

DRAFT RED HERRING PROSPECTUS

Dated: September 2, 2010

Please read Section 60 B of the Companies Act, 1956

100% Book Building Issue

**SUDAR GARMENTS LIMITED**

(Our Company was originally incorporated as 'Sudar Garments Private Limited' on January 28, 2002 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai ('ROC'). The name of the Company was changed to Sudar Garments Limited' on conversion into Public Limited Company and a fresh Certificate of Incorporation was obtained from ROC on March 18, 2010. For further details of changes in the name and registered office of our Company, please refer the section titled 'History and Certain Corporate Matters' beginning on page 95 of this Draft Red Herring Prospectus.)

Registered Office: 117, First Floor, Vardhaman Market, Sector - 17, Vashi, Navi Mumbai - 4000703, Maharashtra, India.

Tel No.: +91 022 27800706/27880994; **Fax No.:** +91 022 27889239; **Website:** www.sudargarments.com; **Email:** ipo@sudargarments.com

Contact Person: Ms. Sapna Karmokar Company Secretary & Compliance Officer

The Promoter of our Company is Mr. Murugan Muthiah Thevar

PUBLIC ISSUE OF 90,88,000 EQUITY SHARES OF RS. 10/- EACH OF SUDAR GARMENTS LIMITED (THE 'COMPANY' OR THE 'ISSUER') FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE, AGGREGATING TO RS. [●] LACS (THE 'ISSUE'). THE ISSUE WOULD CONSTITUTE 49.00% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/-. THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID / ISSUE OPENING DATE.

THE FLOOR PRICE IS [●] TIMES THE FACE VALUE AND THE CAP PRICE IS [●] TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after such revision, subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ('BSE'), and National Stock Exchange of India Limited ('NSE'), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and the terminals of the member(s) of the Syndicate.

This Issue is being made through the 100% Book Building process wherein upto 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyer ('QIB') Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs. 10/- and the Floor Price is [●] times of the face value and Cap Price is [●] times of the face value. The Price Band (as determined and justified by our Company and the Book Running Lead Manager as stated under section titled 'Basis for Issue Price' on page 58 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India ('SEBI'), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page 11 of the Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This Issue has been graded by [●] and has been assigned the 'IPO Grade [●]', indicating [●] through its letter dated [●]. For more information on IPO grading, please refer to the section titled 'General Information' on page 29 of the Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approval from BSE & NSE for listing of the Equity Shares vide their letter dated [●] and [●] respectively. For the purpose of this Issue, the BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER**ASHIKA CAPITAL LIMITED**

1008, 10th Floor, Raheja Centre,
214, Nariman Point,
Mumbai - 400 021.
Tel.: +91-22- 6611 1700
Fax: +91-22- 6611 1710
Email: mbd@ashikagroup.com
Website: www.ashikagroup.com
SEBI Regn No: INM 000010536
Contact Person: Mr. Niraj Kothari / Mr. Shriyash Kela

REGISTRAR TO THE ISSUE**LINK INTIME INDIA PVT LTD**

C- 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup - West,
Mumbai - 400 078.
Tel.: +91 22 2596 0320
Fax: +91 22 2596 0329
E-mail: sul.ipo@linkintime.co.in
Website: www.linkintime.co.in
SEBI Regn. No.: INR000004058
Contact Person: Mr. Sanjog.Sud

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON : [●] 2010

BID/ISSUE CLOSES ON : [●] 2010

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith, in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

General

Term	Description
‘SGL’, ‘the Company’, ‘our Company’, ‘we’, ‘us’, ‘our’, or ‘the Issuer’	Unless the context otherwise indicates or implies, refers to Sudar Garments Limited, a company incorporated under the Companies Act, 1956

Company related matters

Terms	Description
Articles / Articles of Association	Articles of Association of our Company, as amended
Auditors	The Statutory Auditors of our Company, M/s. Suresh Hegde & Co., Chartered Accountants
Board/Board of Directors	Board of Directors of our Company including a duly constituted committee thereof
Directors	Directors of Sudar Garments Limited, unless otherwise specified
Key Management Personnel	Those individuals described in “Our Management – Key Management Personnel” on page no 107 of this Draft Red Herring Prospectus
Memorandum of Association	Memorandum of Association of our Company, as amended
Promoter(s)	Mr. Murugan Muthiah Thevar
Registered Office of our Company	117, First Floor, Vardhaman Market, Sector – 17, Vashi, Navi Mumbai – 400 703, Maharashtra, India.
Factory Location of our Company	Survey Nos. 30A and 30A4, Village Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra 410 222 and Survey No. 27B, Village Madap, Khalapur Taluka, Raigad District, Maharashtra

Issue Related Terms

Terms	Description
Allotment/Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount (ASBA)	An application, whether physical or electronic, used by all Bidders to make a Bid authorizing an SCSB to block the Bid Amount in their specified bank account maintained with the SCSB
ASBA Bidder	Prospective investors in this Issue who intend to Bid/apply through ASBA
ASBA Bid cum Application Form	The Bid cum Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bid Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue /Escrow Collection Bank(s)	The Bank(s) which is/are clearing member and registered with the SEBI as bankers to the issue with whom the escrow account will be opened, in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Procedure – Basis of Allotment” on page no 163 of this Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder

Terms	Description
	pursuant to submission of Bid cum Application Form or ASBA Bid cum Application Form, as the case may be, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid /Issue Opening Date	The date on which the members of the Syndicate and SCSB's shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid/Issue Closing Date	The date after which the members of the Syndicate and SCSB's will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application Form (if applicable)
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form, including an ASBA Investor
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI (ICDR) Regulations, 2009, in terms of which this Issue is being made
BRLM/Book Running Lead Manager/Book Runners	Book Running Lead Manager to this Issue, in this case being Ashika Capital Limited
CAN/Confirmation of Allocation Note	The note or advice or intimation including any revisions thereof, sent to each successful Bidder indicating the Equity Shares allocated after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	Issue Price finalized by our Company in consultation with the BRLM, which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees, who's Bid Amount does not exceed Rs. 100,000 are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Controlling Branches	Such branches of the SCSB which coordinate with the BRLM, the Registrar to the Issue and the Stock Exchanges and a list of which is available on www.sebi.gov.in
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of SCSB's which shall collect the ASBA form used by the ASBA bidders and a list of which is available on www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account or the amount blocked by the SCSB is transferred from the bank account of the Bidder, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited

Terms	Description
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus dated September 2, 2010 issued in accordance with Section 60B of the Companies Act and the SEBI Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI	NRI's from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder (excluding the Bidders applying through ASBA) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated [●] to be entered into by our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the Bidders applying through ASBA process) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted
Indian National	As used in the context of a citizen of India's defined under the Indian Citizenship Act, 1955, as amended, who is not a NRI
Issue or Issue to the Public	The public issue of 90,88,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] each aggregating to Rs. [●] Lacs
Issue Period	The Issue period shall be [●] being the Bid /Issue Opening Date to [●] being Bid / Issue closing Date
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Draft Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 2,27,200 Equity Shares shall be available for allocation for Mutual Funds only, out of the QIB Portion on a proportionate basis
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/- (but not including NRI's other than eligible NRI's)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue comprising of 13,63,200 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders on proportionate basis, subject to receipts of valid bids at or above the issue price
Non-Resident	A person resident outside India, as defined under FEMA and includes a non-resident Indian
OCB / Overseas Corporate Bodies	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRI's including overseas trusts, in which not less than 60% of beneficial irrevocably held by NRI's directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Securities by a Person resident outside India) Regulations, 2000
Price Band	Price Band of a minimum price of Rs. [●] (Floor Price) and the maximum price of Rs. [●] (Cap Price) and include revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised, at least two

Terms	Description
	Working Days prior to the Bid/ Issue Opening Date, in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	An account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs from the bank accounts of the Bidders on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs. 25 Crores, pension fund with minimum corpus of Rs. 25 Crores, National Investment Fund set up resolution no.F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India and Insurance Funds set up and managed by Army, Navy or Air Force of the Union of India.
QIB Portion	The portion of the Issue being up to 50% of the Issue and comprising up to 45,44,000 Equity Shares to be allotted to QIBs, of which 5% shall be available for allocation on proportionate basis to Mutual Funds
Refund Account(s)	The no-lien account maintained by the Refund Bank(s) to which the money shall be transferred on the Designated Date and from which refunds (excluding refunds to Bidders applied through ASBA), if any, of the whole or part of the Bid Amount shall be made
Refund Banker	[●]
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or the ASBA process, as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Link Intime India Pvt Ltd, a company incorporated under the Companies Act and having its registered office at Mumbai
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRI's) who have not Bid for Equity Shares for an amount more than Rs. 100,000/- in any of the bidding options in the issue
Retail Portion	The portion of the Issue being not less than 35% of the Issue comprising of 31,80,800 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding Bidders applying through ASBA, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
Stock Exchange(s)	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board

Terms	Description
Syndicate Agreement	The agreement to be entered into between the Syndicate Members and our Company in relation to the collection of Bids in this Issue
Syndicate Members	Ashika Stock Broking Limited
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder, as proof of registration of the Bid on the online system of BSE/NSE.
Underwriters	The BRLM and the Syndicate Member(s)
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
Working Day	All days other than a Sunday or a public holiday (except during the Bid/Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Issuer and Industry Related Terms

Term	Description
AEPC	Apparel Export Promotion Council
CAD	Computer Aided Designing
DEPB Scheme	Duty Exemption Pass Book Scheme
EPCG Scheme	Export Promotion Capital Goods Scheme
ERP	Enterprise Resource Planning
GATT	General Agreement on Tariff and Trade
LFS	Large Format Stores
MBO	Multi Brand Outlets
NCS	National Chain Store
RTS	Ready to Stitch
RTW	Ready to Wear
Retail	The word "Retail" appearing in the Draft Red Herring Prospectus, Application Form, or any other information material or document regarding the Issue unless otherwise required is expressly intended only to indicate and describe that the term retail be read and understood as "The sale of readymade garments and accessories manufactured by Sudar Garments or sold under its brand name "Glory to Glory" directly to ultimate consumers through its own brand outlets, large format stores and multi-brand outlets."
TUFS	Technology Upgradation Fund Scheme
WTO	World Trade Organization

Conventional/General Terms/Abbreviations

Terms	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director Identification Number
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization

Terms	Description
ECS / NECS	Electronic Clearing System / National Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FI(s)	Financial Institution
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
INR / Rs / Rupees	Indian Rupees, the legal currency of the Republic of India
Income Tax Act / IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MODVAT	Modified Value Added Tax
MOU	Memorandum of Understanding
MSEDCL	Maharashtra State Electricity Distribution Co. Limited
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI / Non Resident Indian	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Person of Indian Origin
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RoC	The Registrar of Companies, 100, Everest Building, Marine Lines,

Terms	Description
	Mumbai- 400 002
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations / SEBI (ICDR) Regulations, 2009	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec.	Section
Securities Act	US Securities Act, 1933, as amended
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Stamp Act	The Indian Stamp Act, 1899
State Government	The Government of State(s) of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
TAN	Tax Deduction Account Number
TIN	Taxpayer Identification Number
UIN	Unique Identification Number
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
WDV	Written Down Value
w.e.f.	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations, which are included in this Draft Red Herring Prospectus under the section titled 'Financial Statements' beginning on page 114.

Our fiscal year commences on April 1 and ends on March 31 of the next year. All references to a particular fiscal year unless otherwise indicated, are to the 12 month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in the Red Herring Prospectus should accordingly be limited.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has generally been obtained or derived from various sources, including industry websites, publications and/or publicly available documents, internal company reports and data. Industry websites, publications and publicly available documents generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal company reports and data, while believed by us to be reliable, have not been verified by any independent agencies.

Further, the extent to which the market and industry data used in the Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (“EEA”), from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which is the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. None of the Company and the Underwriters have authorised, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus includes certain forward looking statements with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by the fact that they do not relate to any historical or current facts. Forward-looking statements often use words such as “aim”, “anticipate”, “believe”, “could”, “expect”, “estimate”, “intend”, “may”, “objective”, “plan”, “project”, “shall”, “should”, “will”, “would”, or other words or phrases with similar meaning. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. By their nature, forward looking statements are subject to risk and uncertainty and there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have businesses and our ability to respond to them, our ability to successfully implement strategy, growth and expansion of our business, technological changes, exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry.

For further discussions of factors that could cause our actual results to differ, please see the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 11 and 134 of this Draft Red Herring Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Book Running Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, the Company, the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

SECTION II - RISK FACTORS

An investment in equity or equity related securities involves a degree of financial risk. You should carefully consider all information in the Draft Red Herring Prospectus, including the risks described below before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Red Herring Prospectus, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline and may lose all or part of your investment in our Equity Shares. In addition, the risks set out by us in this Draft Red Herring Prospectus may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risk factors described in this section.

Unless otherwise stated, the financial information of the Company used in this section is derived from our restated financial statements.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may have material impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

INTERNAL RISK FACTORS

RISK RELATED TO THE PROJECT:

- 1. Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and actual cost may vary compared with the estimated amount.**

Our funding requirement and deployment of the proceeds of the issue are based on management estimates, current quotation from suppliers and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates and on third party quotations. We may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and our subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee

- 2. We are yet to place orders aggregating to Rs 1400 Lacs for entire plant and machinery including miscellaneous assets for the proposed expansion project. Any delay in their procurement or change in our assumptions or change in market conditions, etc. may delay the implementation**

schedule which may also lead to increase in price further affecting our cost, revenue and profitability.

We have estimated to purchase plant & machinery including miscellaneous assets to the extent of Rs 1400 Lacs, which constitutes [●] % of the total cost of project. We have received quotations from various suppliers for all such plant and machinery including miscellaneous assets. We expect to place orders for the plant and machinery including miscellaneous assets as per our proposed implementation schedule disclosed in the section “Objects of the Issue” beginning on page no 47 of this Draft Red Herring Prospectus. Any delay in the supply of plant & machinery including miscellaneous assets may adversely affect our operations. Our requirement for such plant and machinery including miscellaneous assets is based on our growth plans and perceived business opportunities. Any deviation in our assumptions or market conditions could adversely affect our project cost, business and result of operations.

3. We require a number of statutory and regulatory permits and licenses to operate our business and any delay or inability to obtain or renew the same in a timely manner may have an adverse impact on our business

Being a manufacturing organization, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for a fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals periodically. There can be no assurance that the relevant authorities will issue such permits or approvals to our Company or that they will issue in time. Further, these permits, licenses and approvals are subject to several conditions and our company cannot assure that it shall be able to continuously meet the conditions and this may lead to cancellation, revocation or suspension of relevant permits / licenses / approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals may result in the interruption of our Company’s operations and may have a material impact on our business.

For further details regarding statutory approvals please refer to the section “Government and other approvals” on page No 144 of this DRHP.

4. Our operations are subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet requirement of working capital or pay out debts, could adversely affect our operations.

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards debtors and inventory. Though we have been sanctioned working capital of Rs. 1500 Lacs from the existing bankers, we may need to secure an additional credit facilities in future to satisfy our working capital needs. All these factors may result in increase in the quantum of current assets and short term borrowings. Our inability to obtain and/or maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the section “Objects of Issue” on page No 47 of this DRHP.

5. Our proposed expansion plans are fully dependent on the success of this Initial Public Offer.

Implementation of the Object for this issue is entirely dependent on receipt of the issue proceeds. Any delay in the issue process or any under-subscription of equity shares offered as part of this issue could adversely affect our growth plans and hence our business. Further, in the event there is an increase in the expenditure required to be incurred by us in respect of our objects, consequent to increase in cost, change in laws, or for any other reasons and we are not able to meet the cost overruns, it could adversely affect our growth plans and profitability.

6. We propose to engage a celebrity as our brand ambassador for promotion of our brand. Inability to appoint a celebrity as a brand ambassador or any adverse publicity of the brand ambassador may negatively impact our brand also and consequently our profitability and reasons.

We propose to allocate Rs. 350 Lacs for engaging a celebrity as our brand ambassador for promoting our brand and products. We are proposing this expenditure in view of the fact that a brand ambassador shall facilitate in appropriately positioning our existing brand “Glory to Glory” and our proposed brands ‘St. Paul’ & ‘Majesty’, in the market and appeal to our target customers. We are not sure if we shall be able to engage a famous celebrity on the remuneration and terms acceptable to us. We may also be affected by any negative publicity that may be carried in the media regarding the brand ambassador or any acts done by him affecting his / her reputation and image as a celebrity.

7. There can be delay in the setting up of the Retail Outlets for which Rs. 180 lacs have been earmarked in this Issue. This may affect our financial condition and result of operations.

We have plans of setting up 25 Retail Outlets in major cities of South India. Out of these, our company proposes to open 10 own retail outlets on leased premises and balance 15 retail outlets proposed to be operated on a franchisee basis. We have finalized the location for the proposed own outlets in the Chennai city but have not entered into any lease agreement with the property owners. We cannot assure that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to find suitable space in a particular location that we believe will be necessary for implementing our marketing strategies and the same may have a material impact on our results of operation. For further details, refer to “Objects of the Issue” on page no 47 of this DRHP.

RISK RELATED TO OUR BUSINESS AND COMPANY:

8. We have issued Equity Shares in the last twelve months, the price of which may be lower than Issue Price.

Our Company has issued following Equity Shares in last one year:

Date of Allotment	Name of the person	Number of Equity Shares	Issue Price (Rs.)	Reason for Allotment
March 15,2010*	Mr. Murugan Muthiah Thevar	32,26,900	-	Bonus in the ratio of 4:1
	Mrs.Valliammal Murugan Thevar	3,69,000	-	Bonus in the ratio of 4:1
March 30, 2010	Mr. Murugan Muthiah Thevar	38,39,000	20	Further Allotment to Promoter
	Mr. Santosh Ingle	1,87,500	20	Further Allotment to Others
	Mr. Ramesh Thevar	1,87,500	20	Further Allotment to Promoter Group
	Mr. Ganesh Bhat	50	20	Further Allotment to Others
	Mr. Guruprasad Kudva	50	20	Further Allotment to Others
	Finaventure Advisory Services (India) Limited	7,50,000	20	Further Allotment to Others

* The price at which the above equity shares are issued may be less than the Issue Price. The price at which the Equity Shares were being issued in last twelve months is not indicative of the price which may be offered in the issue For Further details of equity shares issued, please refer to chapter titled ‘Capital Structure’ beginning on page 38 of the DRHP.

