the conclusion of the next Annual General Meeting and such Joint Statutory Auditors be remunerated by way of such fee as the Board of Directors may determine."

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

"RESOLVED THAT Mr. Rajkumar Dohare 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 liable to retire by rotation."

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

"RESOLVED THAT Mr. Sagar Warekar 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 liable to retire by rotation."

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

"RESOLVED THAT Mr. Ravikant Mhatre 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 liable to retire by rotation."

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

"RESOLVED THAT Mr. Venkatraman G.S. 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 liable to retire by rotation."

9. 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 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the appointment of Mr. Venkatraman G.S. as the Whole-time Director designated as the 'Executive Director' of the Company for a period of three years commencing from September 1, 2012 and ending on August 31, 2015 on the remuneration packages detailed in the Explanatory Statement attached to the Notice and as also set out in the draft agreement submitted to the meeting duly initiated, for the purpose of identification, which is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Venkatraman G.S."

"RESOLVED FURTHER THAT Mr. Murugan Thevar, Chairman & Managing Director of the Company be and is hereby authorised to obtain necessary approvals/to file with the Registrar of Companies, Mumbai, Maharashtra all the necessary Form/documents to carry out the effect of the above resolution and further to initiate and undertake all such steps as may be deemed expedient by him to give effect to this resolution for and on behalf of the Board of Directors of the Company."

10. 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 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the change in designation of Mr. Venkatraman Nadar as the Whole time Director designated as the 'Deputy Managing Director' of the Company for a period of three years commencing from September 1, 2012 and ending on August 31, 2015 on the remuneration packages detailed in the Explanatory Statement attached to the Notice and as also set out in the draft agreement submitted to the meeting duly initiated, for the purpose of identification, which is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Venkatraman Nadar."

"RESOLVED FURTHER THAT Mr. Murugan Thevar, Chairman & Managing Director of the Company be and is hereby authorised to obtain necessary approvals/to file with the Registrar of Companies, Mumbai, Maharashtra all the necessary Form/documents to carry out the effect of the above resolution and further to initiate and undertake all such steps as may be deemed expedient by him to give effect to this resolution for and on behalf of the Board of Directors of the Company."

11. 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 198, 269, 309, 310 and 311 of the Companies Act, 1956 and further subject to the provisions of Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956

(including any statutory modification or re-enactment thereof) and further subject to such other approvals as may be necessary, the Company hereby approves the revision of the remuneration package of Mr. Murugan Thevar for the remaining period of his tenure as Managing Director of the Company as detailed in the Explanatory Statement attached to the Notice w.e.f. September 1, 2012 as also set out in the draft agreement submitted to the meeting duly initialed, for the purpose of identification, which is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Murugan Thevar."

"RESOLVED FURTHER THAT Mr. Venketraman G. Nadar, Dy. Managing Director of the Company be and is hereby authorised to obtain necessary approvals/to file with the Registrar of Companies, Mumbai, Maharashtra all the necessary Form/documents to carry out the effect of the above resolution and further to initiate and undertake all such steps as may be deemed expedient by him to give effect to this resolution for and on behalf of the Board of Directors of the Company."

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

"RESOLVED THAT in supercession of all the resolutions passed hereinbefore and 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.1500 Crores (Rupees One Thousand 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 authorized 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 finalize 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 Directors of the Company to give effect to the aforesaid resolution."

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

Place:Navi Mumbai
Date: 01/09/2012

**MURUGAN MUTHIAH THEVAR
CHAIRMAN &MANAGING DIRECTOR**

NOTES:

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd September, 2012 to Thursday, 27th September, 2012 (both days inclusive.)
3. Members are requested to promptly notify any changes in their addresses to the Company at its Registered Office.
4. 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.
5. 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'.
6. 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.
7. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company in advance, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
8. Members are requested to bring their copies of the reports to Annual General Meeting.
9. 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.
10. 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.
11. 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 Industries Limited
[Formerly Sudar Garments Ltd.]
C-13, Pannanlal Silk Mills Compound,
L.B.S. Marg, Bhandup(W), Mumbai-400078
Tel: 022- 25963838; 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 notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, 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.4:**

The retiring auditors, namely, M/s. J.S. Uberoi & Company, Chartered Accountants retire at the ensuing Annual General Meeting and do not seek appointment as one of the Joint Statutory Auditors of the Company for the financial year 2012-2013. The Board of Directors thereafter proposed the appointment of M/s. Mukesh Mehta & Associates, Chartered Accountants, as one of the Joint Statutory Auditors of the Company to hold Office as such along with M/s. Suresh Hegde & Co., Chartered Accountants. A written certificate has been obtained from M/s. Mukesh Mehta & Associates, Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224(1B) of the Act.

Your Directors recommend the Resolution for your approval.

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

Item No.5:

Mr. Rajkumar Dohare was appointed as an Additional Director of the Company on 18th January 2012. 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. Rajkumar Dohare as a Director of the Company.

Mr. Rajkumar Dohare, aged 40 years is an Independent Director of our Company. He holds Masters Degree of Commerce and is also a Member of the Institute of Chartered Accountants of India. He has rich experience of handling internal audits of public limited companies along with vast exposure in the field of taxation and consultancy, Government Internal, Statutory & Concurrent audits, DISA audit, project consultancy and company law matters.

Taking into consideration his vast experience in legal and financial matters, it is proposed to ratify the appointment of Mr. Rajkumar Dohare as the Director of the Company.

Except Mr. Rajkumar Dohare, no other Director of the Company may be deemed to be interested or concerned in passing of the said resolution.

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

Item No.6:

Mr. Sagar Warekar was appointed as an Additional Director of the Company on 24th August, 2012. 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. Sagar Warekar as a Director of the Company.

Mr. Sagar Warekar, age 38 years is an Independent Director of our Company. He holds a degree of Bachelor of Commerce and has vast experience in the field of accounts, finance and taxation.

Except Mr. Sagar Warekar, no other Director of the Company may be deemed to be interested or concerned in passing of said resolution.

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

Item No.7:

Mr. Ravikant Mhatre was appointed as an Additional Director of the Company on 24th August, 2012. 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. Ravikant Mhatre as a Director of the Company.

Mr. Ravikant Mhatre, age 41 years is an Independent Director of our Company. He holds a degree of Bachelor of Commerce and has experience in the field of accounts and marketing.

Except Mr. Ravikant Mhatre, 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.8:

Mr. Venkatraman G.S. aged 53 years, was appointed as an Additional Director of the Company on 24th August, 2012. 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 G.S.** as a Director of the Company.

Mr. Venkatraman G.S. holds a degree of Bachelor of Commerce from Mumbai University. He is also equipped various other degrees/diplomas viz. Masters of Commerce from Mumbai University, Diploma in Production Engineering from Maharashtra Board of Technical Education, Diploma in Computer Programming from Thiagaraja College of Engineering Technology – Madurai and Mechanical Draftsmanship.

Mr. Venkatraman G.S. has experience of more than 25 years in the corporate sector in various positions such as Sr. Purchase Manager, Director-Administration, Managing Director in Pvt. Ltd. Company. He is also the Member of Advisory Council – Western Region of All India Rail Safety Council based in New Delhi.

Based on his vast experience and various qualifications, his proposed appointment shall be an added advantage to the progress of the Company.

Except Mr. Venkatraman G.S., 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.9:

Taking into consideration his vast experience and knowledge, the Board of Directors of the Company proposes to appoint Mr. Venkatraman G.S. as the Whole-time Director of the Company w.e.f. September 1, 2012 for a period of three yearson the remuneration package as detailed below and as approved by the Remuneration Committee constituted by the Board of Directors.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum Rs.75000/- (RupeesSeventy Five Thousand only) per month or Rs.9,00,000/- (Rupees Nine Lacs only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	<p>Category A</p> <p>Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi-claim Policy.</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Whole-time Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <p>Category B</p> <p>The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.</p> <p>The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service.</p> <p>Leave with full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service.</p> <p>However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules.The perquisites</p>

	under this category shall not be included in the computation of ceiling on remuneration.
	Category C The Whole-time director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Whole-time Director.
Sitting Fees	The Whole-time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole-time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole-time Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However Whole-time Director shall not be paid any sitting fees for attending the Board or Committee meetings.
Liable to retire by rotation	The office of the Whole-time Director shall be determination to retirement of Directors by rotation.

Except Mr. Venkatraman G.S., (being himself), no other Director of the Company may be deemed to be interested or concerned in passing of the said resolution

Your Directors recommend the said Resolution for your approval.

Item No. 10:

The Board of Directors proposes to designate Mr.Venketraman Nadar as the Whole-time Director, being Dy. Managing Director of the Company w.e.f. September 1, 2012 for a period of three years on the remuneration package as detailed below and as approved by the Remuneration Committee constituted by the Board of Directors.

Mr. Venketraman Nadar holds Bachelor's degree in Commerce and has wide experience of more than 15 years in operations like API development process, scale up, manufacturing, cost reduction, effluent minimization, etc. Taking such experience into consideration, the Board proposes the said change in designation of Mr. Venketraman Nadar.

CATEGORY

CATEGORY	PARTICULARS
Basic Salary	Upto maximum Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month or Rs.18,00,000/- (Rupees Eighteen Lacs only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	Category A Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi-claim Policy. Leave Travel Concession: Company shall provide leave travel fare for the Whole-time Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules. .

	<p>Category B</p> <p>The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act.</p> <p>The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave with full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p>
	<p>Category C</p> <p>The Whole-time director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Whole-time Director.</p>
Sitting Fees	The Whole-time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole-time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole-time Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However Whole-time Director shall not be paid any sitting fees for attending the Board or Committee meetings.
Liable to retire by rotation	The office of the Whole-time Director shall be determination to retirement of Directors by rotation.

Except Mr. Venkatraman G.S., (being himself), no other Director of the Company may be deemed to be interested or concerned in passing of the said resolution

Your Directors recommend the said Resolution for your approval.

Item No.11:

Mr. Murugan Muthaiah Thevar, aged 45 years, is the Chairman & Managing Director of our Company and has been with our Company in the capacity of a Director since 2002. He holds a bachelor's degree in commerce from the Recognized University and has more than 19 years industry experience and is a guiding force behind the strategic decisions taken at management levels.

In view of the above, and taking into consideration his vast experience in Garment Industry which shall prove very beneficial to the progress of the Company, your Board proposes to revise his remuneration package from existing Rs.3,00,000/- per month to revised Rs.5,00,000/- per month as detailed below and as approved by the Remuneration Committee.

CATEGORY	PARTICULARS
Basic Salary	Upto maximum Rs.5,00,000/- (Rupees Five Lacs only) per month or Rs.60,00,000/- (Rupees Sixty Lacs only) per annum based on merit and taking into account the Company's Performance.
Perquisites and Allowances	<p>Medical Reimbursement: Medical expenses actually incurred for self and family shall be reimbursed by the Company under the medi claim Policy.</p> <p>Leave Travel Concession: Company shall provide leave travel fare for the Chairman and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.</p> <p>Category B The Company shall contribute towards Provident Funds/ Superannuation Fund/Annuity Fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave with full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration.</p>
	<p>Category C The Chairman & Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Chairman & Managing Director.</p>
Sitting Fees	The Chairman & Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meeting of the Board of Directors and the Committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the Chairman & Managing Director and other Whole Time Directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Chairman & Managing Director shall be entitled to remuneration mentioned under above and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956. However Chairman & Managing Director shall not be paid any sitting fees for attending the Board or Committee meetings.
Liable to retire by rotation	The office of the Chairman & Managing Director shall not be determination to retirement of Directors by rotation.