9. Our Company has a negative cash flow in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.

(Rs. In lacs)

Particulars	March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010
Cash Flow from Operating activities	(71.77)	(129.04)	15.75	104.34	(117.45)
Cash Flow from Investing activities	6.19	6.12	(951.53)	(842.01)	(1,435.00)

The cash flow of a company is a key indicator to show the extent of cash generated from operations of the company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. Cash flow from Operating activities are negative for March 31, 2006, March 31, 2007 & March 31, 2010 due to increase in Trade Debtors and Inventories. Cash flow from investing activities are negative for March 31, 2009 & March 31, 2010 due to increase in Capital Work in Progress and Purchase of Fixed Assets.

10. The Company does not have a registered trademark. Its inability or failure to protect the trademark may adversely affect its business goodwill on account of possible misuse by any third party.

The Company does not have a trademark registered under the Trade Marks Act, 1999, and consequently, the Company does not enjoy the statutory protections accorded to a trademark registered in India. The Company has been using the trademark “Glory to Glory”, being a trademark registered in the name of Mr. Murugan Muthiah Thevar, for products manufactured by it. Pursuant to a Deed of Assignment dated August 11, 2010 entered into between the Company and Mr. Murugan Muthiah Thevar. Mr. Murugan Muthiah Thevar (being the Registered Proprietor) has assigned the trademark “Glory to Glory” along with goodwill in favour of the Company. Further, the Company has on August 18, 2010 applied to the Trade Marks Registry, Mumbai to get it registered as the Registered Proprietor of the said trademark “Glory to Glory” pursuant to the Deed of Assignment.

In addition to the above trademark, the Company has also on August 11, 2010 applied to the Trade Marks Registry, Mumbai to register three (3) other trademarks (details whereof are provided in “Government Approvals and Licensing Arrangements” on page 144).

Although the Company has made the aforementioned applications at the Trade Marks Registry, Mumbai to get itself registered as the Registered Proprietor; however, until its name is entered on the trademark register, it cannot prohibit the use of such mark by third parties by means of statutory protection. In the event of the Company’s trademarks being subjected to any challenge or there being a delay in registration, the Company’s business and goodwill may be affected adversely.

11. We have certain financial indebtedness which could adversely affect our financial condition and results of operations and further we may not be able to meet our obligations under the debt financing agreements.

We have secured loan aggregating to Rs.2542.84 Lacs from commercial banks and schedule co-operative bank. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company’s movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations.

Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds.

For further details on our financial indebtedness, please refer “Financial Statement” beginning on Page 114 of this DRHP.

12. There are certain restrictive covenants in the loan agreements of banks in respect of the Term Loans and Working Capital facilities availed by us from them.

Banks have sanctioned loans to our company in pursuance of their respective sanction letters. We would be subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by us. Following are some of the major restrictive covenants, which are material in nature:

- Entering in to borrowing arrangements, with other Banks, Financial Institutions and other parties.
- Taking up any new project or large-scale expansion
- Making investment in or giving loans to subordinates, associate concerns, individuals and other parties.
- Effecting Mergers & acquisitions
- Paying dividend/making withdrawals, other than out of Current year's earnings after making due provisions
- Giving guarantee on behalf of third parties
- Pre-mature repayment of Term Loans & discharge of other Liabilities.

Further the company has created a charge on its assets in favour of their bankers against the assets of the company. In case of default by the company in repayment of the loans, bankers may exercise their rights over the security, which may be detrimental to the interest of the company.

For details on the secured loan, please refer to the section titled "Financial Indebtedness beginning on page no 141 of this DRHP.

13. Our Company has availed Rs 362.66 Lacs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.

Our Company has availed Rs 362.66 Lacs from our promoter which may be recalled at any time. For further details, please refer to the section "Unsecured Loans" under "Financial Statements" on Page no 114 of this DRHP. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

14. We have entered into certain related party transactions and there is no assurance that we may not continue to do so in future also. This could have an adverse effect on our financial condition and results of operation.

During the course of our business, we have entered into certain transactions with related parties, aggregating to Rs. 380.66 Lakhs for the period ended March 31, 2010. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page no 114 of this DRHP.

15. Our company has limited experience of handling Retail or franchise business which could also impact our business operations.

We have a limited experience of operating Retail outlets and the development of systems and procedures are in an early stage. We plan to open a 25 Retail outlets (company operated 10 and franchise operated 15). This may entail substantial senior level management time and resources and we may also not be able to anticipate or evaluate all the business risks. In addition, our growth plans are considerable and would put significant demands on our management team and other resources. The success of this exponential growth plan will be dependent on various factors like maintenance of product quality, consumer satisfaction, handling of franchise business, development and improvement in our internal administrative infrastructure, internal control systems, communication systems,

recruitment, training, retention of skilled manpower, and competition. Any inability on our part to manage our growth may have an adverse impact on our business and results of operations.

16. Volatility in the prices of fabrics, which is the basic raw material, may adversely impact our total cost of goods sold.

Our Company purchases different type of fabrics from various suppliers for our manufacturing operations. We are therefore, entirely dependent on external suppliers for the fabric which constitutes more than 90% of total cost of raw materials for apparel operations. The prices of fabric depend largely on the market prices of cotton, which is the raw material for manufacture of fabric and any increase in prices of raw material is generally passed on to our customers. However, any adverse fluctuations in the price which we may not be able to pass on to our customers could have a material adverse effect on our total cost of production. Further, any material shortage or interruption in the supply or decrease in quality of these raw materials could also adversely impact our business operations

17. Our Company depends on timely identification of evolving fashion trends and creating new designs. Any lag on the part of our company in this regard may adversely affect our business operations.

The key success factor in the apparels business is in creating appealing designs and colour combinations to create buyer appeal. In order to be line with this success factor, we maintain a team of in house designers who design and develop the products as per customer's needs. This team works on the development of designs by analyzing the needs of customer, we are targeting and by parameters like designer collections presented in the fashion cities of the world, fashion reviews from earlier seasons, fashion magazines and most importantly the feedback gained from the sales of the similar products that were developed earlier. Our inability to tap the changing fashion can lead to rejection and absolvency of our apparel and textiles thus damaging our brand value, business operations and financial conditions.

18. Failure on our part to meet consumer expectations could impact our business operations.

Our business depends on consumer preferences which cannot be predicted with certainty and are subject to rapid change. We feel that if we fail to understand and in turn respond in a timely and appropriate manner to changing consumer demand with quality products, our brand name and brand image may be impaired and in turn result in decline in sales or leave us with substantial amount of unsold inventory. We may not be able to successfully meet changing consumer demands in future. In addition, any new products or brands that we introduce in future may not be successfully received by retailers and consumers. Any failure on our part to successfully meet consumer demand or preference may negatively affect our business, financial condition and results of operations.

19. We face competition from various brands and any inability to compete with them could adversely impact our business and financial operations.

We may have to confront pressures in respect of pricing, product quality etc. from the buyers and such pressures may put strain on our profit margins which may consequently affect the financial position of our Company. Competition emerges not only from the organized sector but also from the unorganized sector and from both small and big players. We are also in direct competition with the leading apparel manufacturers of India as well as the local brands. Our inability to compete with this intense competition will have material adverse impact on our Company's financial position

20. Our inability to manage inventory in an effective manner could adversely impact our business operations.

Our business involves forecasting of future demand and fashion trends and has to manage inventory levels based on present and future consumer demands. If we underestimate consumer demand for our products or if we fail to supply the quality products in the market at the time we need them, we may experience inventory shortages. Further, we also have to maintain an inventory of certain products that we anticipate will be in a greater demand. Any mismanagement on our part to handle inventory levels

at all our Retail outlets including franchise business could diminish our brand image and in turn adversely impacting our business and financial operations.

- 21. We are dependent on key managerial personnel and the loss of such key managerial persons and/or our inability to attract and retain such talented professionals in the future, could affect us adversely.**

The Company believes that its success depends on its continued ability to retain and attract skilled and experienced executive personnel. While the Company has retained its key management personnel in the past, should it fail to retain them in future, it may find it difficult to find suitable replacements with similar knowledge and experience. The Company is dependent on its ability to identify, hire, train, manage and retain skilled technical and management personnel and it may face a risk in realizing its business objectives in the event of attrition of key managerial personnel.

- 22. Our Company's manufacturing activities are labour intensive and depend on availability of skilled and unskilled labourers in large numbers. In case of unavailability of such labourers and / or inability to retain such personnel, our business operations could be affected.**

Our Company has employed 645 employees of which 610 are on contract at our manufacturing unit. Our operations and performance are labour intensive and depends on our ability to identify, attract and retain both skilled and unskilled labour. In case such labour is unavailable or we are unable to identify and retain such labourers our business could be adversely affected.

- 23. Our reliance on a contract labour for the performance of our operations may adversely affect our business.**

We rely on certain labour contractors who provide us labour for performance of our operations and have applied to get our company registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970 for employing such contract labour. There is possibility that on an application from the contract labourers, the appropriate court / tribunal may direct that the such contract labourers are required to be regularized or absorbed and / or may direct that our company to pay certain compensation in this regard. In that event, it may result in an increase in our wage cost and consequently may affect our profitability.

- 24. Our manufacturing facilities are geographically located in one area and any localized social unrest, natural calamities, etc. could have material adverse effect on business and financial operations.**

Our manufacturing unit viz. existing and proposed is based in Khalapur Taluka, Raigad District in the State of Maharashtra. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in and around Mumbai could have material adverse effect on our business, financial position and results of operations. Further, any continuous addition of industries in and around Khalapur Taluka without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure in Mumbai, which may affect our business.

- 25. Any loss of or breakdown of our machineries, at our factory may have an adverse effect on our business, financial condition and results of operations.**

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. Although we have not had such occurrences in the past, the occurrence of such incidents in future is not ruled out and these risks could significantly affect our operating results. Although, we have taken precautions to minimize the risks of any significant operational issues at our manufacturing facilities, our business and operations may be adversely affected by any disruption of operations at manufacturing facilities.

26. Our registered office premise is on a leasehold/license basis and any termination of such lease/license and/or non-renewal could adversely affect our operations.

The property on which our registered office is situated on a leave and license basis for a period of two years ending on January 17, 2012. Any termination of the licenses whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our functioning and adversely affect the business operations. For further details, please refer to chapter titled 'Business Overview' beginning on page 79 of the DRHP.

27. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

In the recent years, our industry has experienced advancement in technology and sophistication in production process. Modernization and technology Upgradation is essential to reduce costs and to increase the output. Although we strive to keep our technology, plant and machinery in line with the latest technological standards, we may be required to implement new technology or upgrade or retro fit the machineries employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries involve substantial costs which could substantially affect our finances and operations.

28. Our insurance cover may not adequately protect us against all material hazards.

We have various insurance policies covering stocks, building, furniture, plant and machinery, etc. for total insured amount of Rs. 2936.76 Lacs, details of which are disclosed on page no 87 of this DRHP. We believe that we have insured ourselves against the majority of the risks associated with our business. Our significant insurance policies provide cover for risks relating to physical loss, theft or damage to our assets, as well as business interruption losses. In addition we have obtained separate insurance coverage for personnel related risks for some of our personnel. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

29. Our company is yet to file necessary documents with certain regulatory / statutory authorities and agencies for the notation of the change of name after conversion into a limited company.

Our Company was converted from Private Limited Company to a Public Limited Company on March 18, 2010. Some of the licenses and registrations obtained by our company are still in the previous name. All such approvals/ licenses /registrations such as Permanent Account Number, Tax Deduction Account Number, Importer Exporter Code, etc. are required to be revised..Our Company is in the process of getting such licenses / registration renewed / revised from the concerned regulatory / statutory authorities and agencies. Our business operations may be impacted till we receive the aforesaid registration. For further details please refer to the section titled "Government Approvals and Licensing Arrangements" on page 144 of this Report.

30. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and there can be no assurance that we will be able to pay dividends in the future.

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, any dividend payments we make are subject to the prior consent of our lenders pursuant to the terms of the agreements we have with them. We have not paid any dividends historically and there can be no assurance that we will be able to pay dividends in the future.

EXTERNAL RISK FACTORS

31. Our business could be adversely impacted by economic, political and social developments in India and particularly in the regional markets where we operate.

Our performance and growth are dependent on the health of Indian economy and in particular the economies of the regional markets we presently serve or propose to serve. These economies could be adversely affected by various factors, such as political and regulatory action including adverse changes in liberalization policies, introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations which could have an adverse impact on our business, financial condition and results of operations.

32. Regulatory changes may adversely affect our performance or financial conditions.

Regulatory changes relating to business segments in which we operate in India, can have a veering on our business. Each state in India has different local taxes and levies which may include sales tax and octroi. Further, changes in these local taxes and levies may impact our profits and profitability. Any negative changes in the regulatory conditions in India or our other geographic markets could adversely affect our business operations or financial conditions.

33. The price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Stock Exchange may fluctuate after listing as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in industry sector in which we operate;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares will initially be traded will correspond to the prices at which our Equity Shares will trade in the markets subsequent to this Issue.

34. Terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate our business and therefore, our profitability.

Terrorist attacks and other acts of violence or war involving India and other countries could adversely affect the financial markets, result in a loss of business confidence and adversely affect our business, results of operations and financial condition. Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relations between India with other countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

PROMINENT NOTES

1. Investors are free to contact the BRLM or the Company or the Compliance Officer for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this DRHP
2. Public Issue of 90, 88,000 Equity Shares of Rs. 10/-each, for cash at a price of Rs. [●] per Equity Share aggregating to Rs. [●] Lacs (hereinafter referred to as the “Issue”). The Issue would constitute 49 % of the Post Issue Paid-Up capital of our Company.
3. The net worth of our Company, as per our restated financial statements, as on March 31, 2010 is Rs. 1930.95 Lacs.
4. The Book value per Equity Share of Rs.10/- of our Company, as per our restated financial statements, as on March 31, 2010 is Rs.20.41.
5. The average cost of acquisition of Equity Shares by our Promoter i.e. Mr. Murugan Muthiah Thevar is Rs.14.72 per Equity Share.
6. For details on Related Party Transactions, refer to the section titled “Related Party Transactions” page 132 of this DRHP.
7. There has been no transactions in the Equity Shares of our Company, directly or indirectly, by the Promoters, their relatives and associates, the Promoter Group and the Directors in the past six months,.
8. There are no financing arrangements, directly or indirectly, whereby the Promoter Group, the Directors of our Company who are the promoters of our company, the Directors of our Company and their relatives have financed the purchase by any other person of equity shares of our company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.
9. Except as stated under the notes to the section ‘Capital Structure’ on Page 38 of this DRHP, our Company has not issued any shares for consideration other than cash.
10. Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
11. This Issue is being made in terms of regulation 26 (1) of the SEBI Regulations and through a 100% Book Building process wherein up to 50% of the Issue shall be allotted on proportionate basis to Qualified Institutional Buyers (‘QIBs’), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Mutual Funds portion will be met by a spill over from the QIB portion and be allotted proportionately to the QIB Bidders. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.
12. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Non-Institutional Bidders and Retail Individual Bidders. For details, refer to the chapter titled “Issue Procedure” on page 163 of this DRHP.
13. Under-subscription in the Issue, if any, in any category will be met by spill over from other categories at the discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.
14. No transaction has been entered into with Group / Associate Company during last five years.

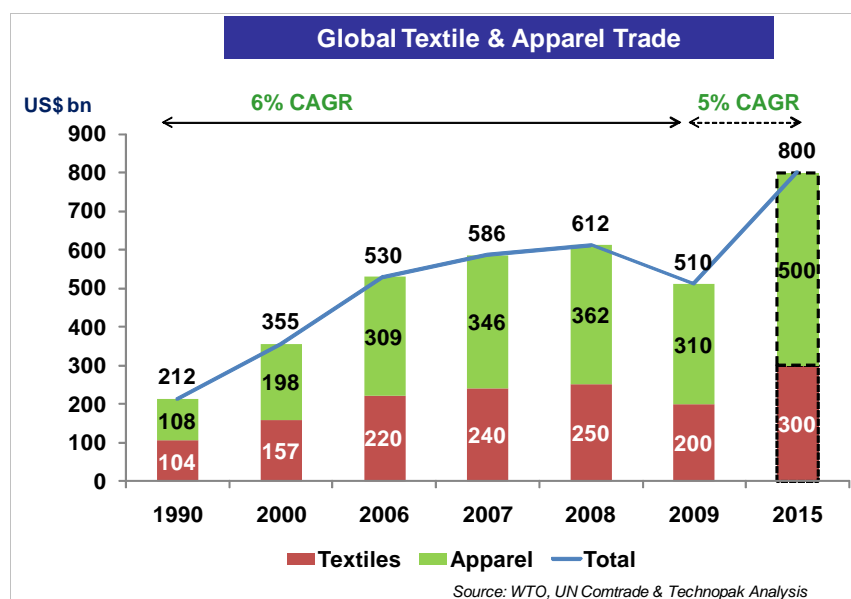
15. No part of the issue proceeds will be paid as consideration to Promoters, Directors, Key Management Personnel or persons forming part of the Promoter Group.
16. For details of liens and hypothecation on the moveable and immoveable properties and assets of our company, please refer 'Auditors Report and Financial Information of our Company' on Page 114 of this DRHP.
17. There are no Contingent Liabilities as on the date of filing of this DRHP.
18. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report on page 114 of this DRHP.
19. Our Company and the BRLM shall update the Draft Red Herring Prospectus in accordance with the Companies Act, 1956. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales report, at bidding centers etc.
20. Our Company was originally incorporated as 'Sudar Garments Private Limited' on January 28, 2002 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai ('ROC'). The name of the Company was changed to 'Sudar Garments Limited' on conversion into Public Limited Company and a fresh Certificate of Incorporation was obtained from ROC on March 18, 2010. However, the new name does not suggest any change of activity and company continues to carry on the same activity.