Except Mr. Murugan Muthiah Thevar (being himself), no other Director of the Company may be deemed to be concerned or interested in passing of said resolution.

Item No.12:

In view of the growing operations and expansion of the business activities of the Company, the Board of Directors proposed to raise the existing borrowing limit that the Company currently enjoys by way of various means as enumerated in aforesaid resolution, from existing Rs.500.00 crores to proposed Rs.1500.00 crores which will be helpful to fund growing business activities and expansion projects including having sufficient working capital for such purposes.

However, 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. As the proposed borrowing limit exceeds the aggregate of the paid-up capital and free reserves, the said resolution is therefore placed before the Members for their approval and consent.

The Directors accordingly, recommend the passing of the said Resolution.

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

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

**Place: Navi Mumbai
Date: 01/09/2012**

**MURUGAN MUTHIAH THEVAR
CHAIRMAN &MANAGING DIRECTOR**

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. Venketraman Nadar	45	Bachelor of Commerce	Over 15 years of experience in operations like APIDevelopment Process, Scale up, manufacturing; cost reduction, effluent minimization etc.	NIL
Mr . Rajkumar Dohare	39	M.Com., MBA, CA	He isqualified Chartered Accountant and having more than 15 years of experience in field Chartered Accountancy and holds certification from DISA(Diploma in Information systems Audit). He has a rich experience of handing Internal audits for the Public Limited Cos and is having rich experience in the field of taxation and consultancy, GovtInternal, statutory & concurrent audit ,DISA audit,project consultancy, company law matters, investigation etc.	NIL
Mr. Sagar Warekar	38	Bachelor of Commerce	Over 17 years of experience inthe field of accounts ,finance, Income Tax, VAT and Service Tax .	NIL
Mr . Ravikant Mhatre	41	Bachelor of Commerce	Experience in the field of accounts and finance	NIL
Mr. VenkatramanG.S.	53	Bachelor of Commerce Masters of Commerce from Mumbai University, Diploma in Production Engineering Diploma in Computer Programming and Mechanical Draftsmanship	Experience of more than 25 years in the corporate sector in various positions such as Sr.Purchase Manager, Director -Administration, Managing Director in Pvt. Ltd. Company. He also the Member of Advisory Council– Western Region of All India Rail Safety Council based inNew Delhi.	NIL

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the **Eleventh 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, 2012 and the summarized financial results for the year ended 31st March, 2012 are as under:

Financial Performance:

This fiscal has been an exiting 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	F.Y. 2011 -12	F.Y. 2010 -11
Sales & Other Income	19,504.25	11,563.35
Profit (Loss) before Interest, Tax, Depreciation and Exceptional Items	3439.05	1932.60
Less: Depreciation	243.39	316.35
Less: Interest Charges	1033.69	483.79
Profit/(Loss) before exceptional and extraordinary items and Taxation	2,161.97	1,132.46
Add/(Less) : Exceptional Items	160.00	-
Profit (Loss) before Taxation	2,001.97	1,132.46
Less: Provision for Taxation		
- Current Year	551.82	408.49
- Deferred Tax (added back for current year)	121.93	0.13
- Previous Year Tax	1.27	25.50
Profit (Loss) after Taxation	1,570.81	698.34
Balance of P&L A/c brought forward	1,193.77	495.43
Less: Appropriations	-	-
Balance Carried to Balance Sheet	2764.58	1,193.77
Earnings Per Share (Rs. per share)	8.47	3.77

Review of Operation:

During the year under review, the Company achieved turnover of Rs. 19504.25 Lacs as against Rs. 11563.35 Lacs in previous year i.e. increase by Rs.7916.03 Lacs, as compared to the corresponding previous year. The Company earned Net Profit after Taxation amounting to Rs.1570.81 Lacs against Rs.698.34 Lacs in previous financial year corresponding to 90% increase over previous year.

Business Outlook:

Going ahead, we plan to strengthen our marketing presence in Tier II & III Indian cities and other key regions. The Company proposes to open 15 retail outlets in the next couple of years at various locations while launching new brands in the cities of South India, Gujarat and Maharashtra within the next couple of years.

We expect to increase our monthly garment output from approx 5 lacs units a month to around 8 lacs units per month through the course of 2012-13 following the increase in worker deployment. Considering that our plant has sufficient unutilized space, there is room for sustainable growth for the next three years without needing to move into a new location.

Acquisition of Business(es):

The Company has acquired the assets of Benzo Petro International Limited (BPIL) located at Baroda, Gujarat. Acquisition of assets of said Company would be contributing substantially to the expansion program of the business of Sudar Industries Limited [SIL]. Some of the broad reasons for the same are:

- SIL will emerge as a fully integrated pharmaceutical company
- SIL will save environmental clearances time of around two years, while opening markets and proponing revenues.
- SIL's said acquisitions of BPIL's assets comprising of land & building and Plant and Machineries, along with selected few of the Pharma-Intermediaries and Agro-Chemical products with necessary government licences for the manufacture of said items including our selected niche products, shall enable us to commence the production immediately which otherwise would have taken around minimum four years.
- The said expansion in the form of diversification has given the company of amalgamating two businesses of different characteristics for incrementing the profitability and ensuring sustainability of SIL in the competitive business environment. SIL will enter a tender-based business where volume will drive the Company's top line and reduce SIL's dependence on garment manufacture.

The core capabilities of the Benzo Petro comprise the following:

- Ready to use, under operation, plant and machinery with further operating life of over 15 years minimum.
- Open land around the present plant ensures further expansion process of the company in the same region without causing re-location/
- All licenses and permits readily available
- Plants & machineries in good operating conditions to process our range of products
- Strong R&D, engineering and manufacturing capabilities
- Track record of multi-step synthesis
- Sound understanding of global regulatory requirements
- Professional dedication to product quality standards
- High health, safety and environmental standards
- Dedication to confidentiality obligations and IPR protection
- Robust business process and project management capability to be taken advantage off to suit our culture and management principles
- Assured achievement of milestones and deliverables
- Partnering with R&D industry, pharma/biotech and specialty/cosmetic chemical companies
- Highly qualified and experienced CRAMS team

Dividend:

In order to plough back the profits and strengthen the reserves for future expansion, your Directors do not recommend any dividend for the year ended 31st March, 2012.

Directors

During the year under review, Mr. Venketraman Nadar and Mr. Gopi Nair retire by rotation and being eligible offers themselves for reappointment at the forthcoming Annual General Meeting.

During the year under review, Mr. Deepak Shenoy resigned from the directorship due to his pre-occupation w.e.f. January 18, 2012. The Board of Directors expressed appreciation for the services rendered by him during his tenure as Director of the Company.

Further, Mr. Amod Gupte was appointed as an Additional Director of the Company w.e.f. October 10, 2011 and due to his other pre-occupation; he resigned from the directorship w.e.f. March 28, 2012.

Further, Mr. **Rajkumar Dohare** was appointed as an Additional Director of the Company w.e.f. 18th January 2012 and Mr. **Venkatraman G.S., Mr. Sagar Warekar and Mr. Ravikant Mhatre were also appointed as Additional Directors w.e.f. 24th August 2012** and are eligible for reappointment at the forthcoming Annual General Meeting; whose period of office is liable to retirement by rotation.

The Board of Directors proposes to designate Mr. Venkatraman G.S. as the Whole-time Director of the Company and Mr. Venketraman Nadar as Dy. Managing Director w.e.f. September 1, 2012 for the period of three years, subject to the approval of the Members of the Company.

Compliance Officer:

Mr. Mustafa Shabbir Badami, an Associate Member of the Institute of Company Secretaries of India was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 02/07/2012.

Internal Auditor:

Mr. Tukaram Rasam, a Member of the Institute of Chartered Accountants of India was appointed as Internal auditor of the Company w.e.f. 01/08/2012.

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 ended March 31, 2012, 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 regarding Conservation of Energy & Technology Absorption and Foreign exchange earnings & outgo:

Information as per the Companies (Disclosure of Particulars on the report of the Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Forex Earnings & Outgo is provided in Annexure forming part of this report.

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, 2012 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:

Due to retirement of M/s. J.S. Uberoi & Company, Chartered Accountants, one of the Joint Statutory Auditors of the Company, do not seek appointment for the f.y. 2012-2013, as the said Auditor. It is proposed to appoint M/s. Mukesh Mehta & Associates, Chartered Accountants, as one of the Joint Statutory Auditors of the Company along with M/s. Suresh Hegde & Company, Chartered Accountants, subject to the approval of the Members of the Company.

EXPLANATION U/S. 217(3) OF THE COMPANIES ACT, 1956 ON THE OBSERVATIONS IN THE AUDITORS' REPORT:**Regarding Point No.6 of the Annexure to the Auditors Report:**

Due to urgent need of funds for meeting production related expenses, the Company utilized its available options to source such funds and some part of which was repaid back to the parties from whom the said funds were sourced.

Regarding Point No.9 of the Annexure to the Auditors Report:

The Company is in the process of depositing dues with respect to certain cases of income tax and sales tax with appropriate authorities.

Board Committees:

In Compliance with both the mandatory and non-mandatory requirements under the Listing Agreement and the applicable laws, the Board has constituted the following committees:

- (i) Audit Committee
- (ii) Shareholders/ Investor Grievance Committee
- (iii) Remuneration Committee
- (iv) Investment Committee

Change of Name and Objects:

During the year under review, the Company changed its name from **SUDAR GARMENTS LIMITED** to **SUDAR INDUSTRIES LIMITED** and also changed its Objects Clauses by way of seeking approval of the Members through Postal Ballot.

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 of Shares:

The shares of the Company are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company has paid the annual listing fees to the NSE and BSE for the year 2012-2013.

Holding / Subsidiary Company:

The Company does not have any Holding or Subsidiary Company during the year under review.

Industrial Relations:

Industrial Relations remained cordial in the Company's Plant without any disruption in manufacturing activities.

Acknowledgements:

Your directors would like to express their appreciation for the assistance and co-operation received from bankers, govt. authorities, customers, vendors during the year. Your directors also wish to thank all employees, associates and business partners who have contributed towards the success of the Company.

For and on behalf of the Board of Directors

**Place: Navi Mumbai
Date:01/09/2012**

**Murugan Muthiah Thevar
Chairman & Managing Director**

**Venketraman Nadar
Dy. Managing Director**

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

	2011-2012	2010-2011
(A) POWER AND FUEL CONSUMPTION		
1. Electricity		
a. Purchased		
Units	1,99,711	2,78,346
Total Amount (Rs. In lacs)	9.59	13.36
Rate/ Unit Rs.	4.80 per unit	4.80 per unit
b. Own Generation		
I) Through Diesel Generator	17,736 litres	-
II) Through Steam Turbine (Rs. In lacs)	7.38	-
B) CONSUMPTION PER UNIT OF PRODUCTION		
Product : Ready Made Garments		
Production	54,82,712 Pieces	34,99,081 Pieces
Electricity *	1,99,711	2,78,346

**Note: Due to own generation of electricity through diesel and steam turbine, the consumption of electricity has proportionately decreased in the year under review even though the production per piece has increased.*

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: 01/09/2012

Murugan Muthiah Thevar
Chairman & Mg. Director

Venketraman Nadar
Dy. Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS:**Introduction**

Sudar Industries is as an integrated apparel manufacturer with the established capability to design and manufacture readymade garments across the value chain, Comprising cutting, body stitching, washing, ironing and finishing.

The company specialises in the manufacture of shirts, trousers and a range of other apparel for men, women and kids. The company manufactures and markets apparel under its own brand called Glory to Glory. The Company also engages in contract manufacture for domestic brands and merchant exporters.