SECTION III - INTRODUCTION

SUMMARY OF INDUSTRY

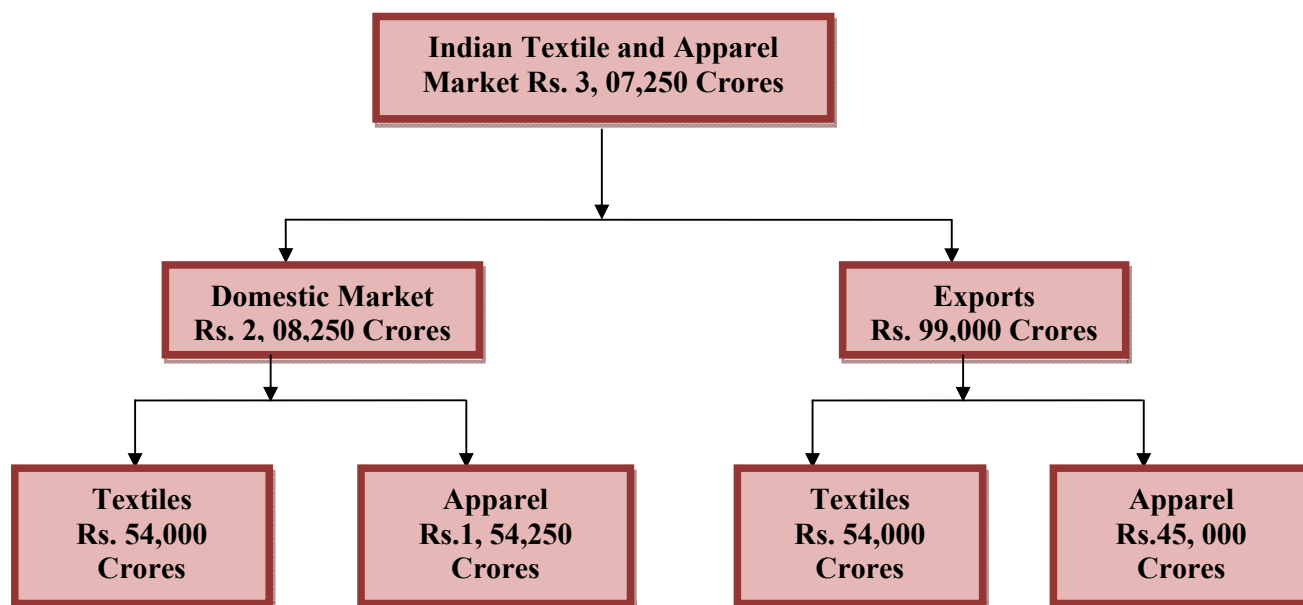
Global Textile and Apparel Trade

The global textile and apparel trade has grown at a decent pace by around 6% annually in the last two decades. There was some slowdown in the global textile and apparel trade in the year 2009 due to global economic crisis resulting in slower growth. However, the industry is recovering in the year 2010 and is expected to stabilize and grow further in future. With a positive outlook the industry has the potential to grow upto US\$ 800bn by the year 2015.



Indian Textile and Apparel Market

In 2009, the total Indian Textile and Apparel market was estimated to be approximately Rs.3, 07,250 Crores (US\$ 67 billion). In the last five years, the industry has grown at a rate of more than 10% annually. The industry is expected to grow at a much faster rate in the future, as it is fuelled by a strong domestic consumption which has remained robust despite the recent global economic downturn.



Source: Technopak Analysis Export data estimated for CY 2009

Domestic Apparel Market

Currently the apparel retail market in India is estimated to be Rs.1, 54,250 Crores (US\$ 33 billion). The market has grown at a CAGR of 18 % in the last five years. The market grew by 13 % in 2009 which is in contrast to the negative trends seen in several countries.

Apparel constitutes about 22 % of India's modern retail market valued at Rs.81,000 Crores (US\$18 billion). The market is set to grow further with increasing presence of multinational players and also due to the increasing focus of Indian companies towards the domestic market.

Indian Textile and Apparel Export

The total textile and apparel exports declined to Rs.97, 000 Crores during 2008-09 from Rs.1, 01,000 Crores during 2007-08, registering a fall of 4%. The main reason for decline in exports was the reduced global demand following the economic crisis, however the demand has picked up in 2009-10 and is expected to stabilize and grow further.

In terms of exports break up, apparel constitutes the majority of Indian exports with approx 60% of share. The other major product categories are fabric and yarn.

SUMMARY OF OUR BUSINESS

Our promoter, Mr. Murugan Muthiah Thevar has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named 'Sudar Garments'. Over a period of time due to expansion of the customer base, increase in demand for readymade garments, and to gain advantage of having all the outsourced activity under one umbrella, restructuring of the business was carried out. Accordingly, on January 28 2002, Sudar Garments Private Limited was incorporated under the Companies Act, 1956. The company is engaged in the manufacturing of garments for Mens wear, Womens wear and Kids wear.

Until 2006-07, our company had a small manufacturing set up, having 150 Sewing Machines and other supporting machines, under which each and every worker undertook independently the manufacturing of a garment. In order to bring efficiency into manufacturing, we undertook an expansion plan in the year 2007-08 and our capacity was enhanced to 5 Lacs garments by installing 150 Sewing Machines along with few specialized supporting machines. We introduced an assembly line approach for producing garments as is used by large apparel manufacturers. This greatly enhanced the company's capacity to take on large orders. During the year 2008-09, our capacity was enhanced to 8 Lacs garments by installing 180 Sewing Machines and during the year 2009-10, our capacity further enhanced to 20 Lacs garments by installing 116 Sewing Machines along with other balancing automatic specialized machines.

Our company specializes in shirts, trousers and wide range of other apparel. Our company functions as an integrated apparel manufacturer with the capability of designing and manufacturing involving cutting, body stitching, washing, ironing and finishing.

Our company has its own manufacturing setup at Khalapur Taluka, Raigad District, Maharashtra on a built-up area of about 29,626.30 sq. Mtr, having a combined capacity of producing 1,66,667 pieces of shirts, dress, pants tops, skirts, and denims per month. This unit caters to the requirement of Whole Sellers as well as own branded products through retail distribution network such as Malls and Multi Branded Outlets. The company is presently manufacturing under its own brand name "**Glory to Glory**" and will be launching **two** more brands namely '**St. Paul**' and '**Majesty**'. We have selling agents in South India for our existing brand 'Glory to Glory' and are rapidly consolidating our network.

Product Details

Our product range consists of:

Men's & Kids Wear

- Plain Shirts
- Striped Shirts
- Trousers
- Casual Wear
- Knit wear
- Patchwork Shirts
- Embroidery Shirts
- Mix & Match Shirts
- Denim
- Cargos

Women's Wear

- Ladies Shirts
- Casual Wear
- Knit wear
- Tank Tops

Competitive Strengths

Understanding the consumer:

Our promoter has wide experience in the field of apparel manufacturing and we believe that this will help us to understand the consumer preference in a better way. This strength enables us to cope up with emerging new trend in the market.

In- house integrated unit:

Our core competency lies in our in-house manufacturing and embroidery skills. Right from sourcing the raw material to manufacturing, dyeing, washing of the readymade garments is carried out in-house right from approving of samples of raw materials by our qualified Quality Assurance Team through various processes of manufacturing which includes dyeing, washing etc is carried out in-house including packaging and dispatching of finished goods. The packaging and dispatching of the products is also carried out in-house, which enables us to stream line inventory management and production process thereby attaining optimum utilization of installed capacity and help in controlling inventory and production process. We believe that this has helped us in achieving optimal capacity utilization and at the same time in keeping our cost low which eventually helps us in maintaining healthy margins.

Efficient supply chain management:

We procure our raw material directly from fabric manufacturers and authorized distributors based on our requirements. We follow ERP process, an advance logistic system in our organization, which enables us to control inventory. This helps us to minimize our inventory of raw material. This also helps us in effectively servicing the requirements of our distributor and multi brand outlet.

Distribution network:

Our distribution network span over metros, mini metros and large cities in major parts of the South India. We distribute our products through selling agents.

Technology:

We use latest technology and machinery procured from major suppliers/distributors in India. We have latest machinery like 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 etc. These modern machineries also help us in maintaining high quality standards. The latest technology enables radical design and innovation in creating new looks and new trends. Technology has helped us in rolling out new combination like jeans crafted to look old, rock blast, bleach wash, wrinkle free, etc.

Strong Customer Base:

We have strong customer base in the local market. Over a period of time, we have built-up a track record for quality products and timely delivery. We have been able to retain customers and further strengthen the relationship by providing them timely and cost competitive solutions for their requirements. We intend to leverage on these customer relations developed by us for our existing as well as proposed expansion project.

Our management team:

We have a strong management team with many years of hands on experience in the apparel industry. Our promoter director started on the shop floor and has gradually moved up. This understanding helps in taking appropriate decisions. We have a team with industry specific knowledge in activities like cutting, stitching, washing and finishing for carrying out the day to day operations. We also believe in regularly training our managerial and supervisory staff in their respective jobs.

THE ISSUE

Equity Shares Offered:	
Public Issue of Equity Shares by our Company	90, 88,000 Equity Shares of Rs.10/- each for cash at a price of Rs [●] aggregating to Rs. [●] Lacs.
<i>Of which:</i>	
A) Qualified Institutional Buyers (QIBs) Portion	Up to 45,44,000 Equity Shares of Rs.10/- each, constituting up to 50% of the Issue (<i>allocation on proportionate basis</i>) for cash at a price of Rs [●] aggregating Rs. [●] Lacs. Out of which 5% i.e.2,27,200 Equity Shares of Rs.10/- each for cash at a price of Rs [●] aggregating Rs. [●] Lacs will be available for allocation to Mutual Funds only and the remaining QIB portion will be available for allocation to other QIBs, including Mutual Funds.
B) Non-Institutional Portion	13, 63,200 Equity Shares of Rs.10/- each, constituting not less than 15% of the Issue (<i>allocation on proportionate basis</i>), for cash at a price of Rs [●] aggregating Rs. [●] Lacs.
C) Retail Portion	31, 80,800 Equity Shares of Rs.10/- each, constituting not less than 35% of the Issue (<i>allocation on proportionate basis</i>), for cash at a price of Rs. [●] aggregating Rs. [●] Lacs.
Equity Shares outstanding prior to the Issue	94,58,975 Equity Shares of Rs.10/- each
Equity Shares outstanding after the Issue	1,85,46,975 Equity Shares of Rs.10/- each
Objects of the Issue	Please refer to chapter titled “Objects of the Issue” on page 47 of this DRHP

Under subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other category or combination of categories at the sole discretion of our Company, in consultation with the BRLM and the designated Stock Exchange.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, 2009 and restated as described in the Auditor's report (Peer Review) of M/s J.S. Uberoi & Co., Chartered Accountants dated August 31, 2010 in the section titled "Financial Information" of this DRHP. You should read this financial data in conjunction with our financial statements for years ended March 31, 2006, 2007, 2008, 2009 and 2010 including the notes thereto and Reports thereon, which appears under the paragraph on "Financial Information" of this DRHP, "Management's Discussion and Analysis of Financial Condition and Results of Operations" as reflected in the financial statements on page 134 of this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rs. in Lacs)

Particulars	As on March 31,				
	2006	2007	2008	2009	2010
Fixed Assets					
Gross block	101.31	101.31	512.27	512.27	2,863.14
Less: Depreciation	28.44	38.63	64.03	113.11	219.02
Total	72.87	62.68	448.24	399.16	2,644.12
NET BLOCK	72.87	62.68	448.24	399.16	2,644.12
Capital Work -in-Progress	-	-	540.71	1,359.89	120.00
TOTAL- FIXED ASSETS (A)	72.87	62.68	988.95	1,759.05	2,764.12
Investments (B)	0.65	0.65	0.65	23.65	347.84
Current assets, loans and advances:					
Inventories	67.29	136.31	157.32	177.82	298.46
Receivables	91.40	207.40	313.56	483.64	2,093.67
Cash and bank balances	1.41	0.09	0.91	1.66	331.26
Loans and advances	8.69	5.32	21.89	22.80	7.29
Other Current Assets	7.05	7.05	11.05	15.40	23.10
TOTAL(C)	175.84	356.17	504.73	701.32	2,753.78
TOTAL Assets (A + B + C)	249.36	419.50	1,494.33	2,484.02	5,865.74
Liabilities and provisions					
Secured loans	168.57	247.00	953.75	1,432.22	2542.84
Unsecured loans	16.60	83.53	3.12	263.32	362.66
Deferred Tax Liability	-	-	-	-	37.75
Current liabilities	3.52	12.53	58.08	68.03	807.22
Provisions	5.89	11.15	11.32	34.23	184.32
Share Application Money	-	-	-	159.36	-
TOTAL Liabilities (D)	194.58	354.21	1026.27	1,957.16	3934.79
Net worth (A+B+C-D)	54.78	65.29	468.06	526.86	1930.95
Represented by					
Share capital					
Equity Share Capital	43.00	43.00	89.90	89.90	945.90
TOTAL(A)	43.00	43.00	89.90	89.90	945.90
Reserves and surplus	11.78	22.29	378.16	436.96	985.05
Less: Revaluation Reserve	-	-	-	-	-
TOTAL(B)	11.78	22.29	378.16	436.96	985.05
Less: Miscellaneous Expenditure	-	-	-	-	-
(To the extent not written off)					
TOTAL(C)	-	-	-	-	-
Net Worth (A+B-C)	54.78	65.29	468.06	526.86	1930.95

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

(Rs. in Lacs)

Particulars	As on March 31,				
	2006	2007	2008	2009	2010
Income					
Sales of Products Manufactured	583.23	788.13	867.81	2,067.44	5,275.89
Sales of Products Traded	-	-	-	-	-
Less Excise Duty	-	-	-	-	-
Net Sales	583.23	788.13	867.81	2,067.44	5,275.89
Other Income	0.16	6.13	0.14	1.99	0.76
Profit On Sales Of Assets	-	-	-	-	-
Increase/(Decrease) in Inventories	47.43	69.02	21.01	20.50	120.64
TOTAL(A)	630.82	863.28	888.96	2,089.93	5,397.29
Expenditure					
Materials Purchase	280.83	555.03	529.55	1389.91	3,656.82
Other manufacturing expenses	296.59	229.68	189.17	340.15	739.52
Employees Cost	9.29	12.95	14.49	43.49	64.69
Administrative Cost	10.28	8.28	26.85	14.50	30.71
Selling and distribution Cost	1.39	3.36	1.89	2.92	8.00
Loss on sales of Fixed assets	-	-	-	-	-
TOTAL(B)	598.38	809.30	761.95	1790.97	4499.74
Profit Before Interest, Depreciation and Tax (A+B)	32.44	53.98	127.01	298.96	897.55
Depreciation	9.79	10.20	25.39	49.08	105.91
Profit Before Interest and Tax	22.65	43.78	101.62	249.88	791.64
Financial Charges	18.87	23.76	64.92	159.60	161.40
Profit after Interest and Before Tax	3.78	20.02	36.70	90.28	630.24
Preliminary Expenses & Def. Exp. W/o	-	-	-	-	-
Profit before Taxation	3.78	20.02	36.70	90.28	630.24
Provision for Taxation	4.69	9.41	8.99	31.14	181.23
Provision for Deferred Tax	-	-	-	-	37.75
Provision for FBT	-	0.09	0.13	0.33	-
Total	4.69	9.50	9.12	31.47	218.98
Profit After Tax but Before Extra ordinary Items	(0.91)	10.52	27.58	58.81	411.26
Extraordinary items	-	-	-	-	-
Impact of material adjustments	-	-	-	-	-
for restatement in corresponding years (net of tax) (B)	-	-	-	-	-
Total	-	-	-	-	-
Net Profit after adjustments	(0.91)	10.52	27.58	58.81	411.26
Net Profit Transferred to Balance Sheet	(0.91)	10.52	27.58	58.81	411.26

GENERAL INFORMATION

Our Company was originally incorporated as ‘Sudar Garments Private Limited’ on January 28, 2002 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai (‘ROC’). The name of the Company was changed to ‘Sudar Garments Limited’ on conversion into Public Limited Company and a fresh Certificate of Incorporation was obtained from ROC on March 18, 2010. For further details of changes in the name and registered office of our Company, please refer the section titled ‘History and Certain Corporate Matters’ beginning on page 95 of this Draft Red Herring Prospectus.

Registered Office	117, First Floor, Vardhaman Market, Sector – 17 , Vashi, Navi Mumbai – 400 703, Maharashtra, India. Tel No.: +91 022 27800706/27880994, Fax No.: +91 022 27889239
Factory	Survey Nos. 30A and 30A4, Village Paud, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra 410 222 and Survey No. 27B, Village Madap, Khalapur Taluka, Raigad District, Maharashtra. Tele Fax.:+91 021 92276020
Corporate Identity Number (CIN)	U18101MH2002PLC134707
Address of RoC	100, Everest Building, Marine Lines, Mumbai- 400 002
Website	www.sudargarments.com
Email	ipo@sudargarments.com

Board of Directors

Our Board of Directors comprises the following:

Name & Address of the Director	Designation	Status	Directors Identification Number (DIN)
Mr. Murugan Muthiah Thevar RH 1,G-9,Sector 7, Vashi, Navi Mumbai- 400703	Chairman & Managing Director	Executive & Non Independent	01485427
Mr. Gopi Chellappan Nair Building No. 74, Room No. B-302, Royal CHS, Tilak Nagar, Chembur, Mumbai- 400 089	Whole time director	Executive & Non Independent	03084779
Mr. Deepak Shenoy Plot-34, Pent House No. 9, LUV CHS SEC-16, Koperkhairne, Navi Mumbai- 400 709, Maharashtra	Independent Director	Non Executive & Independent	01066812
Mr. Shridahar Shetty 401 B Wing Nugget, Opp Samna Press, Prabhadevi, Mumbai – 400025	Independent Director	Non Executive & Independent	02064633
Mr. Venketraman Gopal Nadar S.S. 4/246, Sector 2, Vashi, Navi Mumbai – 400703	Independent Director	Non Executive & Independent	01260078

For further details and profile of Our Directors, please refer to the section titled “Our Management” on page 97 respectively of this DRHP.

Company Secretary & Compliance Officer

Our Company Secretary and Compliance Officer is Ms. Sapna Karmokar. The contact details are as follows:

117, First Floor,
Vardhaman Market, Sector – 17,
Vashi, Navi Mumbai – 400 703,
Maharashtra, India.
Tel No.: +91 022 27800706/27880994,
Fax No.: +91 022 27889239
E-mail: cs.sapna@sudargarments.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

BOOK RUNNING LEAD MANAGER TO THE ISSUE

Ashika Capital Limited

1008, 10th Floor, Raheja Centre,
214, Nariman Point,
Mumbai – 400 021

Tel: +91 – 22 – 6611 1700

Fax: +91 – 22 – 6611 1710

Website: www.ashikagroup.com

E-mail: mbd@ashikagroup.com

SEBI Regn. No. : INM 000010536

Contact Person: Mr. Niraj Kothari /Shriyash Kela

LEGAL ADVISORS

Alliance Corporate Lawyers

805, 8th Floor,
Arcadia, NCPA Marg,
Nariman Point,
Mumbai-400 021

Tel: +91 22 2204 0822/23

Fax: +91 22 2204 0824

E - Mail: ankur.loona@alliancelaw.org

Contact Person: Mr. Ankur Loona

REGISTRAR TO THE ISSUE

Link Intime India Private Limited

C- 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup -West,
Mumbai - 400 078.

Tel.: +91 22 2596 0320

Fax: +91 22 2596 0329

E-mail: sul.ipo@linkintime.co.in

Website: www.linkintime.co.in

SEBI Regn. No.: INR000004058

STATUTORY AUDITORS TO THE COMPANY

M/s. Suresh Hegde & Co.

Chartered Accountant

102, Asavari Apartment,

Opp. Naval Main Gate,

L.B.S Raod,

Ghatkopar (West),

Mumbai-400 086

Telefax No.: +91 22 2515 7897

E - Mail: sureshhegdeandco@gmail.com

Contact Person: Mr. Suresh Hegde

INDEPENDENT AUDITOR (PEER REVIEW CERTIFICATE)**M/s J.S.Uberoi & Co.**

Chartered Accountant
2, Sat Pratap ,
BazonBang ,Kamptee Road,
Nagpur – 440 004.
Telefax No. +91 0712 2630560
E - Mail: amarjeet@jsuberoi.com
Contact Person: Mr Amarjeet Singh Sandhu

BANKERS TO OUR COMPANY**The Shamrao Vithal Co-operative Bank Ltd**

Jayaant Arcade, M.G.Road,
Rajawadi Naka,
Ghatkopar (East),
Mumbai- 400 0055
Tel: +91 22 2102 2974
Fax: +91 22 2102 7373
E - Mail: kamathss@svcbank.com
Contact Person: Mrs. Smita Kamath

Union Bank of India

Union Bank Bhavan,
239, Vidhan Bhvan Marg,
Nariman Point,
Mumbai – 400021.
Tel: +91 22 2784 8285
Fax: +91 22 2783 3860
E - Mail: cbsvashi@unionbankofindia.com
Contact Person: Mr. Ashok.K.Sale

Vijaya Bank

29, Clover Apartments,
Opp. Presendital Hotel,
Cuffe Parade,
Mumbai- 400 005
Tel: +91 22 2218 6515
Fax: +9122 2218 2546
E-Mail: mum.colaba5005@vijayabank.co.in
Contact Person: Mr. Umesh Shetty

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**HDFC BANK LTD**

SEBI Regn No. INB100000063
Lodha, FIG - OPS Department,
I Think Techno Campus, O-3, Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai - 400042.
Tel : 91-22-3075 2928
Fax: 91-22-2579 9801
Website: www.hdfcbank.com
Email : deepak.rane@hdfcbank.com
Contact Person : Mr. Deepak Rane

AXIS BANK

SEBI Regn No. INM000006104
Universal Insurance Building, Sir P.M Road,
Fort, Mumbai-400 001.
Tel: 91-22-6610 7353
Fax: 91-22-6610 7293
Website: www.axisbank.com
Email: rajesh.khandelwal@axisbank.com
Contact Person: Mr. Rajesh Khandelwal

SYNDICATE MEMBERS**Ashika Stock Broking Limited**

1008, 10th Floor, Raheja Centre,
214, Nariman Point,
Mumbai – 400 021
Tel: +91 22 6611 1706
Fax: +91 22 6611 1710
E-mail: ipo@ashikagroup.com
Website: www.ashikadirect.com
Contact Person: Mr. Dilip Minny

Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the SEBI Website, www.sebi.gov.in.

Refund Banker

[•]

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Monitoring Agency

As per regulation 16 of the SEBI (ICDR) Regulations, 2009, monitoring agency is required to be appointed in case the public issue size exceeds Rs.500 Crores. Since our proposed issue size will not exceed Rs.500 Crores, we do not propose to appoint a Monitoring Agency.

However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares in accordance with the Corporate Governance requirements, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

IPO Grading

This Issue has been graded by [•] as [•] indicating [•] fundamentals, pursuant to Regulation 26(7) of the ICDR Regulations. The IPO grading is assigned on a five point scale from 1 to 5, with an “IPO grade 5” indicating strong fundamentals and an “IPO grade 1” indicating poor fundamentals.

The rationale/description by the IPO Grading Agency will be updated at the time of filing the Red Herring Prospectus with the Designated Stock Exchange.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Project Appraisal

Our Project has not been appraised by any Bank or Financial Institution.

Inter-Se Allocation of Responsibilities between the Book Running Lead Managers

Ashika Capital Limited is the sole Book Running Lead Manager to the Issue and shall be responsible for the following activities:

Sr.No.	Activity
1.	Capital Structuring with the relative components and formalities such as type of instruments, etc.
2.	Conducting a due diligence of the Company's operations/management/business plans/legal, etc. Drafting and designing the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. Ensuring compliance with the Guidelines for Disclosure and Investor Protection and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements
4.	Primary co-ordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency
7.	Marketing of the Issue, which will cover inter alia: <ul style="list-style-type: none">• Formulating marketing strategies, preparation of publicity budget,• Finalizing media & public relations strategy,• Finalizing centers for holding conferences for press and brokers etc,• Finalizing collection centers,• Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material,• Preparing all road show presentations,• Appointment of brokers to the issue, and• Appointment of underwriters and entering into underwriting agreement.
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company
9.	Finalizing the Prospectus and RoC filing
10.	Coordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.
11.	Follow-up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
12.	<p>The Post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business.</p> <p>The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.</p>

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue, including at any time after the Bid Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft

red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Book Building Process

1. The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:
2. Our Company;
3. Book Running Lead Manager, in this case being Ashika Capital Limited
4. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
5. Registrar to the Issue;
6. Escrow Collection Banks; and
7. Self Certified Syndicate Banks
8. The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In accordance with the SEBI ICDR Regulations QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are now required to pay full 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page no [●] of this Draft Red Herring Prospectus.

We will comply with the SEBI (ICDR) Regulations, 2009 and any other ancillary directions issued by SEBI for this Issue. In this regard we have appointed Ashika Capital Limited as the BRLM to manage the issue and procure subscription to this issue.

The process of Book Building under the SEBI (ICDR) Regulations, 2009 is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders (excluding the ASBA bidders who can only bid at cut-off price) can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five (5) bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,000	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off

price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

- Check eligibility for bidding (please refer to the section entitled “Issue Procedure - Who Can Bid” on page 163 of this Draft Red Herring Prospectus).
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- Ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid Cum Application Form. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see section entitled “Issue Procedure” on page 163 of this Draft Red Herring Prospectus).
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;
- Bids by QIBs will only have to be submitted to the BRLMs; and
- Bids by ASBA bidders will have to be submitted to the designated Branches of the SCCBs. ASBA bidders should ensure that their bank account have adequate credit balance at the time of submission to the SCCBs to ensure that the ASBA Bid cum Application form is not rejected.

Bid/Issue Programme

BID/ISSUE OPENS ON	[•], 2010
BID/ISSUE CLOSES ON	[•], 2010

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. Standardized cut-off time for uploading of bids on the bid/issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids
2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to Rs. 1, 00,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE. It is clarified that the Bids not uploaded in the book would be rejected.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular Bidder, the details as per the physical form of the Bidder maybe taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus is Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, our company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids

received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

Our Company, in consultation with the BRLMs reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional Business Days after revision of Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the members of the Syndicate and to the SCSBs.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runner shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Ashika Capital Limited 1008, 10 th Floor, Raheja Centre, 214, Nariman Point, Mumbai – 400 021 Tel : +91-022-66111700 Fax: +91-022-66111710 E-mail: mbd@ashikagroup.com	[●]	[●]
Ashika Stock Broking Limited 1008, 10 th Floor, Raheja Centre, 214, Nariman Point, Mumbai – 400 021 Tel : +91-022-6611 1706 Fax: +91-022-66111710 E-mail: ipo@ashikagroup.com	[●]	[●]

The above mentioned amount is indicative underwriting and this would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full, as per schedule VIII, Part A, (VI) (B) (15) of SEBI (ICDR) Regulations, 2009 have been complied with. The above mentioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement with the underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount as specified in the Underwriting Agreement. Allocation to QIB Bidders is proportionate as per terms of this DRHP.

The underwriting arrangements mentioned above shall not apply to the subscription by the ASBA Bidders in this issue.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus, is set forth below:

Particulars		Nominal Value (In Rs.)	Aggregate Value at Issue Price (In Rs.)
A.	AUTHORISED SHARE CAPITAL		
	2,50,00,000 Equity Shares of Rs.10/- each	25,00,00,000	
B.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
	94,58,975 Equity Shares of Rs. 10/-each	9,45,89,750	
C.	PRESENT ISSUE IN TERMS OF THIS DRHP		
	90,88,000 Equity Shares of Rs. 10/- each at an Issue Price of Rs. [●] per share	9,08,80,000	[●]
	Of Which:*		
	i. QIB Portion - up to 45,44,000 Equity Shares	4,54,40,000	[●]
	ii. Non-Institutional Portion - not less than 13,63,200 Equity Shares	1,36,32,000	[●]
	iii. Retail Portion - not less than 31,80,800 Equity Shares	3,18,08,000	[●]
D.	PAID UP CAPITAL AFTER THE ISSUE		
	1,85,46,975 Equity Shares of Rs. 10 each	18,54,69,750	[●]
E.	Share Premium Account		
	Prior to the Issue		4,96,41,000
	Post Issue**		[●]

* Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from other categories, at the sole discretion of the Company and BRLM.

** The Share Premium Account post issue will be determined after Book Building Process.

Details in relation to the change in Authorized Share capital of the Company

Date of Change	Increased from (Rs.)	Increased to (Rs.)	AGM/EGM
Incorporation	-	20,00,000	-
November 25, 2004	20,00,000	50,00,000	EGM
October 12, 2007	50,00,000	2,50,00,000	EGM
January 28, 2010	2,50,00,000	15,00,00,000	EGM
July 15, 2010	15,00,00,000	25,00,00,000	AGM

Notes to the Capital Structure

1. Share Capital History of Our Company

Our existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment	No. of Equity Shares	FV (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Share Capital (Rs.)	Cumulative Share Premium (Rs.)
January 25, 2002	10,000	10	10	Cash	Subscription to MOA	10,000	1,00,000	Nil
March 30, 2002	5,000	10	10	Cash	Further issue of shares to Promoter	15000	1,50,000	Nil

March 25, 2003	1,35,000	10	10	Cash	Further issue of shares to Promoter & Promoter group	1,50,000	15,00,000	Nil
March 6, 2005	2,80,000	10	10	Cash	Further issue of shares to Promoter	4,30,000	43,00,000	Nil
March 12, 2008	4,68,975	10	80	Cash	Further issue of shares to Promoter, Promoter group & Others	8,98,975	89,89,750	3,28,28,250
March 15, 2010	35,95,900	10	-	Bonus Issue ⁽¹⁾	Issue of Bonus shares in the ratio of 4:1	44,94,875	4,49,48,750	Nil
March 30, 2010	49,64,100	10	20	Cash	Further issue of shares to Promoter, Promoter group & Others	94,58,975	9,45,89,750	4,96,41,000

Except as mentioned in the table above, we have not issued any shares for consideration other than cash

⁽¹⁾ Pursuant to EGM held on 15.03.2010, our company has issued 35,95,900 Bonus Shares in the ratio of 4 equity share for every 1 equity share held to the shareholders, who have been allotted the shares on March 15, 2010, by way of capitalization of Share Premium Account and General Reserve.

2. Equity Shares allotted for consideration other than cash:

Except as stated above and reiterated in the below mentioned table, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Persons to whom Allotted	Number of Equity Shares	Face Value (Rs.)	Nature of Allotment	Benefits accrued to the company
March 15, 2010	Existing Shareholders	35, 95,900	10	Bonus in the ratio of 4 shares for every 1 share held ⁽¹⁾	NA

⁽¹⁾ Pursuant to EGM held on 15.03.2010, our company has issued 35,95,900 Bonus Shares in the ratio of 4 equity share for every 1 equity share held to the shareholders, who have been allotted the shares on March 15, 2010, by way of capitalization of Share Premium Account and General Reserve.

3. No Equity Shares have been issued pursuant to any scheme approved under sections 391 to 394 of the Companies Act, 1956.

4. Our Company has not revalued its assets since inception.

5. Details of the allotment made in the last 12 months which could be lower than the issue price:

Sr No	Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment
1.	March 15, 2010	35,95,900	10	-	Bonus Shares
2.	March 30, 2010	49,64,100	10	20	Further issue of shares

List of Allottees:

Date of Issue	Name of the person	Number of Equity Shares	Whether Part of Promoter Group
March 15, 2010	Mr. Murugan Muthiah Thevar	32,26,900	Yes
	Mrs. Valliammal Murugan Thevar	3,69,000	Yes
March 30, 2010	Mr. Murugan Muthiah Thevar	38,39,000	Yes
	Mr. Santosh Ingle	1,87,500	No
	Mr. Ramesh Thevar	1,87,500	Yes
	Mr. Ganesh Bhat	50	No
	Mr. Gurusprasad Kudva	50	No
	Finaventure Advisory Services (India) Limited (Formerly Finaventure Advisory Services (India) Private Limited)	7,50,000	No

6. Our Company does not have any Employee Stock Option Scheme /Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
7. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures.

8. Capital built up of the Promoter (Mr.Murugan Muthiah Thevar)

Date of allotment/ Transfer	Number of Equity Shares	Cumulative No. of Equity Shares	Face Value (Rs.)	Issue/ Transfer / Acquisition Price per Share (Rs.)	Nature of Consideration	Nature of Transaction	% of Pre - Issue Paid – Up Capital	% of Post Issue Paid – Up Capital	Lock-in period (Years)
January 25, 2002	5000	5000	10	10	Cash	Subscription to MOA	0.05	0.02	1
March 30, 2002	5,000	10,000	10	10	Cash	Further Issue of shares	0.05	0.02	1
March 25, 2003	90,000	1,00,000	10	10	Cash	Further Issue of shares	0.95	0.48	1

September 20, 2004	20,000	1,20,000	10	10	Cash	Transfer	0.21	0.11	1
March 6, 2005	280000	400000	10	10	Cash	Further Issue of shares	2.96	1.51	3
March 12, 2008	147975	547975	10	80	Cash	Further Issue of shares	1.56	0.80	3
February 25, 2010	258750	806725	10	90	Cash	Transfer	2.74	1.40	3
March 15, 2010	3226900	4033625	10	-	Bonus Issue	Issue of Bonus shares in the ratio of 4:1	34.11	17.40	30,22,670 Shares-3 years; 2,04,230 Shares-1 year
March 30, 2010	3839000	7872625	10	20	Cash	Further Issue of shares	40.59	20.70	1
TOTAL							83.22	42.44	

9. The Promoters' of our company have not pledged any of their shares.
10. During the past six months, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group (as defined under sub-clause (zb) sub-regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company.
11. None of our Promoters, Promoter Group Entities, Directors or the relatives thereof have financed the purchase of the Equity Shares of our Company by any other person or entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.
12. Promoters Contribution and Lock In

Name of Promoter	Date of Allotment /Transfer	Nature of Allotment	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	Consideration	% of Post Issue Capital*	Lock-in period (Years)
Mr. Murugan Muthiah Thevar	March 6, 2005	Further Issue of shares	2,80,000	10	10	Cash	1.50	3
	March 12, 2008	Further Issue of shares	1,47,975	10	80	Cash	0.80	3
	February 25, 2010	Transfer	2,58,750	10	90	Cash	1.40	3
	March 15, 2010	Allotment of Bonus Shares	30,22,670	10	-	Bonus Issue	16.30	3
TOTAL			37,09,395				20.00	

* 20% of the Post-Issue Paid-up Equity Share Capital, would be locked-in for a period of three years from the date of allotment and balance of the Pre-issue paid-up equity share capital would be locked-in for a period of one year from the date of allotment in this issue. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI till the date of commencement of lock in period as stated in the Draft Red Herring Prospectus

NOTES:

- Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per regulation 33 of SEBI (ICDR) Regulations 2009.
 - In terms of regulation 39 of SEBI (ICDR) Regulations 2009, the locked-in Equity Shares held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.
 - In terms of regulation 40 of SEBI (ICDR) Regulations 2009, subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.
13. We confirm that the minimum promoter contribution of 20% of the post issue paid up capital, which is subject to lock –in of 3 years does not consist of:
- Equity Shares acquired within three years before the filing of the Draft Red Herring Prospectus with SEBI for consideration other than cash excluding shares allotted pursuant to the scheme of amalgamation and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or from bonus issue against equity shares which are ineligible for minimum Promoter's contribution.
 - Securities acquired by our promoters during the preceding one year, at a price lower than the price at which equity shares is being offered to public in the Initial Public Offer.
 - Shares issued to promoters on conversion of partnership firms into limited company.
 - Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
 - Pledged securities held by the promoters with any creditor (in terms of regulation 33(1) (d) of SEBI (ICDR) Regulations, 2009.
 - Promoters' contribution brought in less than the specified minimum lot and from persons not defined as promoters under SEBI (ICDR) Regulations, 2009.
 - Shares for which specific written consent has not been obtained from the respective shareholders for the inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
14. The specific written consent has been obtained from the Promoter for inclusion of such number of his existing shares to ensure minimum Promoter's contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Equity Share Capital.
15. The entire pre-issue Equity Share Capital of our Company other than the minimum Promoters' contribution which is locked-in for a period of three years, shall be locked-in for a period of one year from the date of allotment in the present public issue.
16. Our Company, its Promoter, Directors or the Lead Manager have not entered into any buy-back and/ or standby arrangements for purchase of Equity Shares of our Company from any person.
17. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares to be issued to the Promoters and subject to lock-

in will be determined after finalization of Issue Price. The number of shares to be issued to the Promoter will be such so as to ensure that the minimum contribution of 20% of the Post Issue paid-up capital is made and that the same is locked in for a period of 3 years.

18. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.

19. Shareholding pattern of our Company before and after the Issue

The table below presents the Equity Shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue.