Products

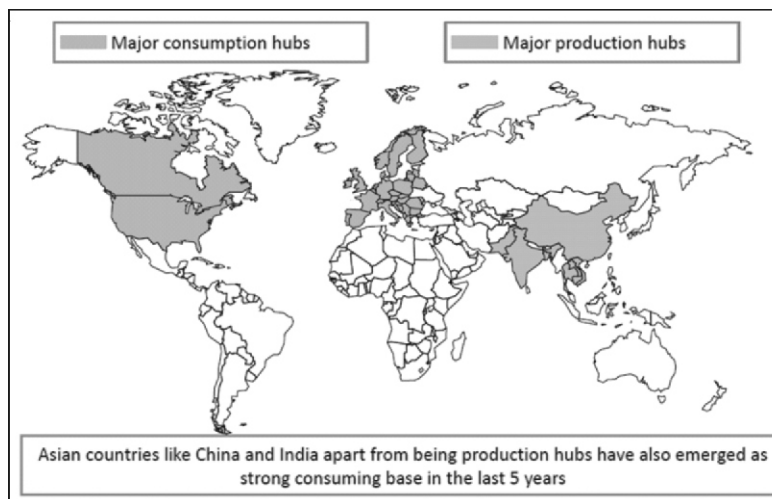
Men's and kids wear: Plain shirts, striped shirts, trousers, casual wear, knit wear, patchwork shirts, embroidery shirts, mix and match shirts, denim and cargos

Women's wear: Ladies shirts, casual wear, knit wear and tank tops

Industry Structure and Developments**Global textile industry**

The global textile market grew 6.3 per cent in 2011 to USD 630.6 billion. In 2016, the global textile market is expected to reach USD 833.9 billion, an increase of 32.2 per cent over 2011. Fabric accounts for the largest segment of the global textile market, accounting for 82 per cent of the market's total value. Asia-Pacific accounts for 60.7 per cent of the global textile mills market value.

Textile production has gradually shifted from developed / western countries to developing / Asian countries rapidly in the last 10 years

**Indian textile industry overview**

The Indian textiles industry plays an important role in the growth of the Indian economy. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country.

Currently, it contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP) and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people and is the second-largest provider of employment after agriculture.

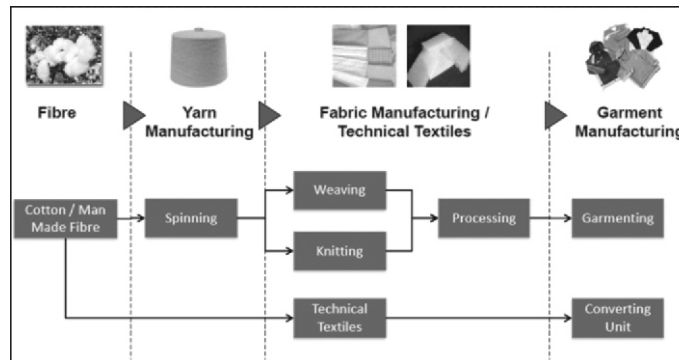
The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end, and the capital-intensive, sophisticated mill sector at the other. The decentralised powerlooms/hosiery and knitting sector form the largest section of the textiles sector. The close linkage of the industry to agriculture and ancient culture, and traditions of the country make the Indian textiles sector unique compared with the textiles industries of other countries. This also provides the industry with the capacity to produce a variety of products suitable to different market segments, both within and outside the country.

The domestic textile industry comprises 1,608 spinning mills and 200 composite mills, with an installed capacity of 43.27 million spindles (33.25 million spindles in operation), 523,000 Open End Rotors (384612 operational) and 52,000 looms (14500 under operation) in the organised sector along with another 1,219 small-scale spinning units with 4.89 million spindles and about 242,023 rotors in the small scale decentralised sector.

The Indian textile industry can be divided into following segments:

- Cotton textiles
- Silk textiles
- Woolen textiles
- Readymade garments
- Hand-crafted textiles
- Jute and coir

India is one of the few countries which enjoys a presence across the entire value chain of the textile and apparel industry.



Market size: The textile sector grew at 3-4 per cent per annum during the last six decades. As per the Eleventh Five-Year Plan, it was projected to fast-track to a growth rate of 16 per cent in value and reach USD115 billion (exports USD55 billion and domestic market USD60 billion) by 2012.

India earns about 27 per cent of its total foreign exchange through textile exports. The textile industry contributes nearly 14 per cent of the total industrial production of the country. The total cloth production is estimated to decline to 59,978 million sq. meters in 2011-12 compared to 61,761 sq. meters in 2010-11.

Raw cotton production grew to an all-time record of 35.6 million bales in 2011-12 from 32.5 million bales in 2010-11, while the production of man-made fibre declined from 1,284 million kgs in 2010-11 to 1,233 million kgs in 2011-12. Blended and 100 per cent non-cotton fabric witnessed positive growth in 2011-12. In the yarn segment, blended yarn production declined 1.8 per cent but 100 per cent non-cotton yarns saw a 7 per cent growth on account of a growth in the 100 per cent viscose yarn segment.

Fabric production (million sq. meters)				Yarn production (million Kg)			
Types	2009-10	2010-11	2011-12E	Types	2009-10	2010-11	2011-12E
Cotton	28,914	31,718	30,339	Cotton	3,079	3,490	3,102
Blended	7,767	8,278	8,401	Blended	707	796	782
100% non cotton	22,840	21,765	21,238	100% non cotton	407	427	457
TOTAL	59,521	61,761	59,978	TOTAL	4,193	4,713	4,341

[Source: Textile Ministry, 2011-12E]. Excluding Khadi, Wool and Silk

India has the potential to increase its textile and apparel share in the world trade from 4.5 per cent to 8 per cent and reach a size of USD 80 billion by 2020. India's textile exports in 2011-12 stood at USD30 billion against USD27 billion in 2010-11 [Source: Economic Times, May 8, 2012].

Foreign direct investment (FDI) inflows in textiles (including dyed, printed) from April 2000 to Rs 5,036.27 crore (USD897.79 million) in January 2012.

Apparel market in India: The Indian apparel industry was estimated at USD 32 billion in 2011-12. The domestic apparel industry comprises five segments – men's wear, women's wear, kid's wear, unisex and uniforms. Men's wear is the largest segment whereas uniforms and women's wear are the fastest-growing segments. Apparel manufacturing is the least capital-intensive segment of the textile value chain and is characterised by low entry barriers. At the same time, it is highly labour-intensive and requires skilled, unskilled and semi-skilled labourers.

The Indian apparel industry is fragmented. Due to low entry barriers, numerous players entered the industry. Reservation of the sector for SSI units upto F.Y.04, quota restrictions on exports to US and EU upto CY04 and stringent labour laws led the industry resulted in a fragmented structure.

More than 80 per cent of India's apparel export goes to consumers in the US and Europe. Apparel exports contribute 45 per cent to India's total textile and clothing exports. India's apparel exports in 2011-12 stood at USD 13.5 billion against USD11 billion in 2010-11 [Source: Economic Times, May 8, 2012].

The growth in exports can be attributed to a shift of the apparel manufacturing base from developed countries like the US and the EU to low-cost countries like China, Vietnam, India, Bangladesh, among others. The Multi-Fibre Agreement phase-out in 2004 also helped India increase exports.

By 2016, the domestic apparel market size is expected to reach Rs. 1,855 billion, translating into a 7 per cent CAGR [Source: CRISIL Research]. This growth will primarily be driven by the demand surge for readymade apparels in rural areas, rising income levels, a young population and increasing preference for branded apparels.

Opportunities and Threats

Growing domestic market: The Rs.1,54,250 crore (USD33 billion) domestic apparel market is growing at 18 per cent since the last five years. There is a substantial demand for technical textiles and machinery in India.

Cost advantage: India has a lower labour cost of textile manufacturing compared with the developed economies; labour cost in India is USD 0.7 per hour while in developed countries the average labour cost is around USD20 per hour.

Skilled labour availability: The availability of qualified managerial staff and good design skills augurs well for the Indian textile industry.

Raw material availability: Good availability of raw cotton, yarn and fabric enhance economies of scale.

Integrated setup: The presence of the entire textile value chain -- fibre, spinning, weaving, knitting, processing and garmenting - helps India generate a greater control over its supply chain.

Entry of international brands: International brands are looking at India as an opportunity to set up stores – an opportunity for Indian players.

Government policies

The government announced schemes to encourage investments in the textile industry like National Textile Policy (NTP), Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS), Export Promotion Capital Goods (EPCG), Duty Entitlement Pass Book Scheme (DEPB) etc. The government also allowed 100 per cent FDI in the textile sector through the automatic route and upto 51 per cent FDI in the retail trade of 'single brand products' (with prior government approval).

Budget 2012-13: The Budget 2012-13 offered little to lift the low spirits of the textile industry. The 10 per cent excise duty levied on branded garments was taken under the overall excise duty ambit, which was raised to 12 per cent from 10 per cent. In terms of impact, there will be a marginal benefit to textile companies in the higher end of the value chain. Earlier, the excise duty was levied on 45 per cent value of a garment and the remaining 55 per cent was considered as non-manufacturing expenses and, hence, exempted from duty. For instance, a garment with a maximum retail price (MRP) of Rs.100 would have earlier attracted an excise duty of Rs.4.5. But now, a garment will attract an excise duty on 30 per cent of its MRP and the rest 70 per cent will be treated as a non-manufacturing cost.

Demand drivers

- Retail penetration: Textiles and clothing retail comprise 40 per cent of organised retail in India. The share of organised retail is expected to increase from about 5 per cent to about 24 per cent by F.Y.2020. India's retail market is expected to grow at 7 per cent over the next 10 years, reaching a size of USD850 billion by 2020.
- Higher disposable incomes: India's per capita income is estimated at USD 1200 per annum, leading to textile consumption increasing at 11 per cent CAGR.
- Working women: The propensity to spend in the case of working women is higher by around 1.3 times compared to a housewife. It is estimated that the population of working women increased to around 32 per cent in F.Y.2010 from 26 per cent in F.Y.2001.
- Nuclear families: The average household size decreased to about 5.0 in F.Y.2010 from 5.36 in 2001. As a result, per household consumption is increasing.
- Favourable demographic profile: The percentage of the earning population (15-60 years) in the total population is rising. This group comprises about 60 per cent of the total population.
- Urban population: India's urban population is growing. The favourable demography coupled with rising urban population and income levels will act as a key growth factor for the Indian textile and apparel industry.
- Economic growth: India is the second fastest growing economy, reflected in robust industrial output, disposable incomes, vibrant construction, among others. Rising rural disposable incomes is attributed to rising agricultural income and increased employment generation driving the demand for basic textile products.
- Reorganisation: Supply from the US and EU is declining and shifting towards low-cost Asian countries with China, India and the rest of Asia expected to contribute considerably to textile supplies. The EU share is expected to decline from its present share of about 30 per cent.

- China alternative: Overseas buyers are looking at de-risking their sourcing from China, whose market share in the world trade is around 31 per cent (USD 157 billion). India, on the other hand is at 4.5 per cent (USD 23 billion), which can go up to 8 per cent (USD 80 billion) by 2020.
- Value chain: India is the only textile manufacturing country globally with a cotton surplus and it also has a presence across the entire textile value chain.