Category Code	Category of Shareholders	No of Shareholders	Pre Issue		Post Issue		Shares Pledged or otherwise encumbered	
			No of Shares	%	No of Shares	%	Number of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter & Promoter Group							
1	Indian							
(a)	Individuals/Hindu Undivided Family	3	85,21,375	90.09	85,21,375	45.94	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-	-	-	-	-	-
	Sub Total (A) (1)	3	85,21,375	90.09	85,21,375	45.94		-
2	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-
(d)	Any Others (Specify)	-	-	-	-	-	-	-
	Sub Total (A) (2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	3	85,21,375	90.09	85,21,375	45.94	-	-
(B)	Public shareholding							
1	Institutions	-	-	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(c)	Central Government/State	-	-	-	-	-	-	-

Category Code	Category of Shareholders	No of Shareholders	Pre Issue		Post Issue		Shares Pledged or otherwise encumbered	
			No of Shares	%	No of Shares	%	Number of Shares	As a %
	Governments							
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (Specify)	-	-	-	-	-	-	-
	Sub Total (B) (1)	-	-	-	-	-	-	-
2	Non – Institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	1	7,50,000	7.93	7,50,000	4.04	-	-
(b)	Individuals						-	-
I	Individual Shareholders holding Nominal Share Capital up to Rs 1 Lac	2	100	0.00	100	0.00		-
II	Individual Shareholders holding Nominal Share Capital in excess of Rs 1 Lac	1	1,87,500	1.98	1,87,500	1.01	-	-
	Any Other (Specify)	-	-	-	-	-	-	-
	Public Issue	-	-	-	90,88,000	49.00	-	-
	Sub Total (B) (2)	4	9,37,600	9.91	1,00,25,600	54.06	-	-
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	4	9,37,600	9.91	1,00,25,600	54.06	-	-
	TOTAL (A) + (B)	7	94,58,975	100.00	1,85,46,975	100.00	-	-
(C)	Shares held by custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	7	94,58,975	100.00	1,85,46,975	100.00	-	-

19. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall be provided to the stock exchanges where the shares are to be listed, before listing of the securities.
20. As of the date of this DRHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
21. In the case of over-subscription in all categories, not more than 50% of the Issue to the Public shall be

available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price

22. Under-subscription, if any, in the Qualified Institutional Buyers category, Non-Institutional category and Retail Individual category would be met with the spillover from any other categories, at the sole discretion of the Company in consultation with the BRLM. If the aggregate demand by Mutual Funds is less than 5% of QIB Portion, the balance share available for allocation in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to QIB Bidders.
23. None of our directors or Key Managerial Personnel hold Equity Shares in the company as on date of filing of this of this Draft Red Herring Prospectus with SEBI:
24. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
25. Particulars of top ten shareholding is as follows:

Top shareholders of Company as on the date of the filing of this Draft Red Herring Prospectus with ROC are as follows:

Sr. No	Name of the Shareholders	No. of shares	%
1.	Murugan Muthiah Thevar	78,72,625	83.23
2.	Valliammal Murugan Thevar	4,61,250	4.88
3.	Santosh Ingle	1,87,500	1.98
4.	Ramesh Thevar	1,87,500	1.98
5.	Finaventure Advisory Services (India) Limited	7,50,000	7.93
6.	Ganesh Bhat	50	0.00
7.	Guruprasad Kudva	50	0.00
	Total	94,58,975	100.00

Top shareholders of Company as of ten days prior to the filing of this Draft Red Herring Prospectus with ROC are as follows:

Sr. No	Name of the Shareholders	No. of shares	%
1.	Murugan Muthiah Thevar	78,72,625	83.23
2.	Valliammal Murugan Thevar	4,61,250	4.88
3.	Santosh Ingle	1,87,500	1.98
4.	Ramesh Thevar	1,87,500	1.98
5.	Finaventure Advisory Services (India) Limited	7,50,000	7.93
6.	Ganesh Bhat	50	0.00
7.	Guruprasad Kudva	50	0.00
	Total	94,58,975	100.00

Top ten shareholders of Company as of 2 years prior to the filing of this Draft Red Herring Prospectus with ROC are as follows:

Sr. No.	Name of the Shareholders	No. of Shares	%
1	Murugan Muthiah Thevar	5,47,975	60.96
2	Valliammal Murugan Thevar	92,250	10.26
3	Mahasagar Securities Limited	27,500	3.06
4	Mihir Agencies Pvt. Limited	30,000	3.34
5	Goldstar Finavest Pvt. Limited	29,375	3.27
6	Kaycee Share Broking Pvt. Limited	33,750	3.75
7	Talent Infoway Limited	31,875	3.54

8	Buniyad Chemicals Ltd.	40,625	4.52
9	Alliance Intermedia Pvt. Limited	25,000	2.78
10	Celsus Pereira	15,625	1.74
	Total	8,73,975	97.22

26. Our Company has not raised any bridge loan against the proceeds of the Issue.
27. Our promoters and members of Promoter Group will not participate in this Issue.
28. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this DRHP to SEBI until the Equity Shares issued/ to be issued through the Prospectus are listed.
29. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
30. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
31. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.
32. A bidder cannot make a Bid for more than the number of Equity Shares being issued through this issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor
33. Neither the BRLM nor its associates hold any shares in the issuer company.
34. The total number of members of our Company as on the date of filing DRHP is Seven (7).

SECTION IV - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The present Issue is being made for the following purposes:

- Expansion of the existing apparel manufacturing unit
- Meeting Working Capital Requirement
- Setting up Retail Outlets and Brand Building
- Meeting General Corporate Expenses
- Meeting the Issue Expenses

The other objects of the issue also include creating a public trading market for the equity shares of our company by listing them on BSE and NSE.

The main Objects Clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through this Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the Object Clause of our Memorandum of Association.

Funds Requirement

The requirement of Funds, as estimated by the management is as under:

Sr. No.	Particulars	Amount (Rs. In lacs)
A.	Expansion of the existing apparel manufacturing unit	2628.93
B.	Meeting Working Capital Requirement	2500.00
C.	Setting up Retail Outlets and Brand Building	590.00
D.	Meeting General Corporate Expenses	[•]
E.	Meeting the Issue Expenses	[•]
	TOTAL	[•]

Means of Finance:

Sr. No.	Particulars	Amount (Rs. In lacs)
A.	Proceeds from Initial Public Offer	[•]
B.	Internal Accruals	[•]
	TOTAL	[•]

We confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance (excluding the amount to be raised through the proposed Public Issue and existing identifiable internal accruals) have been made. The amount of free reserves of our company as on March 31, 2010 stood at Rs 985.05 lacs.

The fund requirement and deployment thereof are based on management's internal estimates and have not been appraised by any bank or financial institution or any independent entity. Our plans are subject to a number of variables, including possible cost over runs, receipt of government approvals, and changes in management views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the objects set forth above, increased fund requirement for a particular object may be met with by surplus funds, if any available in respect of the other object for which the funds are being raised in the Issue, subject to applicable law, and/or our Company's internal accruals, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. In the event of any shortfall in the Issue proceeds, the requirement shall be satisfied from internal accruals.

In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals.

Appraisal

Our Company has not got its proposed requirement of funds as detailed in this chapter appraised by any bank or financial institution or any independent agency.

Details of the Objects of the Issue:

A. Expansion of the existing apparel manufacturing unit

Our existing apparel manufacturing unit is located on Survey Nos. 30A& 30A4, Village Paud and Survey No. 27B, Village Madap, Mazgaon Road, Khalapur Taluka, Raigad District, Maharashtra which is admeasuring 29, 626.30 sq meters (approx). We are contemplating expansion of existing apparel manufacturing unit by constructing second floor on the existing factory premise. For this expansion, our company has no plans to purchase land as we are presently utilizing around 50% of the land area for the existing unit. We are also contemplating construction of Staff Quarters on the balance vacant land.

The expenditure for the proposed expansion is as follows:

Sr. No.	Particulars	Amount (Rs. In lacs)
I.	Site Development, Miscellaneous Civil Work & Building Construction Cost	1228.93
II.	Purchase of Plant & Machinery	1000.00
III	Miscellaneous Assets	400.00
	TOTAL	2628.93

I. Site Development, Miscellaneous Civil Work & Building Construction Cost

For the proposed expansion, our Company would be required to undertake the below-mentioned site development, civil work and building construction. The costs are based on the estimates given by Dr. R.M. Belkune, Port Consultant Private Limited., Architects & Interior Designers, having their office at R-666, MIDC, TTC Industrial Area, Rabale, Navi Mumbai-400701, Tele fax No. +91- 22- 2769 1137.

The detail break-up of Site development, civil work & building construction is as under:

Sr. No.	Particular	Amount (Rs. In lacs)
1.	Site Development & Miscellaneous Civil Work	203.45
2.	Building Construction Cost	1025.48
	Total (1+2)	1228.93

1. Site Development & Miscellaneous Civil Work

Sr. No.	Particular	Area (sq Mtr.)	Rate	Amount (Rs. In lacs)
1.	Site Development			
a.	Rock Cutting including removing excavated materials	6250 Sq. m * 1.5 m depth	450/cum	42.18
b	Filling low lying areas by including compaction	9500 Sq. m * 1.5m, depth	220/cum	31.35
2.	Construction of Compound wall	520 Rmt*3.5m high*0.5m thick	2000/cu.m	18.20
3.	Concrete Pavement			
a.	All round Factory Building	2460 Sq.m	1950/Sq.m	47.97
b.	All along Compound Wall	2650 Sq.m	1350/ Sq. m	35.77
4.	Storm Water Drainage Works	520 Rmt	3500/Rmt	18.00
	Sub-total			193.77
	Add: Contingencies @ 5%			9.68
	Total			203.45

Note: The Company has already deployed Rs 165.00 Lacs towards Site Development, Miscellaneous Civil Work up to August 31, 2010 towards 'Objects of the Issue' as per certificate dated September 01, 2010 issued by our Statutory Auditor Mr. Suresh Hegde, Chartered Accountants through Internal Accruals.

2. Building Construction Cost

a. Construction of Second Floor (Factory Building)

Sr. No.	Particular	Area (sq Mtr.)	Rate/ sq Mtr.	Amount (Rs. In lacs)
1.	Construction of second floor including Pre engineered colored sheet roof	2800.00	14500.00	406.00
2.	Facade including painting works	3500.00	800.00	28.00
3.	Interior works	2800.00	900.00	252.00
4.	Constructions of Kids play room, Doctor's clinic, Resting Room for workers	450.00	14500.00	65.25
	Sub-total			751.25
5.	Add: Contingencies @ 5%			31.56
	Total			788.81

b. Construction of Staff Quarters

Sr. No.	Particular	Area (sq Mtr.)	Rate/ sq Mtr.	Amount (Rs. In lacs)
1.	Ground+3 R.C.C Building	1400.00	14500	203.00
2.	Interior works	1400.00	800.00	11.20
3.	Pantry for workers	280.00	400.00	11.20
	Sub-total			225.40
4.	Add: Contingencies @ 5%			11.27
	Total			236.67

II. Purchase of Plant & Machinery

We are contemplating to purchase the following machineries for the proposed expansion project. We have relied upon the following quotations for the machineries and the details of the same are summarized as follows:-

Raw Material Sourcing & Stitching section							
Sr.No	Model Name	Quotation No. & Date	Description	Name of Supplier/ Dealer	No. of Machines	Amount (Rs. In Lacs)	Make
1	DMN - 5420N-7	IIGM:BBY 231 June 26,2010	1-Needle, Needle-feed, Lockstitch Machine with Vertical Edge Trimmer	IIGM Pvt. Ltd.	200	302.40	Juki
2	AMB - 289	IIGM:BBY 231 June 26,2010	Computer-controlled, High-speed, single-thread Chainstitch, Button-neck-wrapping Machine	IIGM Pvt. Ltd.	3	35.10	Juki
3	APW – 895L	IIGM:BBY 231 June 26,2010	For straight pockets with flaps, long and wide type	IIGM Pvt. Ltd.	6	72.00	Juki
4	AVP – 875A	IIGM:BBY 231 June 26,2010	Automatic Pocket setter (for Jeans)	IIGM Pvt. Ltd.	6	84.00	Juki
5	DP – 2100	IIGM:BBY 231 June 26,2010	Computer-controlled Dry-head, Lockstitch Sleeve setting	IIGM Pvt. Ltd.	15	115.20	Juki

			Machine with Multi-programming Device				
6	MF-7800E21	IIGM:BBY 231 June 26,2010	Endless spandex elastic band attaching with air binder	IIGM Pvt. Ltd.	10	23.00	Juki
7	MF-7800H21	IIGM:BBY 231 June 26,2010	Hemming with left hand fabric trimmer Machine	IIGM Pvt. Ltd.	6	12.90	Juki
8	MH - 1410	IIGM:BBY 231 June 26,2010	High-speed, Cylinder-bed, Needle-feed, Double Chainstitch Machine	IIGM Pvt. Ltd.	7	14.70	Juki
9	MS - 1261	IIGM:BBY 231 June 26,2010	3-Needle, Double Chainstitch Machine for extra Heavy weight materials for jeans.	IIGM Pvt. Ltd.	10	30.00	Juki
10	MS-1260	IIGM:BBY 231 June 26,2010	2-Needle, Double Chainstitch Machine for Heavy weight materials for jeans.	IIGM Pvt. Ltd.	20	26.40	Juki
11	LH - 3588	IIGM:BBY 231 June 26,2010	Semi-dry-head, 2-Needle, Lockstitch Machine with Organized Split Needle Bar (with large Hooks)	IIGM Pvt. Ltd.	10	45.00	Juki
12	35800D Z36	IIGM:BBY 231 June 26,2010	Seat Seaming for Jeans	IIGM Pvt. Ltd.	5	15.15	Juki
13	MHA-P100M	IIGM:BBY 231 June 26,2010	Automatic Pocket Hemmer for Jeans	IIGM Pvt. Ltd.	2	4.50	Juki
14	DLN - 6390-7	IIGM:BBY 231 June 26,2010	High speed, Cylinder bed, 1-Needle, Needle-feed, Lockstitch Machine (Jeans Bottom Hemming)	IIGM Pvt. Ltd.	2	4.32	Juki
Sub-total						784.67	
Contingencies @ 5%						39.23	
Total (A)						823.90	

Finishing & Packing Section							
Sr.No	Model Name	Quotation No & Date	Description	Name of Supplier/ Dealer	No. of Mach	Amount (Rs. In Lacs)	Make
1	ACF – 172- 1790	IIGM:BBY 231 June 26,2010	High-speed, Computer-controlled Buttonholing indexer	IIGM Pvt. Ltd.	10	98.52	Juki
2	MFB - 2600	IIGM:BBY 231 June 26,2010	Belt Loop Making Machines	IIGM Pvt. Ltd.	2	13.90	Juki
3	LK 1900A	IIGM:BBY 231	Computer Controlled High speed Bar-	IIGM Pvt. Ltd.	10	14.45	Juki

		June 26,2010	tacking Machine Heavy duty for Trouser & Jeans.				
4	LZ – 2290C-7	IIGM:BBY 231 June 26,2010	High-speed, Cylinder- bed, 1-needle, Lockstitch, Zigzag stitching Machine	IIGM Pvt. Ltd.	10	25.00	Juki
5	LBH - 1790	IIGM:BBY 231 June 26,2010	Computer-Controlled, High-speed, Lockstitch Buttonholing Machine	IIGM Pvt. Ltd.	2	5.30	Juki
6	MB – 1800A\ BR10	IIGM:BBY 231 June 26,2010	Computer-controlled, Dry-head, High-speed, Single-thread, Chainstitch Button Sewing Machine	IIGM Pvt. Ltd.	2	10.55	Juki
Sub-total						167.72	
Contingen cies @ 5%						8.38	
Total (B)						176.10	
TOTAL		(A+B)		823.90+176. 10		1000.00	

All amounts are inclusive of VAT.

We have considered the above quotations for the budgetary estimate purpose and have not placed orders for any of the above plant and machinery. The actual cost of procurement and actual supplier/dealer may vary. We do not intend to purchase any second hand machineries. None of the machine suppliers are related to our company and its promoters. All the above quotations are valid for a period for 6 months.

III. Miscellaneous Assets

Following is the detailed Breakup of the Cost of Miscellaneous Assets:-

(Amt in Lacs)

Sr. No.	Particular	Supplier/ Dealer Name	Quantity	Estimated Amt (Rs.)	Quotation Date
1.	Electrification	Saraswati Dattatray Electricals & Company Mumbai	Various	54.00	July 10,2010
2.	CCTV Systems	Techno Honey Systems, Mumbai	Lumpsum 158	25.81	June 06,2010
3.	Access Control Systems	Techno Honey Systems	Lumpsum 380	10.19	June 06,2010
4.	Alarm Systems	Techno Honey Systems	Lumpsum 180	10.00	June 06,2010
5.	Air Conditioning of 175 ton & 191 Ton	Royalchips Appliances Company, Navi Mumbai	2	190.00	July 03,2010
6.	D.G set of 250 KVA	Nityananad Infrastructure Ltd.	1	15.00	July 26,2010
7.	Roots Hakomatic E 500 Automatic Scrubber Drier	Roots Multiclean Ltd., Navi Mumbai	Various	15.00	July 09,2010
8.	ETP Plant	Prachi Construction	1	50.00	August 12,2010
9.	Water treatment Plan Customized RO(Reverse Osmosis) Plants	Prachi Construction	1	30.00	August 12,2010
	Total			400.00	

We have considered the above quotations for the budgetary estimate purpose and have not placed orders for any of the above Miscellaneous Assets. The actual cost of procurement and actual supplier may vary. We do not intend to purchase any second hand machineries. None of the machine suppliers are related to our company and its promoters. All the above quotations are valid for a period of 6 Months.

B. Meeting Working Capital Requirement

The working capital requirement has been calculated on the basis of additional working capital which will be required after the implementation of expansion plans of our company. These expansion plans are expected to be completed in Financial Year 2010-2011 & 2011-2012. We are proposing to meet our net working capital requirements to the extent of Rs. 2500 Lacs, from the proceeds of the Issue.

Our proposed Working Capital requirement and funding for the same is given hereunder:

(Amt In acs)

Particulars	Holding Period (Days) *	Estimates for 2010-11	Estimates considering Expansion
Current Assets (A)			
Inventories			
Raw Material	38	658.50	1325.00
Finished Goods	9	190.00	375.00
WIP	11	225.00	450.00
Debtors			
Domestic	135	3095.00	5737.50
Export	60	125.00	332.50
Other Current Assets		705.32	1100.57
Sub -Total (A)		4998.82	9320.57
Current Liabilities (B)			
Creditors :			
Goods and other expenses	45	863.50	1664.00
Other Current Liabilities & Statutory Liabilities		758.57	1151.54
Sub -Total (B)		1622.07	2815.54
Working Capital Gap (A-B)		3376.75	6505.03
Actual/ Projected Net Working Capital Available		776.75	3276.75
Permissible Bank Finance		1500.00	3228.28
Amount to be financed through Issue Proceeds		1100.00	1400.00

* The holding period is calculated taking 360 days in a year.

Presently, our company has sanctioned working capital facilities from the Bankers aggregating to Rs. 1500.00 lacs. Our Company, after implementation of the Project, may either approach the bankers for the additional working capital facilities which is Rs 1728.28 lacs (Rs 3228.28 Lacs-Rs 1500.00 Lacs) or may fund through Internal Accruals/Unsecured Loans.