Indian textile industry's SWOT analysis

Strengths

- An independent and self-reliant industry
- Abundant raw material availability reducing costs and lead-time across operations. Accounts for about 22 per cent of the global cotton production
- Availability of large varieties of cotton fibre and a fast-growing synthetic fibre industry
- A huge growing domestic market with new products gaining acceptance
- A presence throughout the value chain
- Exports 25 per cent of its cotton yarn production
- Possesses a manufacturing flexibility that helps increase productivity

Opportunities

- Robust retail boom in the domestic market owing to favourable consumer demographics and increasing consumption
- Significant 6-8 per cent per annum growth rate of the domestic textile industry
- Elimination of quota restriction resulting in greater market development
- Large domestic and international market waiting to be tapped
- Availability of greater investment and FDI opportunities
- Emerging retail industry and modern retail formats
- Increased per capita incomes and purchasing power of the Indian customer
- Global shift from China to India and other low-cost destinations is in progress
- Projected increase in India's share of the global textile industry from 4.5 per cent in 2010 to 8 per cent by 2020.

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.19,504.25 Lacs, The Company posted a strong top line performance due to good order book. Profit before tax was at Rs.2001.97 Lacs and net profit after tax stood at Rs. 1,326.95 Lacs.

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 lie at the core of every business. Their mitigation translates into success. At Sudar, we instituted processes and controls to manage our risks.

Industry risk

The Company operates in the textile business; any sectoral downturn can affect profitability.

Mitigation

- The global textile and apparel is estimated to be around USD 600 billion and is expected to grow at a CAGR of 5 per cent to reach USD 1000 billion by 2020. With the world population expected to grow to 1 billion by 2025, there will be an additional fibre consumption of around 20 million tonnes
- India's textile and apparel industry (domestic and exports) is expected to more than triple in value over the next decade, rising from the current Rs. 3,270 billion (USD70 billion) to Rs.1,032 billion (USD220 billion) by 2020.
- The Indian textile exports are likely to grow considerably to USD 80 billion by 2020 at a CAGR of about 12 per cent and its share is expected to increase from about 4 per cent to about 8 per cent by 2020.
- The sector targets USD 6 billion foreign direct investments (FDI) by 2015 to be invested in greenfield units in textile machinery, fabric and garment manufacturing, as well as technical textiles

- Indian retail is expected to grow at 13.5 per cent CAGR over the next five years and is expected to almost double to Rs. 27,20,000 crore (USD 604 billion) from its existing Rs.14,40,000 crore (USD 320 billion). Organised retail is expected to grow faster at 22.3 per cent, increasing its share in retail to 9.4 per cent by 2014 from the existing 6.5 per cent

Raw material risk

The Company may not be able to secure adequate raw materials at cost-effective prices.

Mitigation

- The Company procures raw materials directly from fabric manufacturers and authorised distributors based on its requirements.
- The Company is in the process of developing custom made ERP system to suit its specialized manufacturing process.

Technology risk

The Company operates in the highly competitive and unorganised textile industry, where technology obsolescence can erode competitive edge, market share and margins.

Mitigation

- The Company's manufacturing facilities deploy state-of-the-art technologies and automated facilities that ensure the highest levels of process integrity and product quality.
- The Company uses the latest technology and machinery procured from major suppliers/distributors in India. It has the latest machinery (JUKI machinery) for stitching, Over Lock Machine -- light duty (FDM), Flat Lock Machine -- regular (FDM), Steam Iron Table (Toni), End Cutting Machine (Eastman), Hydro Extract, Jumbo Drum Washer, Tumbler Drier for washing, among others
- These modern machineries help maintain high quality standards. The latest technology enables radical design and innovation in creating new looks and trends. Technology has helped the Company roll out new combinations like jeans crafted to look old, rock blast, bleach wash and wrinkle free, among others
- The Company also established an end-to-end connected infrastructure for designing and development in Khopoli to meet world-class standards

Forex fluctuation

Since the Company has not made any exports during the year under review, hence no exchange fluctuation reported for the said year.

Quality risk

Any adverse variation in product quality can affect profitability.

Mitigation

- Sudar Garments is an ISO 9001:2008-certified company
- It has a ISO 14001 Quality certification
- The Company adopted Total Quality Management System (TQM) Program, Kaizen
- The Company's facilities have fully self-reliant quality control departments with sophisticated equipment to ensure conformance to stringent quality standards
- The facility has successfully undergone several inspections by international clients, enabling a steady flow of product approvals
- The Company's world-class products and facilities, regulatory and compliance systems conform to international standards. In fact, Sudar Garments was the youngest garment company in India to receive the coveted ISO certification

Labour cost

Textile manufacturing is a labour-intensive industry. Any appreciable rise in labour costs will outprice India.

Mitigation

- India is poised to win back the manufacturing territory it had lost to China as the giant north-eastern neighbour has lost some of its competitive edge due to rising labour costs. Labour costs in China surged by 20 per cent annually for the past four years.
- India's labour force stood at around 478.3 million in 2011. It is estimated that around 13 million people enter India's urban labour force every year.
- Employment costs in India are 2,024 euros (around Rs 1,13,344) a year, while in Belgium, Sweden and Germany, the financial burden of employing a worker is more than 50,000 euros (Rs 28,00,000) a year.

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.

CORPORATE GOVERNANCE REPORT

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

Corporate Governance at Sudar is a rigorous and well-established framework that helps to manage the Company's affairs in a fair, accountable and transparent manner. Responsible corporate conduct is integral to the manner that we conduct our business and our actions are governed by values and principles, which are reinforced across all levels within the Company. Your Company has evolved guidelines and best practices over the years to ensure timely disclosure of information regarding our financials, performance, product offerings, distribution network and governance.

To succeed, maintain sustainable growth and create long-term value requires the highest standards of corporate discipline. Your Company continues to focus its resources, strengths and strategies to achieve the vision of becoming a global leader in Garmenting and Apparels business while upholding the Core values of Quality, Trust, Leadership and Excellence.

COMPANY'S GOVERNANCE STRUCTURE:**(B) Board of Directors:****(i) Board Composition**

As on 31st March, 2012 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 (l) (c) (ii) (across all Companies in which they are Directors).

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

The constitution of the Board as on 31st March, 2012 was as under:

Name of the Directors	Category	Directorships	Number of other Committee Memberships	Committee Chairmanships
Mr. Murugan Muthiah Thevar	Chairman & Managing Director	-	-	-
Mr. Gopi Chellapan Nair	Executive Non-Independent	-	-	-
Mr. Deepak Shenoy*	Non-Executive, Independent	-	-	-
Mr. Shridhar Shetty	Non-Executive, Independent	2	-	-
Mr. Venketraman Nadar	Non-Executive, Independent	1	-	-
Mr. Rajkumar Dohare**	Non-Executive, Independent	-	-	-
Mr. Amod Gupte***	Non-Executive, Independent	-	-	-

*Resigned w.e.f. 18/01/2012

**Appointed w.e.f. 18/01/2012

***Resigned w.e.f. 28/03/2012

(ii) Board Meetings and Attendance of Directors

Board meetings are conducted in accordance with the Articles of Association of the Company. The Board meets at regular intervals to discuss and decide on business strategies/policies and financial performance of the Company.

During the year ended 31st March, 2012, Nine (9) Board meetings on 14/05/2011, 12/08/2011, 24/09/2011, 10/10/2011, 12/11/2011, 18/01/2012, 14/02/2012, 15/03/2012 and 28/03/2012 of the Board of Directors were held.

Table hereunder gives the attendance record of the Directors at the Board Meetings held during 2011-12 and the last AGM:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM held on 20/09/2011
Mr. Murugan Muthiah Thevar	9	9	Present
Mr. Gopi Chellapan Nair	9	9	Present
Mr. Deepak Shenoĳ	9	6	Present
Mr. Shridhar Shetty	9	9	Present
Mr. Venketraman Nadar	9	9	Present
Mr. Rajkumar Doharĕ*	9	3	Absent
Mr. Amod Guptĕ**	9	5	Absent

*Resigned w.e.f. 18/01/2012

**Appointed w.e.f. 18/01/2012

***Resigned w.e.f. 28/03/2012

C Board Committees:

Presently, the Board has four committees: the Audit Committee, Remuneration Committee, Shareholders/ Investor Grievances Committee and Investment Committee. The Audit Committee consists of two non-executive independent directors and one executive director whereas the Remuneration Committee consists of two independent and one executive Director. Shareholders/ Investor Grievances Committee consist of one executive director and two non-executive independent directors and Investment Committee consist of two non-executive independent directors and one executive director. 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.	Names of the Directors	Designation
1	Mr. Shridhar Shetty	Chairman Independent
2	Mr. Venketraman Nadar	Member Independent
3	Mr. Gopi Nair	Member Executive

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 September 20, 2011.

(d) Audit Committee Meetings and Attendance during the financial year ended 31st March, 2012

During the financial year 2011-2012, Four Audit Committee Meetings were held on 14/05/2011, 12/08/2011, 12/11/2011 and 18/01/2012

Name of Director	Category	No. of meetings attended
Mr. Shridhar Shetty	Chairman	4
Mr. Venketraman Nadar	Member	4
Mr. Gopi Nair	Member	4

(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 was reconstituted during the year under review due to resignation tendered by Mr. Deepak Shenoy as Director of the Company. The composition of said reconstituted committee is as under:

Sr.No.	Name of the director	Designation
1	Mr. Shridhar Shetty	Chairman
2	Mr. Murugan M. Thevar	Member Executive
3	Mr. Venketraman Nadar	Member Independent

Directors' Remuneration:

The aggregate remuneration comprising of salary and perquisites paid to the Mr. Murugan Thevar, Chairman & Managing Director and Mr. Gopi Nair, Executive Director for the year ended 31st March 2012 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 was reconstituted during the year under review due to resignation tendered by Mr. Deepak Shenoy as Director of the Company. The composition of said reconstituted committee is as under:

Sr.No.	Name of the Director	Designation
1	Mr. Venketraman Nadar	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 2012.

(iv) Investment Committee:-

The Board of Directors has constituted Investment Committee during the year under review. The Committee approved the allotment of 40,00,000 [Forty Lacs] equity shares on preferential basis to Benzo Petro International Limited @ `65/- per share.

Investment Committee consists of:

Mr. Murugan Thevar	Chairman	Chairman & Managing Director
Mr. Shridhar Shetty	Member	Non-Executive and Independent Director
Mr. Venketraman Nadar	Member	Non Executive and Independent Director

Details of Investment Committee Meetings held & attended by Directors:

Sr. No.	Name of the Director	No. of Meetings held	No. of Meetings Attended
1	Mr. Murugan Thevar	2	2
2	Mr. Shridhar Shetty	2	2
3	Mr. Venketraman Nadar	2	2

The Terms of Reference of Investment Committee:

Subject to the powers and duties of the Board and to the requirements of the Companies Act, 1956, the Investment Committee will perform the following duties:

1) Investment Statements and Risk Policy:

Review and recommend to the Board at least annually:

- (a) the Investment Statements; and
- (b) the Risk Policy.

2) Implementation of Investment Policies:

Receive reports on the implementation of the Investment Statements and the Risk Policy.

3) Compliance with Investment Statements and Risk Policy:

Review, evaluate and approve procedures that Management has implemented to monitor compliance with the Investment Statements and the Risk Policy by receiving Management's annual report on specified internal controls audited by the external auditor.

4) External Managers – Criteria and Process for Selection:

Oversee the criteria and process for the selection of external investment managers with discretionary authority to invest the assets of the Company.

5) Engagements of External Managers:

Approve the engagement of investment managers with discretionary authority to invest the assets of the Company.

6) External Managers – Monitoring:

Oversee the process for monitoring external investment managers with discretionary authority to invest the assets of the Company.

7) Custodian:

Approve the selection of custodians.

8) Investment Transactions:

Approve Investment Transactions (as defined in the Authorities Policy) specifically outlined in the Authorities Policy.

9) Other:

Carry out other duties as may be determined from time to time by the Board.