All the above projections are based on management estimates and have not been appraised by any bank or financial institutions.

C. Setting up Retail Outlets and Brand Building

Retail Outlets

Our Company intends to have a total of 25 Retail outlets in major cities of South India. Out of these, our company proposes to open 10 own retail outlets on leased premises and balance 15 retail outlets proposed to be operated on franchisee basis. We have finalized the locations for the proposed own outlets in the Chennai city but have not entered into any lease agreement with the property owners. All these retail outlets shall operate under our brand name “Glory to Glory” “St. Paul” and “Majesty”. The total cost in setting up of these retail outlets is Rs. 240 Lacs, details of which are given as under:

Sr. No.	Particular	Amount (Rs. In Lacs)
1.	Lease rent deposit for 10 outlets	180.00
2.	Furniture, Fixtures and other equipments for 10 outlets#	60.00
	TOTAL	240.00

#the expenditure on furniture and fixtures has been estimated by Yokesh Decorator's, 25/8, Yokesh Mhal, Thiruvalluvar, 2nd Street, West K.K Nagar City, Chennai vide their certificate dated August 7, 2010.

The lease rent deposit estimates have been given by Shree Vinaya Real Estates., Real Estate Consultant, having their office at No. 1 Vallal Pari Nagar, 5th Cross Street, Pallikarnai, Chennai -600100; vide SV/5486/10 their certificate dated July 5, 2010 as under:

Sr. No.	Location of our own Retail Outlets	Area (in Sq. Ft.)	Lease Deposit Amount (Rs. In Lacs)
1	T Nagar	1800.00	22.00
2	Adyar	1550.00	18.00
3	Mount Road	1300.00	16.00
4	ECR Road	2050.00	20.00
5	OMR Road	1650.00	18.00
6	Ashok Nagar	1500.00	17.00
7	Mylapore	1200.00	16.00
8	T.T.K.Road	1000.00	19.00
9	Vdapalani	1500.00	18.00
10	Purasawalkam	1600.00	16.00
	TOTAL		180.00

We will undertake the identification of the locations for the proposed franchisee after establishment of our own retail outlets and hence we have not entered into any agreement / tie-ups with any retail owners for the same. Further we are not raising any funds from this issue for our franchise outlets.

The fund requirements described herein are based on management estimates and our current business plan on the basis of the current existing rentals and also the estimated future increase in rentals.

Brand Building

Our Company is in the business of manufacturing of readymade apparels. We intend to increase our share in the retail market. We believe that the branding exercise will enhance value in the minds of customers and will help in increasing demand for our product. The brand building exercise is a part of that initiative that we believe would enable greater visibility for our products on the retail shelf thereby leading to increased demand for our products.

We have budgeted a brand building exercise of Rs. 350.00 lacs. The budget includes brand ambassadors fee, television and online commercials, newspaper, magazine, advertisements and outdoor media like hoardings, etc. Going forward, we propose to engage in expanding our branding and marketing initiatives by expending the following amounts: The budgets are based on the estimates given by

Farzoom Conceptual Private Limited., advertising agency, having their office at B-2,II Floor, OPG Towers, No. 133,Santhome High Road, Chennai – 600004.Tele No. +91- 44- 45012226.

Sr. No.	Particular	Amount (Rs. In Lacs)
1.	Expenditure on Advertisement	350.00
2.	Consultancy and advisory for concept, design ,product development ,patent and trade mark registration	
3.	Fees of Brand Ambassador	
	TOTAL	350.00

D. Meeting General Corporate Expenses

Our Company intends to deploy the balance issue proceeds aggregating to Rs. [●] lacs towards general corporate purposes including entering into strategic partnership, meeting exigencies and contingencies in ordinary course of business which may not be foreseen or any other purpose as approved by our Board of Directors from time to time. The management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently the funding requirement and deployment of funds may also change.

E. Meeting the Issue Expenses:

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Activity Expense	Amount (Rs in Lacs) *	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of BRLM/Syndicate Member(s)	[●]	[●]	[●]
2.	Fees to the Bankers to Issue	[●]	[●]	[●]
3.	Underwriting commission ,brokerage & selling expense	[●]	[●]	[●]
4.	Advertising & marketing expenses ,printing & stationery ,distribution ,postage etc.	[●]	[●]	[●]
5.	Registrar to the issue	[●]	[●]	[●]
6.	Other expenses (Grading Agency, Legal Advisors, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges etc.)	[●]	[●]	[●]
	Total Estimated Issue Expenditure	[●]	[●]	[●]

*To be completed after finalization of the Issue Price

Schedule of Implementation and Deployment of Funds

Sr. No.	Particulars	Expected Month of Commencement	Expected Month of Completion
1.	Site Development, Civil Work & Building Construction Cost	July 2010	March 2011
2.	Placement of order of Plant & Machinery & Miscellaneous Assets	February 2011	March 2011
3.	Purchase of Plant & Machinery	May 2011	August 2011
4.	Purchase of Miscellaneous Assets	March 2011	June 2011
5.	Setting up Retail Outlets and Brand Building	March 2011	August 2011

Deployment of Funds in the Project

We have incurred an amount of Rs. 179.05 Lacs towards the 'Objects of the Issue' till August 31, 2010. The same has been certified by our Statutory Auditor, Mr. Suresh Hegde, Chartered Accountants vide their certificate dated September 01, 2010 and the details are as under:-

(Rs. In Lacs)		
Sr. No.	Particulars	Amount Deployed
1	Site Development, Civil Work & Building construction cost	165.00
2	BRLM Fees	11.03
3	Fees to Legal Advisor	2.25
4	Fees of registrar	0.77
	Total	179.05

Source of Funds

The sources of funds for the above mentioned deployment are as follows:-

(Rs. In Lacs)		
Sr. No.	Particulars	Amount
1	Internal Accruals	179.09
	Total	179.09

Year wise Schedule of Deployment of Funds

(Rs. In Lacs)					
Sr. No.	Particulars	Funds Already Deployed	FY 2010-11	FY 2011-12	Total
1	Site Development, Civil Work & Building Construction Cost	165.00	70.93	993.00	1228.93
2	Purchase of Plant & Machinery	-	200.00	800.00	1000.00
3	Miscellaneous Assets	-	75.00	325.00	400.00
4	Meeting Long-term Working Capital Requirement	-	1100.00	1000.00	2100.00
5	Setting up Retail Outlets and Brand Building	-	98.00	492.00	590.00
6	Meeting General Corporate Expenses	-	[•]	[•]	[•]
7	Meeting the Issue Expenses	14.05	[•]	[•]	[•]
	Total	179.09	[•]	[•]	[•]

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in interest or dividend bearing liquid instruments including deposits with banks and investment in mutual funds and other financial products such as principle protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

As our Issue size is less than 500 Crores, we have not appointed any monitoring agency to monitor the utilization of issue proceeds, as the same is not required as per SEBI Regulations. Our Board of Directors will monitor the utilization of proceeds of this Issue on a regular basis.

We will disclose the utilization of the proceeds raised through this Issue under a separate head in our financial statements clearly specifying the purpose for which such proceeds have been utilized. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this DRHP and place it before the Audit Committee. The said disclosure shall be made till such time that the full proceeds raised through the Fresh Issue have been fully spent. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in the Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

No part of this Issue proceeds will be paid by us as consideration to our Promoter, Directors, key managerial personnel or entities promoted by our Promoter, save and except in the normal course of business.

BASIC TERMS OF THE ISSUE

Terms of the Issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association of the Company, the terms of this offer document, Bid-cum-Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

Terms of Payment:

Applications should be for a minimum of [●] equity shares and [●] equity shares thereafter. The entire price of the equity shares of Rs. [●] per share (Rs. 10/- face value + Rs. [●] premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on July 19, 2010. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution in the Extra-ordinary General Meeting of the Company held on July 20, 2010.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this DRHP at a price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [●] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriter, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we and every Director of our Company who is an officer in default, shall pay the amount with interest as prescribed under Section 73 of the Companies Act, 1956. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors starting from page no 11 and the details about our Company and its financial statements included in this DRHP on page no 114. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Issue Price will be determined by our Company in consultation with BRLM on the basis of assessment of market demand for the equity shares offered by our Company by way of book building.

Qualitative Factors

- Technically skilled Promoter and experienced management team
- Support of Government to Textile Sector
- Long standing relationship with clients
- Manufacturing process ISO certified
- Strategic Location of the Unit. Well connected to Highway and Port

For a detailed discussion on the qualitative factors which form the basis for computing the price, see the sections “Business Overview” and “Risk Factors” beginning on pages 79 and 11 respectively.

Quantitative Factors

Presented in this section is derived from our Company’s restated, consolidated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Weighted average Earnings Per Equity Share

Year ended	EPS (Rs.)	Weight
31 st March 2008	0.68	1
31 st March 2009	1.31	2
31 st March 2010	9.09	3
Weighted average EPS	5.09	

Notes:

1. EPS represents adjusted earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.
2. The figures which are disclosed above are based on the restated financial information of the company.
3. The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time-weighting factor. The time-weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

2. Price Earnings ratio (P/E ratio) in relation to the Issue Price of Rs [●] per share

Particulars	Issue Price of Rs. [●] per share
Based on 2009-2010 EPS of Rs. 9.09	Rs. [●]
Based on weighted average EPS of Rs.5.09	Rs. [●]

Industry P/E	
Highest	102.90
Lowest	4.50
Industry Composite	23.90

Source: Capital Market, Vol., XXV/12, August 09-22, 2010; Industry-Textile Products

3. Return on Net worth

Year ended	RONW (%)	Weight
31 st March 2008	5.89	1
31 st March 2009	11.16	2
31 st March 2010	21.30	3
Weighted Average RONW	15.35	

The average return on net worth has been computed on the basis of the restated profits and loss statement of the respective years. The RONW has been computed by dividing Profit after Tax by Networth.

4. Minimum return on total Net worth after issue needed to maintain pre-issue EPS for the year ended March 31, 2010 is [●] % (Based on the restated financial statements)

5. Net Asset Value (NAV) per share (Rs.) as per our restated financial information

a) As on 31 st March 2010	Rs. 20.41
b) Issue Price	[●]
c) Post Issue	[●]

6. Comparison with Industry Peers and Industry average

Name	EPS (Rs)	RoNW (%)	NAV (Rs.)	P/E
Kewal Kiran Clothing Limited	25.50	19.90	142.10	12.60
Bang Overseas Limited*	1.80	2.51	71.62	25.27
Mandhana Industries Ltd	13.10	31.40	91.00	12.40
Sudar Garments Limited	9.09	21.30	20.41	[●]

Source: Capital Market, Vol., XXV/12, August 09-22, 2010; Industry-Textile Product

*www.bseindia.com-September 01, 2010

7. The face value of our Equity Shares is Rs. 10/- and the Issue Price is Rs. [●] i.e., [●] times of the face value.

The Issue Price of Rs. [●] has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors. The BRLM believe that the Offer Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “**Risk Factors**” and “**Restated Financial Information**” on page 11 and 114 respectively, to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in “**Risk Factors**” and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Sudar Garments Limited,
117, First Floor, Vardhaman Market,
Sector 17, Vashi,
Navi Mumbai-400 703

Dear Sirs,

Sub. : Statement of possible Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to Sudar Garments Limited (the 'Company') and its shareholders under the provisions of the Income tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the annexure are based on information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Sudar Garments Limited. We shall not be liable to Sudar Garments Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement

For Suresh Hegde And Co
Chartered Accountants

CA Suresh Hegde
Membership Number 118493
Firms Membership No: 125795W

Place: Mumbai.
Dated: July 12, 2010

A.TO THE COMPANY:-

I. SPECIAL TAX BENEFITS AVAILABLE TO SUDAR GARMENTS LIMITED

None

II. GENERAL TAX BENEFITS

The Company will be entitled for the following tax benefits in computing the Taxable Income under the Provisions of the Income Tax Act,1961 (The Act).

- Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
- Under Section 10(34) of the Act, dividend income (whether interim or final) in the hands of the company as distributed or paid by any other Company on or after April 2004 is completely exempt from tax in the hands of the Company.
- The company will be eligible for exemption of income received of mutual funds specified under Section 10232(D) of the act, income received in respect of units from administrator of special undertaking and income in respect of specified company in accordance with and subject to the provision of Section 10(35) of the Act.
- As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
- Long term capital gain arising from transfer of an 'eligible Equity Share' in a company Purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under section 10(36) of the Act.
- As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares I any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
- The Company is eligible for amortization of preliminary expenses being the expenditure on public Issue of share under Section 35D of the income tax act ,the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
- As per Section 54EC of the ITA and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under Section 10(38) of the ITA) arising on the transfer of a long-term capital asset will be exempt from capital gains tax to the extent such capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. It may be noted that investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year cannot exceed Rs. 50 Lacs. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.
- A "long term specified asset" for making investment under this section on or after 1st April 2007 means any bond, redeemable after three years and issued on or after the 1st April 2007 by:(National Highways Authority of India constituted under Section 3 of the National Highways Authority of India Act, 1988; or Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
- As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered by

section 10(36) and section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

- As per Section 111A of the Income Tax Act, 1961 short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
- Under Section 115JAA(1A) of the Income Tax Act, 1961 credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under Section 115JB of the Income Tax Act, 1961 for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act, 1961 for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowable. Finance Bill, 2009 provides for such set off for 10 assessment years.
- As per Section 10(34) of the Income Tax Act, 1961 any income by way of dividends referred to in Section 115 – O (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax. Moreover, the company will also be entitled to avail the credit of dividend received by it from its subsidiaries in accordance with the provisions of section 115-O(1A) on which tax on distributed profits has been paid by the subsidiary.

B. BENEFITS TO THE MEMEBERS OF THE COMPANY

I. SPECIAL TAX BENEFITS AVAILABLE TO SUDAR GARMENTS LIMITED

None

II. GENERAL TAX BENEFITS

- As per the provisions of section 112 of the Act, long term capital gains that are not exempt under the proposed section 10(38) of the Act, would be subject to tax at a rate of 20 percent (plus applicable surcharge). The Finance Act, 2004 propose to levy an additional surcharge ('Education Cess') at the rate of 2 percent of such tax and surcharge. However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and Cess) as per the Finance Act, 2004.
- Finance Act 2004 has proposed to exempt long term capital gains tax with effect from 1st April 2004, in case of securities listed on recognized stock exchange and held for more than 12 months. In case of short term capital gains, the tax rate has been proposed to be reduced to 10%.
- As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
- As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section
- In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would

become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

- As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and arising from transfer of long term assets. Being listed securities or units shall not be chargeable to tax, to the extent such gains are invested in acquiring Equity Shares forming part of an "eligible Issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible Issue of share capital has been defined as an Issue of Equity Shares which satisfies the following conditions:
 - The Issue is made by a public Company formed and registered in India; and
 - The shares forming part of the offer for subscription to the public.
- The Issue of shares by the Company being an eligible Issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED. However, there is a legal uncertainty over whether the benefit under this section can be extended to 40 shares forming part of the offer for the sale by the existing shareholders.
- As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ("HUF"), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax, if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis.
- For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
- Under Section 115AD of the Act, income received by Foreign Institutional Investor in respect of securities shall be taxed @ 20%. Income by way of Short Term Capital Gains arising from the transfer of such securities shall be taxed @ 30%. Income by way of Long Term Capital Gains arising from the transfer of such securities shall be taxed @ 10%.
- Section 10(34) provides that any income by way of dividends referred to in section 115 O i.e. dividend declared, distributed or paid by a domestic Company, on or after 1st April, 2003 is exempt in the case of all categories of assesses.
- Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.
- Under section 72(1) of the Act, where for any assessment year, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the company, not being loss sustained in a speculation business, and such loss cannot be and is not wholly set off against income from any other head of income for the same year, the same shall be eligible to be carried forward; and such loss carried forward shall be available for set off against income from business under head "Profits & Gains of Business or Profession" only for subsequent years. As per section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 assessment years immediately succeeding the assessment year for which the loss was first computed. However, as per section 80 of the Act, no loss which has not been determined in pursuance of a return filed in accordance with the provisions of section 139(3) of the Act, shall be carried forward and set off under section 72(1) of the Act. In other words, return of year in which loss was incurred must be filed within the due date, as per the provisions of the Act.

C. ADDITIONAL BENEFITS AVAILABLE TO NON-RESIDENTS INDIANS:-

Non-resident Indians have an option to be governed by the special provisions of Chapter XIAA of the Act according to which:

- Under Section 115 G of the Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.
- The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the IT Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in respect of investment income derived from foreign exchange asset vide Section 115 H of the Act, until the Transfer or conversion (otherwise than by transfer) into money of such assets.
- Under Section 115-1 of the Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not to be governed by the above mentioned special provisions of chapter XII-A, then he will be entitled to tax benefits available to resident individuals.
- Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the Company on or after 1st April 2004 is completely exempt from tax in the hands of the shareholders of the Company.
- In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the Act, long term capital gains arising from the transfer of an Indian company's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
- In case of a shareholder being a non-resident Indian, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
- In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed in either case.
- In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed in either case.
- As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
- As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

- As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income as provided in the said section.
- In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
- In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholder would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
- In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
- As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

D. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS (FIIs) :-

- Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
- Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by: Under section 115AD (1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 15% (where such transaction of sale is entered on a recognized stock exchange in India and STT has been paid on the same The above rates are to be increased by applicable surcharge and education cess. Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.
- As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity

oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

- As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
- In accordance with and subject to the conditions and to the extent specified in /section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
- In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by sections 10 (36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
- As per section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

3. Tax Deduction at Source:-

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at the source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FIIs.

E. Venture Capital Companies / Funds:-

In terms of Section 10(23FB) of the act, all Venture Capital Companies / Fund registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from Income Tax on all their Income including profit on sale of shares of the Company.

F. Mutual Funds:-

Under Section 10 (23D) of the Act, all Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector Bank or public Financial Institutions, or authorized by the Reserve Bank of India and subject to such conditions as may be notified by the Central Government will be exempt from income tax on any income.

G. Wealth Tax:-

The Shares held in a Company are not liable to Wealth Tax under the Wealth Tax Act, 1957.

H. Gift Tax:-

The Gift Tax Act 1958 ceases to apply to gifts made on or after 1st October 1998. Gifts of shares of the Company would therefore, be exempt from Gift Tax.

SECTION V - ABOUT THE COMPANY

INDUSTRY OVERVIEW

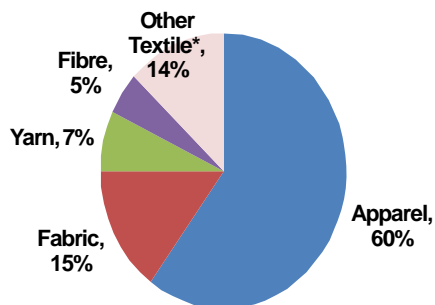
Unless otherwise indicated, the information in this section is derived from industry report prepared by Technopak Advisors dated July 10, 2010 and other industry sources. It has not been independently verified by the Company, the Book Running Lead Manager and their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information.

Global Textile and Apparel Trade

The global textile and apparel trade has grown at a decent pace by around 6% annually in the last two decades. There was some correction in the global textile and apparel trade in 2009 due to the global economic crisis resulting in slower growth. However the industry is recovering in 2010 and is expected to stabilize and grow further in future. With a positive outlook the industry has the potential to grow upto US\$ 800bn by 2015.



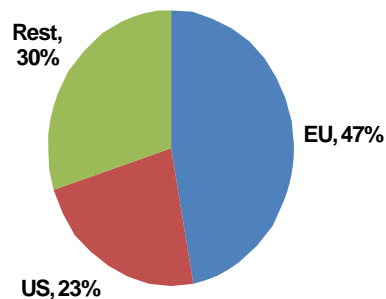
% Break up of textile and apparel trade



Source: UN Comtrade, OTEXA, Eurostat & Technopak Analysis

*Other textiles include : made ups, carpets, accessories, laminated textiles etc.

Global share of apparel imports



Source: UN Comtrade, OTEXA, Eurostat & Technopak Analysis

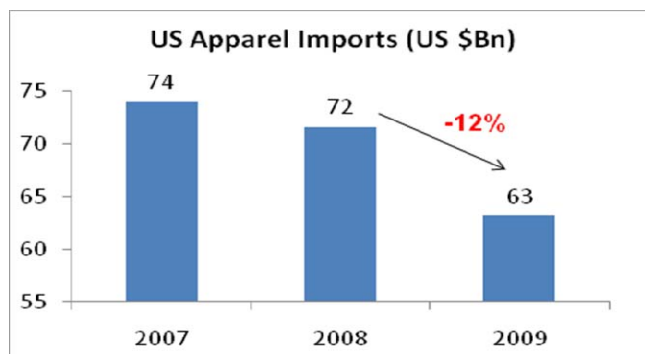
EU imports include Intra-EU imports (47%)

Apparel constitutes the biggest category of global trade with 60% share. EU and US are the biggest destinations for apparel exports. The biggest exporting countries are China, India and Turkey. In recent years low cost countries like Bangladesh, Vietnam and Cambodia have also emerged as significant exporters of apparel.

US Import trend

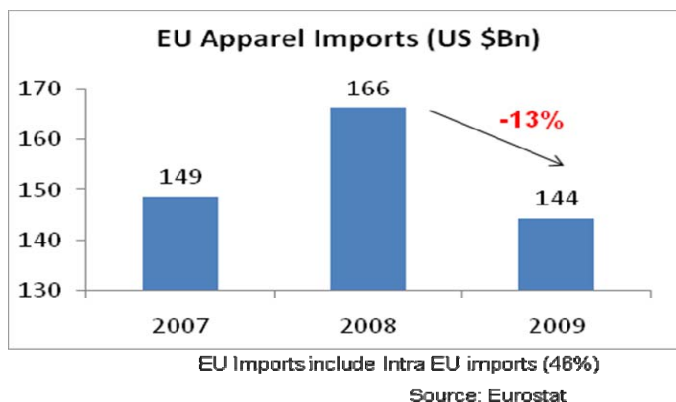
The US is a major apparel market and constitutes about 23% of global textile imports. Apparel import of US in 2009 was US\$63 bn, declining in 2009 by 12% in value terms, compared to 2008.

Major apparel exporting countries to US include China, Vietnam, Indonesia, Mexico, Bangladesh, India etc.



EU import trend

EU is also a major apparel trade destination with share of around 47% of global apparel trade. Total apparel imports of EU in 2009 were US\$ 144 bn including intra-EU trade (47%). Overall apparel import value of EU decreased by 13% in 2009. The main reason for decline was reduced demand due to the global economic crisis. Major apparel exporting countries to EU include China, Turkey, India, Bangladesh etc.



Textile and Apparel Market in India

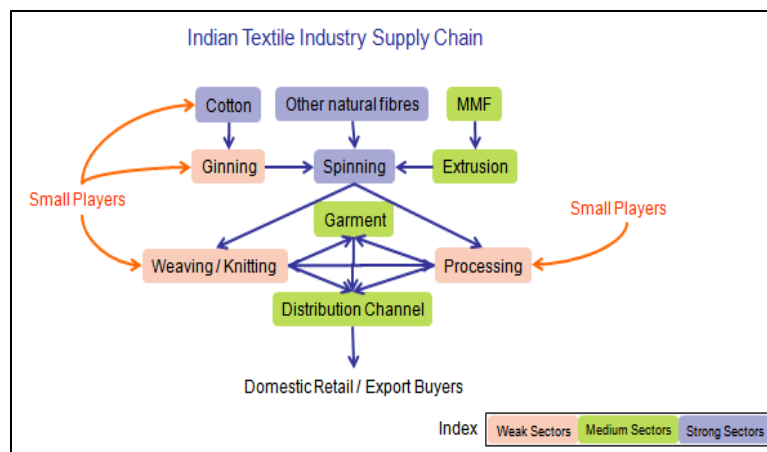
Textile industry in India accounts for all of the following:

- 26% of the manufacturing sector,
- 14% of the total industrial production
- 18% of industrial employment, (Direct employment is 38 million)
- 17% of the total export earnings
- 4% of the GDP

However the industry is highly diversified and fragmented. The industry ranges from hand-spun and hand woven sector to capital intensive, sophisticated mill sector.

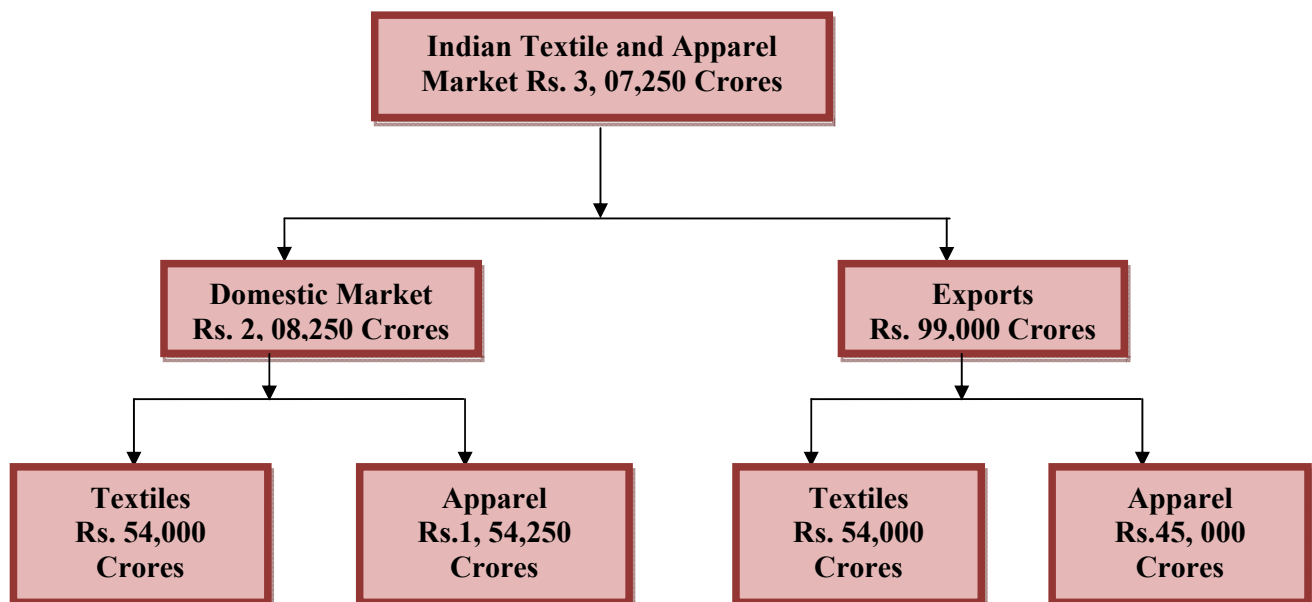
The fragmented nature of the Indian textile and apparel industry is validated by some of the below facts:

- Spinning : Only 12% of spinning mills are composite in nature
- Weaving : Only 3% of the fabric production comes from the organized mill sector
- Processing : Less than 10% processing units are integrated in nature
- Apparel and home textile : Bulk is done by small-scale units
- Decentralized power looms, hosiery and knitting sectors form the largest section of the industry
- In terms of the supply chain, Natural Raw Material and Spinning are the strength areas of the sector whereas weaving / knitting and processing are the weaker areas of the Indian Textile Industry.



Textile and Apparel Market Size

In 2009, the total 'Indian Textile and Apparel market' was estimated to be Rs.3, 07,250 Crores (US\$ 67 billion). In the last five years the industry has grown at a rate of more than 10 % annually. The industry is expected to grow at a much faster rate in the future, as it is fuelled by a strong domestic consumption which has remained robust despite the recent global economic downturn.

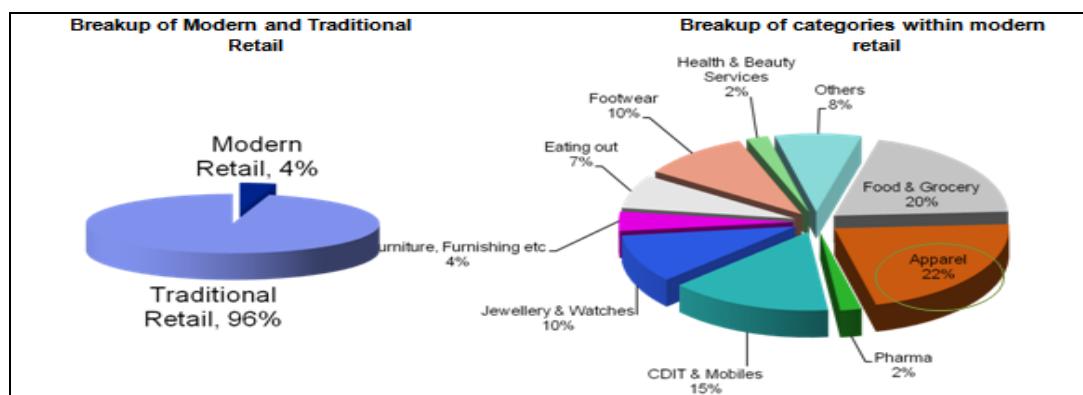


Source: Technopak Analysis Export data estimated for CY 2009

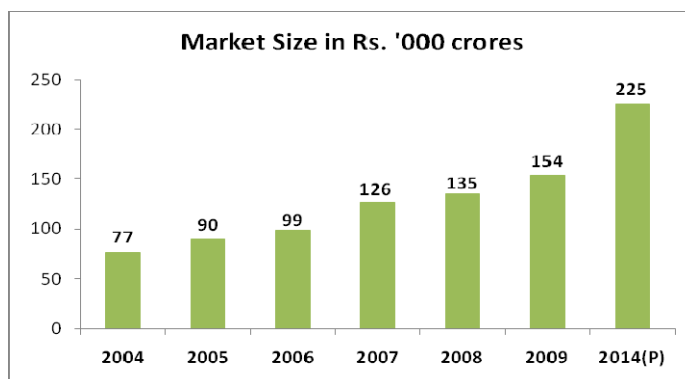
Domestic Apparel Market

Currently the apparel retail market in India is estimated to be Rs.1,54,250 crores (US\$ 33 billion). The market has grown at a CAGR of 18 % in the last five years. The market grew by 13 % in 2009 which is in contrast to the negative trends seen in several countries.

Apparel constitutes about 22 % of India's modern retail market valued at Rs.81,000 crores (US\$18 billion). The market is set to grow further with increasing presence of multinational players and also due to the increasing focus of Indian companies towards the domestic market.



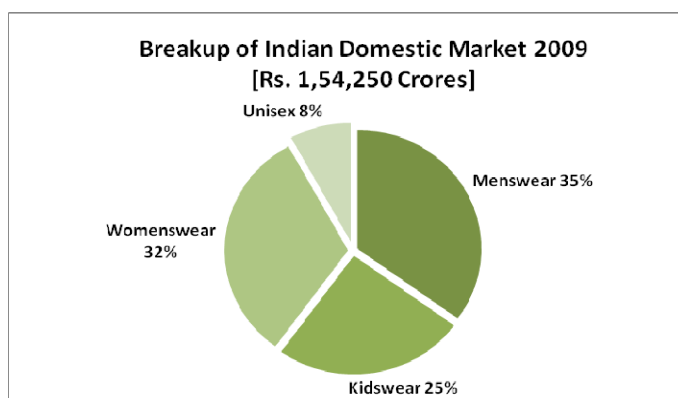
With the global economy picking up and the faster growth prospects in India the domestic apparel industry is set to grow further and is estimated to touch Rs 2,25,000crores (~US\$ 50 billion) in the five years (growing at CAGR of 9 %). The high growth of the industry offers substantial potential for new players to tap the inherent opportunities in the apparel sector. The categories having high opportunity include kids wear, women's western wear, innerwear and workwear.



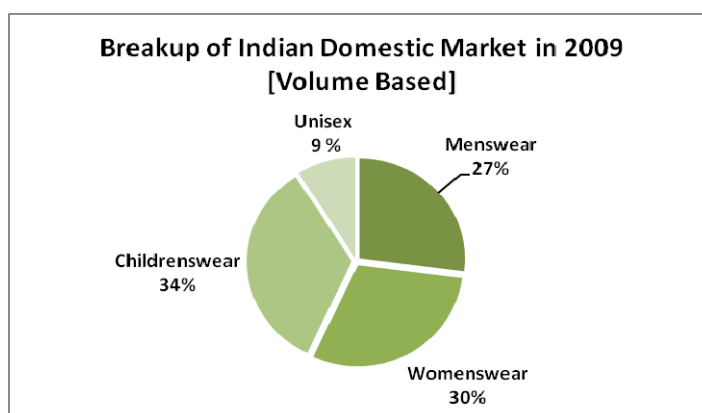
Source: Technopak Analysis, All numbers are rounded off

Apparel Market Breakup

In 2009 the menswear segment constituted 35 % of the market share followed by women's wear with 32 % share of the market value. The share of menswear and women's wear remained same for the years 2008 and 2009. Kid's wear claimed 25 % of the market and grew at 16 % making it the highest growing segment in the market.



In terms of the volumes the kid's wear segment had the maximum share of 34 % in 2009 followed by women's wear with 30 % and menswear with 27 %.



The following chart shows the break up of the total market by segment in value and volume terms.

	2008		2009	
	Volume (Mn pieces)	Value (Rs Crores)	Volume (Mn pieces)	Value (Rs Crores)
Men's wear	1,757	49,809	1,895	55,644
Women's wear	1,866	43,716	2,044	49,713
Kids wear	2,077	32,891	2,345	38,193
Unisex	578	9,517	641	10,700
Total	6,278	135,933	6,925	154,250

In the year 2009, growth was seen in all the segments of the domestic apparel market both in terms of value and the volumes traded. The kidswear category witnessed the maximum growth of 16% in value terms followed by women's wear with 14% growth.

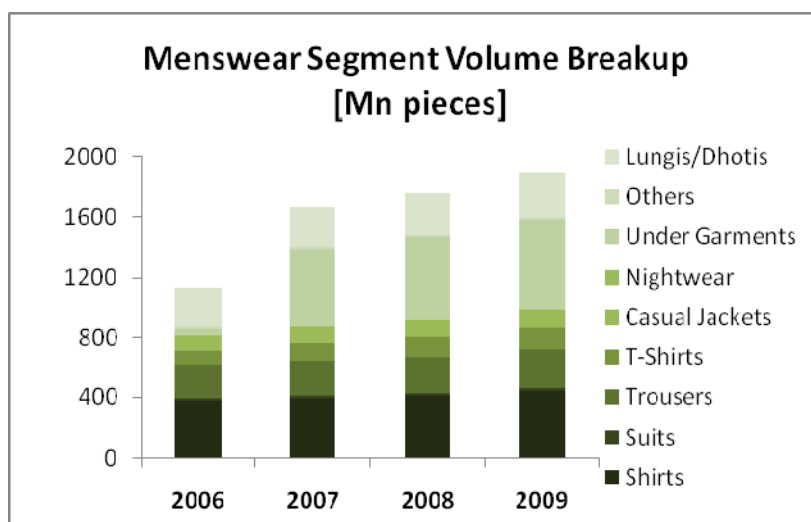


Menswear market

The Indian menswear market primarily comprises of shirts, trousers, suits, jackets, T-shirts etc. As evident the shirt and trousers segment dominates the segment accounting for 37 % and 26 % of the Rs 55,644 crore (US\$ 12.3 billion) menswear domestic market.

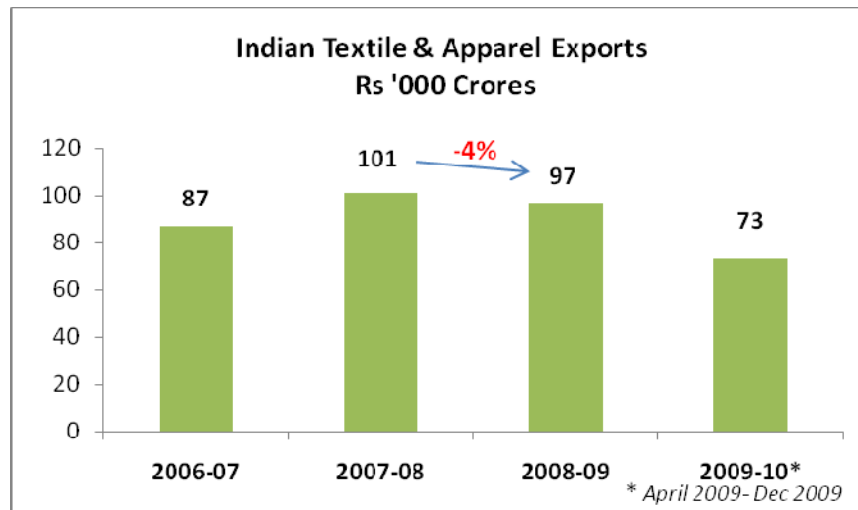
Break Up	Value (Rs. Crores)
Shirts	20,475
Suits	4,834
Trousers	14,314
T-Shirts	4,431
Casual Jackets	1,227
Nightwear	2,227
Undergarments	4,016
Woolens	520
Others	3,600

In the menswear segment the undergarments segment has the highest share in terms of volumes sold. Undergarments accounted for 31 % of the total 1.8 thousand million pieces sold in the menswear segment in 2009. Next is the shirt segment which accounted for 23 %.