10) Accountability:

The Investment Committee shall report its discussions to the Board by distributing the minutes of its meetings and, where appropriate, by oral reports at Board meetings.

11) To assess the Plan recommended by the Committee and make appropriate recommendation to the Board.

12) To review on an ongoing basis the appropriateness of the Plan in the light of economic and business conditions affecting the Company, and make recommendations for Board approval as may be appropriate.

13) To ensure that investments are made in accordance with the Plan.

- 14) To provide the Board quarterly reports on investment performance.
- 15) To meet at least quarterly.
- 16) To monitor performance, including the performance of outside investments managers, to ensure that investment returns fall within acceptable limits.
- 17) To provide independent input to the Board on overall investment strategy and portfolio positioning matters, as required.
- 18) To review the governance process and policies in place on an annual basis and provide appropriate assurance to the Board.
- 19) To consider and if appropriate approve any specific investments in excess of Plan limits.
- 20) To consider and if appropriate recommend to the Board for approval any changes in limit thresholds above which the Board refers to the Investment Committee.

(D) **General Body Meetings:**

Details of last three **Annual General Meetings** are given hereunder:

Year	Date	Venue	Time
2009	September 30 th	Building No. 44, Flat No.1552, Tilak Nagar, Chembur (E), Mumbai-400089.	11.00 A.M.
2010	July 15 th	117, 1 st Floor, Vardhaman Market, Sector - 17, Vashi, Navi Mumbai – 400 703.	11.00 A.M.
2011	September 20 th	The Regenza by Tunga, Plot No. 37, Sector30 -A, Vashi, Navi Mumbai 400 703.	11.00 A.M.

Special Resolution:

Details of Ordinary / Special Resolutions passed at last three Annual General Meetings:

Date	Particulars
July 15, 2010	1. Appointment of Mr. Murugan Thevar as Chairman and Managing Director of the Company.
	2. Appointment of Mr. Gopi Nair as a Wholetime Director of the Company
	3. Approval of Borrowing limit upto Rs. 200,00,00,000 (Two Hundred Crores)
	4. Increase in the Authorised Capital of the Company from Rs.15.00 Cr to Rs.25.00 Cr
	5. Alteration of Articles of Association
September 20, 2011	1. Issue of GDR and/or ADR by way of Follow -on Public Offer (FPO) in Europe, USA or other countries
	2. Issue of share by way of private placement to Qualified Institutional Buyer (QIBs)

During last three financial years, Six Extra Ordinary General Meetings were held.

Date	Particulars
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 35,95,900 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 on 31st March 2012.

Disclosures:

(i) Related Party Transactions:

There is no related party transaction during the financial year ended 31st March 2012.

(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:

1. 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.
2. No presentations were made to the institutional investors or to analysts during the year under review,
3. 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:

Annual General Meeting:	
Day, Date and time	Thursday, 27th September, 2012 at 11.00 A.M.
Venue	Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra – 410 222.

(ii)

Financial Calendar (tentative and subject to change)	Financial reporting for quarter ended	
	June 30, 2012	by August 14, 2012
	September 2012	by November 15, 2012
	December 2012	by February 15, 2013
	March 2013	by May 30, 2013
	Annual General Meeting for the year ended 31 st March 2013 – on or before September 30, 2013	

(iii) Book Closure date:

The Register of Members shall remain closed from **Saturday, 22nd September 2012 to Thursday, 27th September, 2012** (both days inclusive) for the purpose of ensuing Annual General Meeting.

Announcement of Dividend:

The Board of Directors has not recommended any dividend for the financial year ended 31st March 2012.

(v)	Registered Office	Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra – 410 222. Email: info@sudarindustries.com Website: www.sudargarments.com
	Corporate Office	Suite No. 901/902, 9 th Floor, Great Eastern Summit, Plot No.66, Sector 15, CBD Belapur, Navi Mumbai: 400 614. Email: cs@sudarindustries.com Website: www.sudargarments.com
(vi)	Listing on Stock Exchange and fees for 2011-12	The Company is Listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited and listing fees for the said financial year has been paid.

(vii)	Stock Exchange Code	BSE :533332; NSE: SUDAR
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(viii)	Disclosure regarding re-appointment of director	Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Venkatraman Nadar and Mr. Gopi Nair retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. The Board has recommended the reappointment of Mr. Venkatraman Nadar and Mr. Gopi Nair as Directors of the Company.
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(ix)	Stock Market Data			
Month	BSE High	BSE Low	NSE High	NSE Low
April, 2011	136.35	112.20	135.90	131.40
May, 2011	138.50	106.00	111.00	106.35
June, 2011	117.25	100.35	106.50	101.50
July, 2011	116.45	102.15	115.50	111.30
August, 2011	120.00	75.05	86.00	81.10
September, 2011	90.00	64.55	78.00	66.60
October, 2011	77.20	57.80	72.50	67.20
November, 2011	76.65	57.00	64.80	61.50
December, 2011	65.70	43.05	51.55	47.35
January, 2012	73.80	47.25	68.90	64.30
February, 2012	84.60	62.00	84.25	79.60
March, 2012	83.50	65.15	68.90	64.80

(x)	Registrar & Share Transfer Agents	Registrar and Share Transfer Agents Link Intime India Private Limited C 13 Pannalal Silk Mills, Bhandup (West), Mumbai - 400078, India. Contact Person: Ms. Chaitali Jadhav Designation : Officer Phone: +91 - 22 - 2594 6970 Fax: +91 - 22 - 2594 6969 Email: rnt.helpdesk@linkintime.co.in
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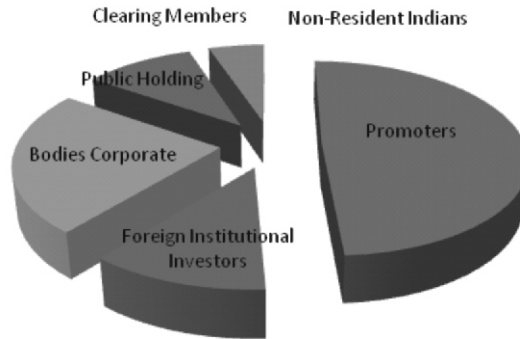
(xi)	Share Transfer Systems	Shares sent for physical transfer are generally registered and returned within a period of 30 days * from the date of receipt, if the documents are proper in all respects. The Shareholders / Investors Grievance Committee meets as often as required. As per the revised Clause 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. Shridhar Shetty, Director, who shall attend to share transfer formalities at least once in a fortnight.
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***Note :** Vide SEBI circular No.CIR/MIRSD/8/2012 dated July 05, 2012 the time-line of 30 days for registering the transfer of shares has been reduced to 15 days and it shall come into force w.e.f. October 01, 2012.

(xii) Distribution of Shareholding as on 31st March 2012				
No. of Equity Shares held	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Capital
1 - 500	1,134	71.55	1,41,157	0.76
501 - 1,000	138	8.71	1,15,354	0.62
1,001 - 2,000	133	8.39	1,81,423	0.98
2,001 - 3,000	34	2.15	88,176	0.48
3,001 - 4,000	21	1.32	74,701	0.40
4,001 - 5,000	10	0.63	47,465	0.26
5,001 - 10,000	34	2.15	2,39,707	1.29
10,001 - above	81	5.11	1,76,58,992	95.21
Total	1,585	100	1,85,46,975	100

Category of Shareholders (as on 31 March 2012)			
Category	Number of	Shares	
	Shareholders	Number	% to total Capital
PROMOTER AND PROMOTER GROUP HOLDING Indian Promoters	3	91,05,358	49.09
Total (A)	3	91,05,358	49.09
NON – PROMOTER HOLDING			
Institutional Investors FIs	3	21,80,438	11.76
Others Private Corporate Bodies	133	43,88,919	23.66
Indian Public	1,364	19,08,742	10.29
NRIs	11	1,425	0.00
Any other (Clearing Members)	71	9,62,093	5.19
Total (B)	1,582	94,41,617	50.91
Grand Total (A)+(B)	1,585	1,85,46,975	100.00

Shareholding Pattern



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 Fees for f.y. 2012-2013.

(xiii)	Dematerialisation of Shares and liquidity	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. As on 31 st March 2012, 1,85,46,972 Equity Shares representing 100% of the total paid up capital had been dematerialized.
(xiv)	Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.	Till date, the Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.
(xv)	Plant Location	The Plant of the Company is situated at: Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra – 410 222.

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, 2012.

Place: Navi Mumbai
Date: 01/09/2012

Murugan M. Thevar
Chairman & Managing Director

CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR:

I, **Murugan Muthiah Thevar**, Chairman & Managing Director of **SUDAR INDUSTRIES LIMITED [Formerly 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

Place: Navi Mumbai
Date: 01/09/2012

MURUGAN MUTHIAH THEVAR
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
SUDAR INDUSTRIES LIMITED
[Formerly SUDAR GARMENTS LIMITED],

We have examined the compliance of conditions of Corporate Governance by **SUDAR INDUSTRIES LIMITED***[Formerly SUDAR GARMENTS LIMITED]*, for the year ended on 31st March, 2012 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.

**For M/s. Suresh Hegde & Co.,
Chartered Accountants**

**Place: Navi Mumbai
Date: 01/09/2012**

**Suresh Hegde
(Proprietor)**

AUDITOR'S REPORT

To the members of
SUDAR INDUSTRIES LIMITED
(formerly known as Sudar Garments Ltd.)

We have audited the attached Balance Sheet of Sudar Industries Limited as at 31st March 2012, the Profit and Loss Account and also the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by the law, have been kept by the company, so far as appears from our examination of those books.
 - c) The Balance Sheet, the Profit & Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and the cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956
 - e) In our opinion, and based on information and explanation given to us, none of Directors are disqualified as on 31st March 2012 from being appointed as Directors in term of section 274(1)(g) 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 said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In so far as it relates to Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - (ii) In so far as it relates to the Profit & Loss Account, the profit of the company for the year ended on that date; and
 - (iii) In so far as it relates to the cash flow statement, of the cash flow of the company for the year ended on that date.

For: M/s. J.S. Uberoi and Co.
Chartered Accountants

For: M/s. Suresh Hegde and Co.
Chartered Accountants

CA Amarjeet Singh Sandhu
Membership No : 108665

CA Suresh Hegde
Membership No : 118493

Place: Navi Mumbai
Date: 01/09/2012

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF THE AUDITOR'S REPORT ON THE
ACCOUNTS OF SUDAR INDUSTRIES LIMITED (Formerly Known as Sudar Garments Ltd.)
FOR THE YEAR ENDING 31ST MARCH 2012

As required by the Companies (Auditor's report) Order, 2003 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

- 1) In respect of fixed assets:
 - (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - (B) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
 - (C) In our opinion the Company has not disposed off any substantial/major part of fixed assets during the year and the going concern status of the company is not affected.
- 2) In respect of its inventories:
 - (A) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
 - (B) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company has maintained proper records of inventory. And there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956
 - (A) The company has granted Loans to one party. At the year end the outstanding balance of such loans granted was Rs. 81.68 Lacs and the maximum amount involved during the year was Rs. 93.68 Lacs. The company has taken loan from one party the at the year end outstanding is Rs. Nil and maximum amount involved is Rs. 114.32 Lacs.
 - (B) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other the terms and conditions are not prima-facie prejudicial to the interest of the company.
 - (C) In respect of loans taken and granted by the company, the interest payment & receipt is regular and the principal amount is repayable on demand.
 - (D) Since the loans taken and granted by the company are repayable on demand, no question of overdue amounts arises.

- 4) 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 nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.
- 5) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (A) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the Companies Act 1956 have been so entered.
 - (B) In our opinion and explanation given to us, the transactions exceeding the value of 5 lakh in respect of any party during the year have been made at prices which are prima-facie reasonable having regard to prevailing market prices at the relevant time where such prices are available.
- 6) *In our opinion the company has not complied with the provisions of section 58A of the companies Act, 1956 and the rules framed there under.*
- 7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 8) We have broadly reviewed the books of account and records maintained by the company relating to the manufacture of Shirts, Trousers and others pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete, as the examination of the records are to be made by a Cost Auditor. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the company.
- 9) In respect of statutory dues:
 - (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance Fund, and other statutory dues except in certain cases of income tax and sales tax, with the appropriate authority during the year.
 - (B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of the year.
- 10) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.

- 11) Based on our audit procedures and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks, financial institutions and Debentures holders during the year.
- 12) In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- 13) In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO, 2003 are not applicable to the company.
- 14) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- 15) The Company has not given Guarantees for the loan taken by others from banks or financial institutions.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17) According to the information and explanations given to us and on examination of balance sheet, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa.
- 18) The company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year.
- 19) The Clause 13 of the order is not applicable, as the company has not issued any debentures during the year.
- 20) The Company has not raised money by public issues during the year 2011- 2012.
- 21) In our opinion and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For: M/s. J.S. Uberoi and Co.
Chartered Accountants

For: M/s. Suresh Hegde and Co.
Chartered Accountants

CA Amarjeet Singh Sandhu
Membership No : 108665

CA Suresh Hegde
Membership No : 118493

Place: Navi Mumbai
Date: 01/09/2012

SUDAR INDUSTRIES LIMITED

(Formerly Known as Sudar Garments Ltd.)

BALANCE SHEET AS AT 31ST MARCH,2012

		Notes	3/31/2012	3/31/2011
			Rs.	Rs.
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) <u>Share capital</u>	A	18,54,69,750.00	18,54,69,750.00
	(b) <u>Reserves and surplus</u>	B	93,49,95,303.55	77,79,14,045.00
2	Share application money pending allotment		0.00	0.00
3	Non-current liabilities			
	(a) <u>Long-term borrowings</u>	C	43,83,30,617.48	42,30,66,879.00
	(b) <u>Deferred tax liabilities (Net)</u>		0.00	37,88,373.00
	(c) <u>Other Long term liabilities</u>	D	3,07,871.00	3,07,871.00
4	Current liabilities			
	(a) <u>Short-term borrowings</u>	E	64,52,96,591.30	23,37,19,562.00
	(b) <u>Trade payables</u>		16,54,82,159.19	4,80,96,135.00
	TOTAL		236,98,82,292.52	167,23,62,615.00
II.	ASSETS			
	Non-current assets			
1	(a) <u>Fixed assets</u>	F		
	(i) <u>Tangible assets</u>		81,09,03,947.02	25,27,67,230.00
	(ii) <u>Capital work-in-progress</u>		13,93,28,313.50	23,44,39,438.00
	(b) <u>Non Current Investment</u>	G	2,30,97,109.62	2,93,89,680.00
	(C') <u>Deferred Tax Assest (Net)</u>		84,05,009.50	0.00
2	Current assets			
	(a) <u>Inventories</u>	H	12,07,32,986.00	10,84,26,532.00
	(b) <u>Trade receivables</u>	I	95,20,54,499.60	33,01,31,057.00
	(c) <u>Cash and cash equivalents</u>	J	14,95,93,317.62	28,19,71,465.00
	(d) <u>Short-term loans and advances</u>	K	16,48,57,180.66	43,39,65,640.00
3	Miscellaneous Expenditure to the extent not W-off	L	9,09,929.00	12,71,573.00
	TOTAL		236,98,82,292.52	167,23,62,615.00

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES AS PER NOTE "M"

Note "A" to "M" referred to above form an integral part of the Balance sheet

As per our report of even date.

For & on behalf of Board

For J.S. Uberoi and Co.
Chartered AccountantsFor Suresh Hegde and Co.
Chartered AccountantsMurugan Thevar
(Managing Director)Venketraman Nadar
(Dy. Managing Director)CA Amarjeet Singh Sandhu
Membership No : 108665CA Suresh Hegde
Membership No : 118493Mustafa Badami
(Company Secretary)

Date : 1st September 2012

Place: Navi Mumbai

SUDAR INDUSTRIES LIMITED

(Formerly Known as Sudar Garments Ltd.)

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

Particulars		Notes	2011-12 Rs.	2010-11 Rs.
I	Revenue from operations	1	194,78,44,513.00	115,62,41,418.00
II.	Other income	2	25,80,337.00	93,375.00
III.	Total Revenue (I + II)		195,04,24,850.00	115,63,34,793.00
IV.	Expenses:			
	Cost of materials consumed	3	154,59,24,035.46	97,54,31,093.00
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	4	-2,292,885.00	-69,017,427.00
	Employee benefits expense	5	1,86,48,637.00	1,11,72,193.00
	Finance costs	6	10,33,69,405.37	5,09,90,274.09
	Depreciation and amortization expense		3,43,39,329.99	3,19,96,218.00
	Other expenses	7	3,42,38,851.75	4,51,27,437.39
	Total expenses		173,42,27,374.57	104,56,99,788.48
V.	Profit before exceptional and extraordinary items and tax (III-IV)		21,61,97,475.43	11,06,35,004.52
VI.	Exceptional items		1,60,00,000.00	0.00
VII.	Profit before extraordinary items and tax (V - VI)		20,01,97,475.43	11,06,35,004.52
VIII.	Extraordinary Items		0.00	0.00
IX.	Profit before tax (VII- VIII)		20,01,97,475.43	11,06,35,004.52
X	Tax expense:			
	(1) Current tax		5,51,82,299.82	4,08,48,606.00
	(2) Deferred tax		-12,193,382.50	13,332.00
	(3) Previous Year tax		1,27,299.00	25,50,284.00
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		15,70,81,259.11	6,72,22,782.52
XII	Profit/(loss) from discontinuing operations		0.00	0.00
XIII	Tax expense of discontinuing operations		0.00	0.00
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		0.00	0.00
XV	Profit (Loss) for the period (XI + XIV)		15,70,81,259.11	6,72,22,782.52
XVI	Earnings per equity share:			
	(1) Basic		8.47	3.62
	(2) Diluted			

ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES AS PER SCHEDULE "8"

Note "1" to "8" referred to above form an integral part of the statement of profit & loss
As per our report of even date.

For & on behalf of Board

For J.S. Uberoi and Co.
Chartered Accountants

For Suresh Hegde and Co.
Chartered Accountants

Murugan Thevar
(Managing Director)

Venketraman Nadar
(Dy. Managing Director)

CA Amarjeet Singh Sandhu
Membership No : 108665

CA Suresh Hegde
Membership No : 118493

Mustafa Badami
(Company Secretary)

Date : 1st September 2012
Place: Navi Mumbai

SUDAR INDUSTRIES LIMITED
(Formerly Known as Sudar Garments Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31-03-2012

PARTICULARS	AMOUNT Rs.	AMOUNT Rs.	AMOUNT Rs.
<u>A. CASH FLOW FROM OPERATING ACTIVITIES</u>			
NET PROFIT AFTER TAX	15,70,81,259.11		
ADJUSTMENT FOR :-			
PROVISION FOR TAX	4,31,16,215.75		
DEPRECIATION	3,39,77,685.99		
AMORTISATION	3,61,644.00		
INTEREST PAID	10,33,69,405.37		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		33,79,06,210.22	
TRADE & OTHER RECEIVABLES		-621,923,442.60	
INVENTORIES		-12,306,454.00	
LOANS & ADVANCES		26,91,08,459.34	
TRADE PAYABLES		6,20,76,425.37	
NET CASH FROM OPERATING ACTIVITIES			3,48,61,198.33
<u>B. CASH FROM INVESTING ACTIVITIES</u>			
PURCHASES OF FIXED ASSETS (NET)		-497,003,278.50	
INVESTMENTS MADE		62,92,570.38	
MISCELLANEOUS EXPENDITURE INCURRED		0.00	
NET CASH FROM INVESTING ACTIVITIES			-490,710,708.12
<u>C. CASH FROM FINANCING ACTIVITIES</u>			
INCREASE IN LONG TERM BORROWINGS		1,52,63,738.48	
INCREASE IN LONG TERM PROVSIONS		0.00	
INCREASE IN SHORT TERM BORROWINGS		41,15,77,029.30	
PROCEEDS FROM SHARE CAPITAL			
INTEREST PAID		-103,369,405.37	
NET CASH FROM FINANCING ACTIVITIES			32,34,71,362.41
NET INCREASE IN CASH & CASH EQUIVALENTS (A)+(B)+(C)			-132,378,147.38
OPENING CASH & CASH EQUIVALENTS			28,19,71,465.00
CASH & CASH EQUIVALENTS AS ON 31-03-2011			14,95,93,317.62

AUDITORS CERTIFICATE

We have verified the above statement with books & records maintained by Sudar Garments Limited & certify that in our opinion & according to information & explanation given to us, the above statements is in accordance therewith.

For & on behalf of Board

Murugan Thevar
(Managing Director)

Venketraman Nadar
(Dy. Managing Director)

For J.S. Uberoi and Co.
Chartered Accountants

For Suresh Hegde and Co.
Chartered Accountants

Mustafa Badami
(Company Secretary)

CA Amarjeet Singh Sandhu
Membership No : 108665

CA Suresh Hegde
Membership No : 118493

Date : 1st September 2012
Place: Navi Mumbai

Note: "A"

<u>Share Capital</u>	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
Authorised 2,50,00,000 Equity Shares of "Rs." 10/- each (Previous Year 2,50,00,000 Equity Share of "Rs." 10/- each)	25,00,00,000.00	25,00,00,000.00
Issued 18546975 Equity Shares of "Rs." 10/- each (Previous Year 18546975 Equity Share of "Rs." 10/- each)	18,54,69,750.00	18,54,69,750.00
Subscribed & Paid up Equity Shares of "Rs." 10 each (Previous Year 18546975 Equity Share of "Rs." 10/- each)	18,54,69,750.00	18,54,69,750.00
Total	18,54,69,750.00	18,54,69,750.00

Note: "B"

<u>Reserves & Surplus</u>	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
A. Securities Premium Account		
Opening Balance	65,85,37,000.00	658,537,000.00
Add : Securities premium credited on Share issue		
Less : Premium Utilised for various reasons _____		
Premium on Redemption of Debentures	0.00	0.00
For Issuing Bonus Shares	0.00	0.00
Closing Balance	65,85,37,000.00	65,85,37,000.00
B. Surplus		
Opening balance	11,93,77,044.44	49,543,171.00
(+) Net Profit/(Net Loss) For the current year	15,70,81,259.11	69,833,874.00
(+) Transfer from Reserves	0.00	0.00
(-) Proposed Dividends	0.00	0.00
(-) Interim Dividends	0.00	0.00
(-) Transfer to Reserves	0.00	0.00
Closing Balance	27,64,58,303.55	11,93,77,045.00
Total	93,49,95,303.55	77,79,14,045.00

Note: "C"

<u>Long Term Borrowings</u>	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
Secured		
(a) Term loans		
From banks		
ICICI Bank	28,640.00	1,21,370.00
(Secured By Vehicle No MH-06 AN 3099 SKODA)		
Union Bank of India	12,09,744.00	0.00
Vehicle Loan (Indica)		
(Secured By Vehicle (Chevrolet) No MH-43 AJ - 8681)		
Union Bank of India	12,07,922.00	0.00
Vehicle Loan (Indica)		
(Secured By Vehicle (Chevrolet) No MH-43 AJ - 8682)		
Term Loan I		
State Bank of India	27,95,72,137.00	0.00
(Secured by Land & Building & Plant & Machinery of the company)		
Term Loan II		
Union Bank of India	4,76,66,606.00	5,77,04,396.00
(Secured by Plant & Machinery of the company)		
Term Loan II		
Shamrao Vithal Co-operative Bank Limited	7,69,68,370.48	31,59,75,466.00
(Secured by Land & Building & Plant & Machinery of the company)		
Term Loan II		
Vijaya Bank	0.00	3,25,01,066.00
	40,66,53,419.48	40,63,02,298.00

In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	0.00	0.00
2. Amount	0.00	0.00
<u>Unsecured</u>		
(a) Term loans		
from banks		
from other parties	3,16,77,198.00	1,67,64,581.00
	3,16,77,198.00	1,67,64,581.00
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (b) (e) & (g)		
1. Period of default	0.00	0.00
2. Amount	0.00	0.00
Total	43,83,30,617.48	42,30,66,879.00
Note: "D"		
<u>Long Term Provisions</u>	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
(a) Provision for employee benefits		
Superannuation (unfunded)	0.00	0.00
Gratuity (unfunded)	3,07,871.00	3,07,871.00
Leave Encashment (unfunded)	0.00	0.00
ESOP / ESOS	0.00	0.00
(b) Others (Specify nature)		
Total	3,07,871.00	3,07,871.00
Note: "E"		
<u>Short Term Borrowings</u>	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
<u>Secured</u>		
(a) Loans repayable on demand		
From banks		
Cash Credits		
From Shamrao Vithal Co-operative Bank Limited	6,36,71,332.27	6,96,31,070.00
From State Bank of India	1,90,13,430.00	0.00

	Gross Block				Accumulated Depreciation				Net Block			
	Balance as at 1 April 2011	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a												
Tangible Assets												
Air Condition	10,01,600.00	0.00			10,01,600.00	1,31,373.00	1,21,049.00			2,52,422.00	8,70,227.00	7,49,178.00
Computer	3,53,592.00	0.00			3,53,592.00	2,43,016.00	44,230.00			2,87,246.00	1,10,576.00	66,346.00
Office Equipment	2,11,570.00	0.00			2,11,570.00	55,476.00	21,713.00			77,189.00	1,56,094.00	1,34,381.00
Electricity Installation	1,92,19,968.00	0.00			1,92,19,968.00	31,68,436.00	22,32,768.00			54,01,204.00	1,60,51,532.00	1,38,18,764.00
Kala Genset	6,16,528.00	0.00			6,16,528.00	49,811.00	78,830.00			1,28,641.00	5,66,717.00	4,87,887.00
Roots Multi Clean	3,77,258.00	0.00			3,77,258.00	33,499.00	47,817.00			81,316.00	3,43,759.00	2,95,942.00
Sparkle Clean Tech	50,000.00	0.00			50,000.00	4,040.00	6,393.00			10,433.00	45,960.00	39,567.00
Factory Premises	13,84,47,100.00	35,06,85,179.00			48,91,32,279.00	1,65,76,878.00	1,21,87,022.00			2,87,63,900.00	12,18,70,222.00	46,03,68,379.00
Furniture & Fixtures	52,38,274.00	0.00			52,38,274.00	11,21,406.00	7,45,153.00			18,66,559.00	41,16,868.00	33,71,715.00
Shop Premises	82,100.00	0.00			82,100.00	22,092.00	3,000.00			25,092.00	60,008.00	57,008.00
Bus	24,30,781.00	0.00			24,30,781.00	5,00,221.00	5,79,168.00			10,79,389.00	19,30,560.00	13,51,392.00
Machinery	12,67,14,582.02	23,24,56,266.00			35,91,70,848.02	3,08,20,801.00	1,78,20,583.00			4,86,41,384.00	9,58,93,781.02	31,05,29,464.02
Motor Car	0.00	35,22,958.00			35,22,958.00	0.00	89,960.00			89,960.00	0.00	34,32,998.00
Land	1,07,50,926.00	54,50,000.00			1,62,00,926.00	0.00	0.00			0.00	1,07,50,926.00	1,62,00,926.00
Total	30,54,94,279.02	59,21,14,403.00	0.00	0.00	89,76,08,682.02	5,27,27,049.00	3,39,77,686.00	0.00	0.00	8,67,04,735.00	25,27,67,230.02	81,09,03,947.02
b												
Intangible Assets												
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c												
Capital Work In Progress	23,44,39,438.00	-95,111,124.50			13,93,28,313.50						23,44,39,438.00	13,93,28,313.50
Total	23,44,39,438.00	-95,111,124.50	0.00	0.00	13,93,28,313.50	0.00	0.00	0.00	0.00	0.00	23,44,39,438.00	13,93,28,313.50
d												
Intangible assets under Development												
Total	53,99,33,717.02	49,70,03,278.50	0.00	0.00	103,69,36,995.52	5,27,27,049.00	3,39,77,686.00	0.00	0.00	8,67,04,735.00	48,72,06,668.02	95,02,32,260.52

From State Bank of India	33,26,65,999.00	0.00
From Bank of India	15,02,10,249.00	0.00
From Union Bank of India	7,97,35,581.03	9,51,44,347.00
From Vijaya Bank (Colaba Bra.)	0.00	6,89,44,145.00
	64,52,96,591.30	23,37,19,562.00
In case of continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	0.00	0.00
2. Amount	0.00	0.00
Total	64,52,96,591.30	23,37,19,562.00

Note: "G"

Non Current Investments	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
A.Trade Investments		
(a) Investment Properties	0.00	0.00
Total (A)		
B. Other Investments (Refer B below)		
(a) Investment in Equity instruments	2,10,97,109.62	2,73,89,680.00
(b) Investments in Mutual Funds	20,00,000.00	20,00,000.00
Total (B)	2,30,97,109.62	2,93,89,680.00
Grand Total (A + B)	2,30,97,109.62	2,93,89,680.00
Less : Provision for dimunition in the value of Investments	0.00	0.00
Total	2,30,97,109.62	2,93,89,680.00

Note : "H"

Inventories	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
a. Raw Materials and components	2,68,45,030.00	1,68,31,461.00
Goods-in transit		
b. Work-in-progress	6,37,44,450.00	4,21,17,401.00
Goods-in transit		
c. Finished goods	3,01,43,506.00	4,94,77,670.00
Goods-in transit		
Total	12,07,32,986.00	10,84,26,532.00

Note: "I"

Trade Receivables	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	95,20,54,499.60	33,01,31,057.00
Unsecured, considered good	0.00	0.00
Unsecured, considered doubtful	<u>0.00</u>	<u>0.00</u>
Less: Provision for doubtful debts		
	95,20,54,499.60	33,01,31,057.00
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	0.00	0.00
Unsecured, considered good	0.00	0.00
Unsecured, considered doubtful	0.00	0.00
Less: Provision for doubtful debts		
	0.00	0.00
Total	95,20,54,499.60	33,01,31,057.00

Trade Receivable stated above include debts due by:

Particulars	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
Directors *	0.00	0.00
Other officers of the Company *	0.00	0.00
Firm in which director is a partner *	0.00	0.00
Private Company in which director is a member	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

Note: "J"

Cash and cash equivalents	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
a. Balances with banks*	0.00	0.00
This includes:		
Earmarked Balances (eg/- unpaid dividend accounts)		
Margin money, Security against borrowings,		
Guarantees, Other Commitments		
Bank deposits with more than 12 months maturity		
b. Cheques, drafts on hand	14,92,93,259.87	28,05,40,217.00
c. Cash on hand*	3,00,057.75	14,31,248.00
d. Others (specify nature)	0.00	0.00
	14,95,93,317.62	28,19,71,465.00

Note: "K"

Short-term loans and advances	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
a. Loans and advances to related parties (refer note 2)		
Secured, considered good	0.00	0.00
Unsecured, considered good	0.00	0.00
Doubtful	0.00	0.00
Less: Provision for doubtful loans and advances	0.00	0.00
	0.00	0.00
b. Others (specify nature)		
Secured, considered good		
Unsecured, considered good	16,48,57,180.66	43,39,65,640.00
Doubtful		
Less: Provision for doubtful loans and advances	0.00	0.00
	16,48,57,180.66	43,39,65,640.00
	16,48,57,180.66	43,39,65,640.00

Note: "L"

Miscellaneous Expenditure not Written off	As at 31 March 2012	As at 31 March 2011
	Rs.	Rs.
a) IPO Expenses not written off		
b) Preliminary Expenditure	12,71,573.00	16,33,215.00
Less : - Written off During the Year	3,61,644.00	3,61,642.00
	9,09,929.00	12,71,573.00
Balance carried to Balance sheet	9,09,929.00	12,71,573.00

SUDAR INDUSTRIES LIMITED

(Formerly Known as Sudar Garments Ltd.)

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Note "1"	2011-12	2010-11
	Rs.	Rs.
<u>SALES</u>		
Sale of products	194,78,44,513.00	115,62,41,418.00
Sale of services	0.00	0.00
Other operating revenues	0.00	0.00
<u>Less:</u>		
Excise duty	0.00	0.00
Total	194,78,44,513.00	115,62,41,418.00
<u>Note "2"</u>		
<u>OTHER INCOME :</u>		
Subsidy Received	3,399.00	41,000.00
Dividend Incomes	13,500.00	52,375.00
Interest Received	25,63,438.00	0.00
Total	25,80,337.00	93,375.00
<u>Note "3"</u>		
<u>COST OF MATERIALS CONSUMED</u>		
<u>A) COST OF RAW AND PACKING MATERIAL CONSUMED</u>		
Opening Stock	1,68,31,461.00	72,69,142.00
Add: Purchases & Expenses	155,49,29,857.46	98,29,27,790.00
	157,17,61,318.46	99,01,96,932.00
Less: Sales (At Sale Price)	0.00	0.00
	157,17,61,318.46	99,01,96,932.00
Less: Closing Stock	2,68,45,030.00	1,68,31,461.00
Sub total	154,49,16,288.46	97,33,65,470.00
<u>B) MANUFACTURING EXPENSES</u>		
Repairs	49,137.00	8,232.00
Power and Electricity	9,58,610.00	20,57,391.00
Other Manufacturing Expenses.	0.00	0.00
Sub total	10,07,747.00	20,65,623.00
Cost of Materials consumed (Grand total)	154,59,24,035.46	97,54,31,093.00
<u>Note "4"</u>		
<u>Change in inventories of finished goods work-in-progress</u>		
<u>Opening Stock</u>		
Work- in- process	4,21,17,401.00	1,16,81,858.00
Finished Goods.	4,94,77,670.00	1,08,95,786.00
	9,15,95,071.00	2,25,77,644.00
<u>Less: Closing Stock</u>		
Work- in- process	6,37,44,450.00	4,21,17,401.00
Finished Goods.	3,01,43,506.00	4,94,77,670.00
	9,38,87,956.00	9,15,95,071.00
	-2,292,885.00	-69,017,427.00

Note "5"**EMPLOYEE BENEFITS EXPENSES**

Wages, Salaries, Bonus and Other Payments	1,34,09,341.00	52,34,582.00
Contribution to Provident and Other Funds	3,39,407.00	4,37,641.00
Workmen and Staff Welfare Expenses	99,889.00	1,67,099.00
Remuneration to Directors	48,00,000.00	50,25,000.00
Provision for Gratuity		3,07,871.00
Total	1,86,48,637.00	1,11,72,193.00

Note "6"**FINANCIAL EXPENSES**

Interest to Bank	2,55,11,185.00	7,70,870.00
Interest to Bank on Term Loan	2,06,31,038.00	2,32,93,906.00
Interest to Others	18,62,714.00	25,23,606.00
Interest on CC	4,23,03,442.00	1,93,92,638.00
Finance Charges	1,18,48,356.37	52,22,182.96
Interest on TDS	0.00	28,246.00
Diff in interest	0.00	-241,174.87
Interest on OD	12,12,670.00	0.00
	10,33,69,405.37	5,09,90,274.09

Note "7"**OTHER EXPENSES**

Rent, Rates & Taxes	1,20,000.00	1,85,000.00
Insurance	9,22,536.00	40,91,764.00
<u>Payment to Auditors</u>		
Audit Fees	1,50,000.00	1,50,000.00
Tax Audit Fees	1,22,500.00	1,22,500.00
Company Law Matters	0.00	0.00
For Other services	0.00	1,01,405.00
Professional Charges	1,95,75,444.43	3,17,82,483.00
Miscellaneous Expenses	23,05,460.00	5,25,581.90
Commission	47,02,778.58	12,17,949.49
Travelling & Conveyance	12,66,778.00	11,40,546.00
Printing & Stationery	19,53,157.00	13,59,505.00
Telephone, Telex, & Postage	1,31,099.00	64,324.00
Advertisement	11,85,372.74	43,86,379.00
Sales Promotion Expenses	18,03,726.00	0.00
Testing, Handling, Discount, Rate Difference and Brokerage	0.00	0.00
Sales Tax Expenses	0.00	0.00
Total	3,42,38,851.75	4,51,27,437.39

SUDAR INDUSTRIES LIMITED
(Formerly Known as Sudar Garments Ltd.)

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Note "M" and "8"

1. Basis of Preparation of financial statement: -

The financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the generally accepted principles prevalent in India.

Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.

All income and expenditure having material bearing on the financial statement are recognized on an accrual basis.

2. 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 amount of revenue and expenses during the relevant period. The estimates are made to the best of management's ability considering all necessary information. Differences, if any, between actual result and estimate are recognized in the period in which results are ascertained.

Statement of significant Accounting policies

3. Fixed Assets and Depreciation: -

a) Fixed assets are stated at their original cost (net of CENVAT / Value Added Tax) including freight and other incidental expenses related to acquisition and installation of the concerned assets less accumulated depreciation and impairment losses if any.

b) 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.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal and external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and the value in use. In assessing value in use the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

4. Inventories: -

i. Raw Materials are valued at cost or net, realizable value whichever is lower.

ii. Semi Finished Goods (Work in progress) are valued at cost.

iii. Finished Goods:

Manufactured goods are valued at cost or net realisable value whichever is lower. Cost includes cost of raw materials used and all the related overhead expenses.

Traded Goods are valued at cost or net realisable value whichever is lower.

Cost is determined by using the First in First out (FIFO) method.

5. Investments:-

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on an individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

6. Recognition of Income and Expenditure:-

Sales 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.

7. Employee Benefits:-

Contributions to defined contribution schemes such as provident fund are charged to profit and loss account as incurred. Gratuity Act is not applicable to the Company however provision for Gratuity is made on the basis of Valuation done by Actuary provision and for Leave encashment payable to the employees provision is not made as the same is accounted on cash basis.

8. Miscellaneous Expenditure:-

Preliminary expenses have been amortized over a period of five years.

9. Foreign Currency Transaction:-

No Foreign Currency Transaction had taken place during the year.

10. Taxation :-

Provision for current tax is made based on the tax payable under the current provisions of the tax laws applicable in the jurisdiction where in the income is assessable.

Deferred tax expenses or benefit is recognized on timing differences being the difference between taxable income and accounting income that arises in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are accounted for, using the tax rates and tax laws applicable as on the Balance Sheet date.

11. Borrowing cost:

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

12. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

13. Cash Flow Statement

The Company has prepared the Cash Flow Statement using the Indirect Method in compliance with Accounting Standard issued by The Institute of Chartered Accountants of India (AS-3).

14. Provision, contingent liabilities and contingent assets

Provision are recognized when the company has a present and legal or constructive obligation as a result of past event, it is problem that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are determined based on test 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 possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is possible obligation or present obligation in respect of which like hood of outflow of resource is remote, no provision or disclosure is made.

15. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of Notes to Accounts.

Notes on Accounts

- Sundry Creditors, Sundry Debtors, Loans & Advances have been taken at their book value subject to confirmation and reconciliation.
- Shareholding of the Company.

Name of Shareholder	As at 31 March 2012			As at 31 March 2011		
	No. of share holder	No. of Shares held	% of Holding	No. of share holder	No. of Shares held	% of Holding
PROMOTER AND PROMOTER GROUP HOLDING Indian Promoters	3	91,05,358	49.09	3	8521375	45.94
Total (A)	3	91,05,358	49.09	3	8521375	45.94
NON – PROMOTER HOLDING						
Institutional Investors FIs	3	21,80,438	11.76	3	2239438	12.07
Others Private Corporate Bodies	133	43,88,919	23.66	170	4907542	26.46
Indian Public	1,364	19,08,742	10.29	1473	1306656	7.04
NRIs	11	1,425	0.00	7	1137	0.00
Any other (Clearing Members)	71	9,62,093	5.19	280	1570827	8.47
Total (B)	1,582	94,41,617	50.91	1933	10025600	54.06
Grand Total (A)+(B)	1,585	1,85,46,975	100.00	1936	18546975	100.00

- Related party disclosures: There is no related parties' transaction within the meaning of AS 18 during the period.
- Remuneration paid to Key Management Personnel (Rs. In lakhs)

Particulars	31.03.2012	31.03.2011
M Murugan Thevar	36.00	36.00
Gopi Nair	12.00	12.00
M Vallimmal Thevar	--	2.25
Total	48.00	50.25

- Loans and Advances are considered good in respect of which company does not hold any security other than the personal guarantee of persons

6. Contingent Liabilities (Rs. In lakhs)

Particulars	31.03.2012	31.03.2011
Guarantees given by banks	--	--
Bill discounted	--	--

7. Auditors Remuneration (Rs. In lakhs)

Particulars	31.03.2012	31.03.2011
Statutory Audit	1.50	1.50
Tax Audit	1.23	1.23
Other Service	0.00	1.01

8. Additional information pursuant to the provisions of Paragraph 3, 4C and 4 D of schedule VI of the companies Act, 1956
Details of Production

Particulars	31.03.2012		31.03.2011	
	Units	Quantity	Units	Quantity
Shirt	Nos.	2858769	Nos.	27,99,122
Trousers	Nos.	765698	Nos.	3,90,570
Others	Nos.	1858245	Nos.	3,09,389

9. Purchase of major Raw Materials

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	Values	Quantity	Values
Fabrics	Mtrs	14858431	1461.68	9498423	8928.47

10. Finished Goods Stock

Particulars	Unit	31.03.2012		31.03.2011	
		Quantity	Values	Quantity	Values
Shirts	Nos.	52050	216.62	63256	232.06
Trousers	Nos.	7099	33.60	32962	160.85
Others	Nos.	12046	51.21	31247	101.37

11. Earnings per Shares (EPS)

Particulars	31.03.2012	31.03.2011
Profit after Tax in lacs	1570.81	698.84
No. of Equity Shares at the year end	185,46,975	185,46,975
EPS	8.47	3.77

12. Major components of Deferred tax

Particulars	As at 31.03.2012 (Rs.)
A) Deferred Tax Liabilities	
Depreciation	69,76,821.22
Total	69,76,821.22
B) Deferred Tax Assets	
Gratuity Disallowed	99,888.75
MAT credit available	1,52,81,941.98
Total	1,53,81,830.73
Net Deferred Tax liabilities/(assets) (A -B)	(1,21,93,382.50)

13. Segment Information

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

14. The SSI status of the creditors is not known to the company; hence the information is not given.

15. Previous year figures have been regrouped or rearranged whenever necessary.

For: M/s. J.S. Uberoi and Co.
Chartered Accountants

For: M/s. Sudar Industries Ltd.
(Formerly Sudar Garments Ltd.)

CA Amarjeet Singh Sandhu
M. No.: 108665

Murugan Thevar
Managing Director

For: M/s. Suresh Hegde and Co.
Chartered Accountants

Venketraman Nadar
Dy. Managing Director

CA Suresh Hegde
M. No.: 118493

Mustafa Badami
Company Secretary

Place: Navi Mumbai
Date: 01/09/2012

Balance Sheet Abstract and Company's General Business Profile**1 Registration Details**

Registration No.	:	134707	State Code	:	11
Balance Sheet Date	:	3/31/2012			

2 Capital raised during the year

Public issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement	:	Nil

3 Position of Mobilisation and Deployment of Funds

Total Liabilities	:	236,98,82,292.52	Total Assets	:	236,98,82,292.52
Sources Of Funds	:		Application Of Funds	:	
Paid-up Capital	:	18,54,69,750.00	Net Fixed Assets	:	95,02,32,260.52
Reserves & Surplus	:	93,49,95,303.55	Investments	:	2,30,97,109.62
Secured Loans	:	105,19,50,010.78	Net Current Assets	:	122,14,47,953.69
Unsecured Loans	:	3,16,77,198.00	Miscellaneous Expenditure	:	9,09,929.00
Deffered Tax Liability	:	0.00	Accumulated Losses	:	Nil

4 Performance of Company

Turnover	:	195,04,24,850.00	Total Expenditure	:	173,42,27,374.57
Profit before Tax	:	20,01,97,475.43	Profit after Tax	:	15,70,81,259.11
Earning per Share	:	8.47	Divident rate	:	Nil

5 Generic Names of Principal Products / Service of Company (as per monetary terms)

Item Code : No 6105/6/9 and 6205/6/7

Product Description

- 1 Shirts
- 2 Tourners

For & on behalf of Board

Murugan Thevar
(Managing Director)

Venketraman Nadar
(Dy. Managing Director)

Mustafa Badami
(Company Secretary)

As per our report of even date.

For J.S. Uberoi and Co.
Chartered Accountants

For Suresh Hegde and Co.
Chartered Accountants

CA Amarjeet Singh Sandhu
Membership No : 108665

CA Suresh Hegde
Membership No : 118493

Date : 1st September 2012
Place: Navi Mumbai

SUDAR INDUSTRIES LIMITED

(Formerly known as SUDAR GARMENTS LIMITED)

Reg. Off.: Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra: 410 222.

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 11TH ANNUAL GENEARL MEETING of the Company at Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra: 410 222, on **THURSDAY, 27th SEPTEMBER, 2012** 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/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting

Cut here

SUDAR INDUSTRIES LIMITED

(Formerly known as SUDAR GARMENTS LIMITED)

Reg. Off.: Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra: 410 222.

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 11TH ANNUAL GENEARL MEETING of the Company at Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra:410 222, on **THURSDAY, 27th SEPTEMBER, 2012** at **11.00 A.M.** and at any adjourned thereof.

Signed this _____ day of _____ 2012

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

No. of Shares-----

Affix Re.1/-
Revenue
Stamp
only

This form is to be used @ in favour of the resolution.

@ against

Unless otherwise instructed, the Proxy will act as he thinks fit

@ Strike out whichever is not desired

Note: (i) The Proxy must be returned so as to reach the Registered Office of the Company at Plot No. 27 & 29, Village: Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra: 410 222 not less than 48 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.

Book - Post

If undelivered, please return to:

LINK INTIME INDIA PRIVATE LIMITED

UNIT : SUDAR INDUSTRIES LIMITED

(Formerly known as SUDAR GARMENTS LIMITED)

**C/13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.**