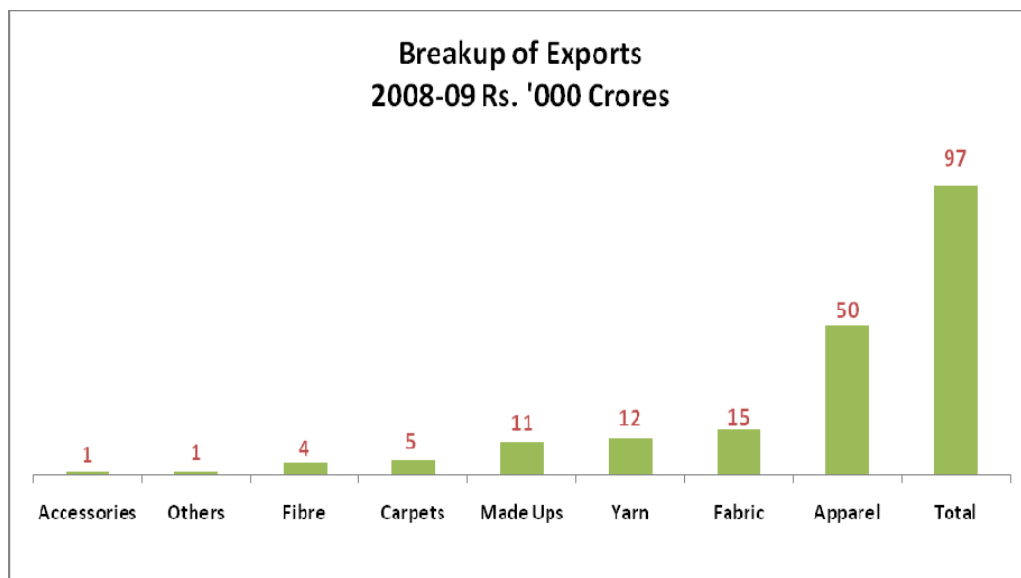


Indian Textile and Apparel Export

The total textile and apparel exports declined to Rs.97, 000 Crores during 2008-09 from Rs.1, 01, 000 Crores during 2007-08, registering a fall of 4%. The main reason for decline in exports was the reduced global demand following the economic crisis, however the demand has picked up in 2009-10 and is expected to stabilize and grow further.

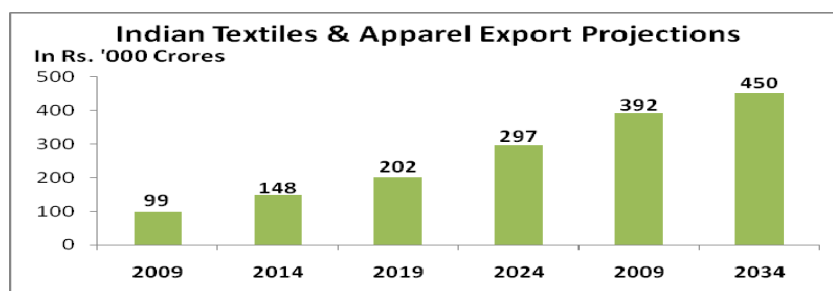


In terms of exports break up, apparel constitutes the majority of Indian exports with approx 60% of share. The other major product categories are fabric and yarn.



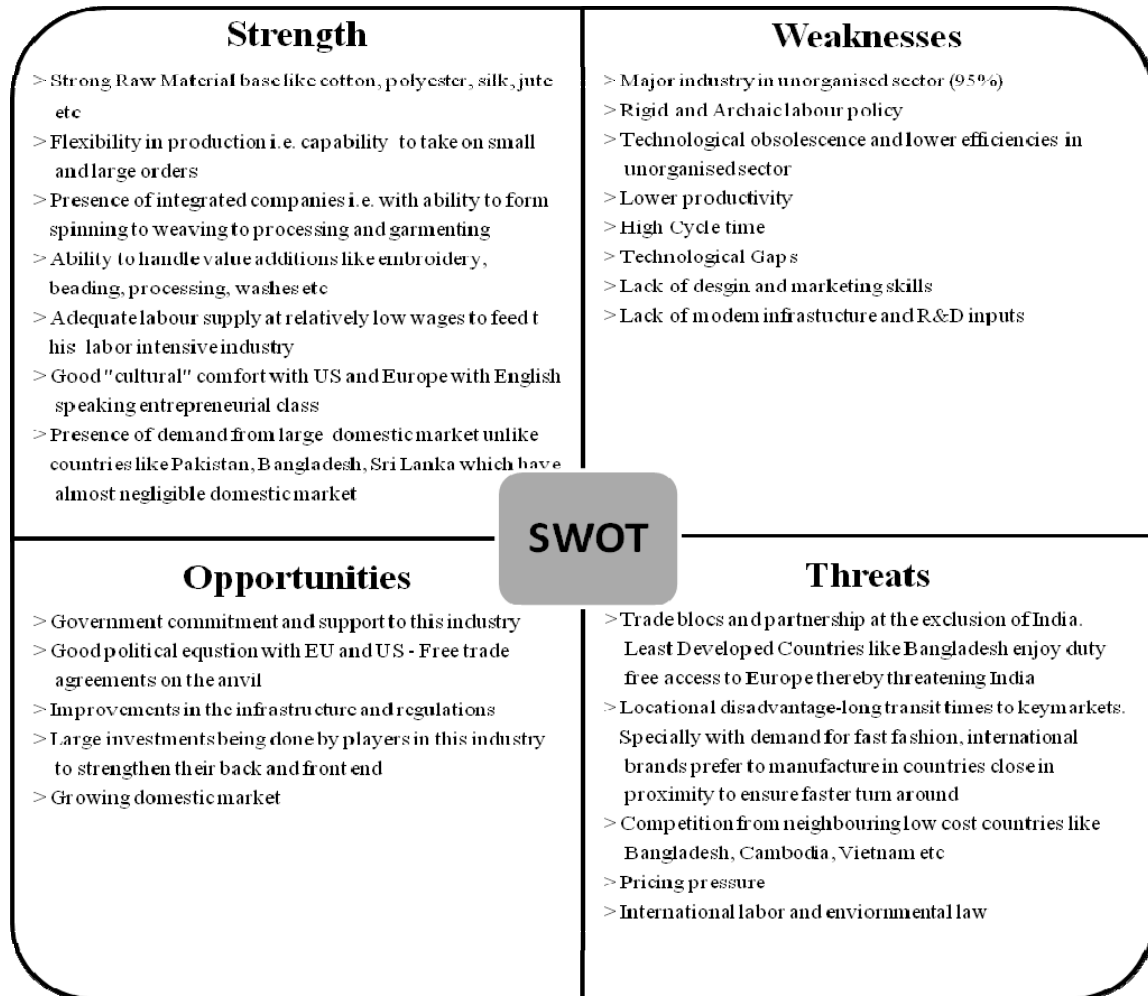
India's exports are expected to grow substantially going forward. This positive outlook is mainly driven by the following factors:

- Increase in domestic consumption and subsequent opportunity in new markets like China, Russia, Brazil
- Sourcing shift of buyers in US, EU and Japan from nearby countries towards lower cost countries in Asia
- Opportunity provided by sourcing shift of buyers from China



India has also emerged as an attractive source destination in the past few years for many of the top global apparel retailers like GAP, Nautica, Target and M&S, who have their sourcing network in India. With a positive outlook, current exports of approx. Rs.99,000 crore (US\$ 22 billion) could be expected to touch Rs.4,50,000 Crore (~US\$ 100 billion) in the next 25 years.

SWOT analysis of Indian Apparel Sector



Reasons for Growth of Indian Apparel Sector

The various reasons fuelling growth of the domestic market include:

1. Shift from Ready To Stitch (RTS) to Ready To Wear (RTW)

There has been a gradual shift of Indian consumers from the RTS to RTW in the domestic market. This change has been accelerated in line with the economic development and the change in lifestyles of the Indian consumers. Currently, the RTW market has 77 % share in the Indian domestic apparel market and this share is expected to increase to 81% by 2015.

2. Increased brand consciousness

The consumer generally perceives branded clothes as a fashion and a status statement. A big reason for the increased brand consciousness in India is its young population and greater exposure to international brands. Many apparel exporters and manufacturers are launching their own brands in the domestic market to tap this potential.

3. Mall development/Increased retail space

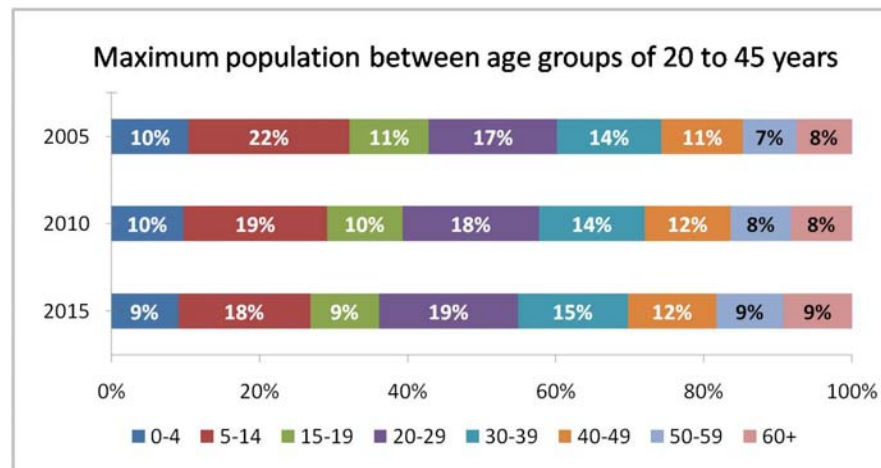
The second half of 1990's saw the arrival of modern mall in India. Since then the trend has caught momentum and now not only the metros but also the smaller cities have modern malls. This has additionally fuelled the apparel growth

4. Changing consumer lifestyles and preferences

Consumerism in India is growing. Currently there are 500 million consumers out of which 230 million are in urban India, a figure that is bound to increase due to rise in migration.

Reasons of the increase in consumerism are as following:

Demographic factors- The median age of Indian consumer is just 24 years, much below other competing countries like China, Japan, Russia, US. Hence there is substantial scope of value added consumption and more vibrant economic growth due to increase in young consumer. In the top 8 cities about 40 % of the population is young. This segment is brand conscious and has large amounts of disposable income, all factors which fuel increase in consumption.



Demographic Distribution – Age Wise

Source: Technopak Analysis

Changing lifestyles - The traditional large, joint family setup in India has slowly given way to a nuclear family setup. This trend is more pronounced in urban India. This has resulted in a larger number of households in India and has thus increased the demand of consumer goods. With the increased number of women in the workforce there has been an increase in family income, which has added to the disposable income of these families. All these factors have helped boost the consumption of consumer goods in India.

Rising Incomes: The per capita income of India has been rising steadily at 10% annually along with the number of households. The number of households classified as 'middle-class'

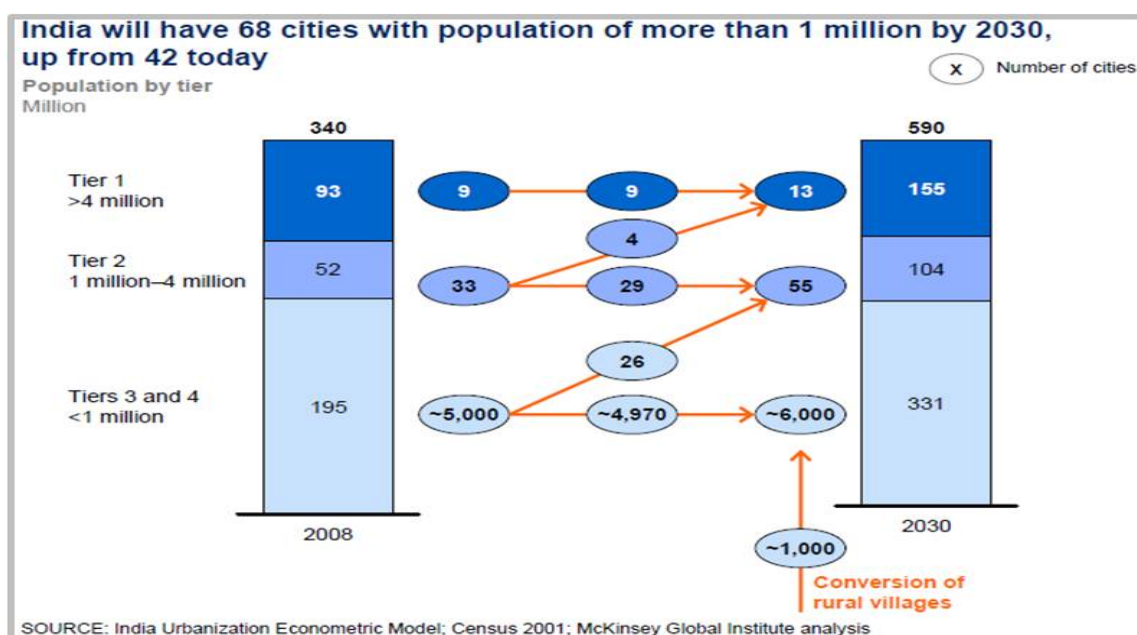
(household income Rs.1.8 to 9 lacs per annum (US\$ 4,000-20,000)) has grown one and a half times since 2001 and is expected to grow at 12% per annum over the next 5 years.

Annual Income level (INR)	% of households (2008)	% of households (2013)	Growth
> 9,00,000	1	2	19%
4,50,000 – 9,00,000	2	4	14%
4,000 – 4,50,000	9	13	10%
81,000 – 1,80,000	31	38	7%
< 81,000	57	43	-3%
Total number of households ('000)	213,017	243,821	

Table 4: Annual Income Level

Source: NCAER and Technopak Analysis

Rapid Urbanization: The percentage of urban cities in India is set to increase, bringing in further growth:



Design and quality: The design and quality of the apparel has acquired a lot of significance which is a big shift from before when price had been the overwhelming consideration.

The Indian textile industry faces some key issues and challenges which need to be addressed for sustaining growth of the sector. The key issues and challenges are summarized in the below mentioned points:

- **Raw Material:** Increasing productivity and improving quality is also a major aspect that needs attention for India to remain competitive in the global market
- **Infrastructure Development & Technological Up gradation:** India needs to upgrade the manufacturing technology and improve the support infrastructure for the manufacturing industry, in order to improve efficiencies.
- **Market Development:** Another major challenge for India is finding new markets for the India's apparel exports apart from the traditional markets of US & EU. Also developing Brand India and expanding reach of Indian brands globally is a major area that needs improvement.

- **Human Resource Development:** The overall development and training of labour is also important for India to sustain its position as a preferred supplier for global markets and also for catering to the increasingly demanding domestic market.
- **Fund Generation:** Indian textile industry suffers from lack of scales at company level due to high fragmentation. Hence attracting large funds for expansion is a major challenge for the industry.

Government Policies

The government has been constantly providing support to the industry, for timely addressing the key issues. Policy initiatives, incentives and schemes have helped the industry in various capacities. Some of the important initiatives of the Government are discussed below:

1. Technology Up gradation Fund Scheme (TUFS)

TUFS has been one of the most successful initiatives undertaken by the Government in 1999 and continues till date. It is a special scheme to incentivize technological up gradation of textile and apparel industry in India. The scheme provides significant capital assistance for investment in land, factory building, pre-operative expenses, margin money for working capital, energy saving devices, effluent treatment plants, water treatment plants, quality control and R&D. The cumulative progress as on December 31, 2009, includes 27,477 applications sanctioned, which has triggered investment of Rs.204.75 Crore (US\$ 45.5 billion) and amount sanctioned under TUFS is Rs.85.5 thousand Crore (US\$ 19.9 billion) of which Rs.73.8 thousand Crore (US\$ 16.4 billion) has been disbursed so far till the end of April, 2010.

2. Scheme for Integrated Textile Parks (SITP)

The 'Scheme for Integrated Textile Park (SITP)' was launched in 2005 to neutralize the weakness of fragmentation of various sub-sectors of the textiles industry and non-availability of quality infrastructure. The primary objective of the scheme is to provide the industry with world-class infrastructure facilities for setting up textile units. The scheme facilitates textile units to meet international environmental and social standards. These parks would incorporate facilities for spinning, sizing, texturing, weaving, processing, apparels and embellishments and is based on the public private partnership (PPP) model. A cumulative expenditure of Rs.919 Crore (US\$ 204 million) has been incurred against allocation of Rs.993 crore (US\$ 220 million) in the last three years.

3. Cluster Development

The Ministry of Textiles has also undertaken cluster development initiatives with the objective of developing infrastructure in major textile clusters in India and to assist SME's in upgrading their capabilities and boost their productivity. The major clusters developed under the initiative include the following:

- Power loom clusters (Bhiwandi and Erode)
- Handloom clusters (Murshidabad, Varanasi and Sibsagar)
- Handicraft clusters (Moradabad, Bhadohi, Mirzapur, Moradabad and Narasapur)

4. FDI Promotion

The Ministry is also making efforts to attract Foreign Direct Investment in the Indian Textile sector. For this purpose Ministry of Textiles has organized road shows and seminars in major developed countries. 100% FDI is allowed in textile and apparel manufacturing.

5. Other initiatives

- *Jute Technology Mission:* Scheme to upgrade infrastructure, productivity, technology, market and human resource for development of the Indian Jute industry.

- Reduction in ad valorem central value-added tax
- Tax incentives like exemption from certain service tax
- **Export promotion schemes**
 - Duty drawback, duty entitlement passbook schemes (DEPB), advance authorization and other schemes for providing relief on import duties on raw materials for export based products.
 - Export Promotion Capital Goods Scheme (EPCG) scheme:
 - Zero duty for import of capital goods by textile units, provided the unit has not availed of TUFS. (compared to duty of 20-36% under normal imports)
 - Import duty of only 3% for capital goods for those not eligible for “zero duty” EPCG scheme.

Key drivers and India Advantage factors

The following are the major advantages of the Indian textile sector:

- **Growing Domestic Market**
 - Rs.1,54,250 crore (US\$ 33 billion) domestic apparel market growing @ 18% since the last 5 years, there is also substantial growing demand for technical textiles and machinery in India.
- **Cost Advantage**
 - India has a lower labour cost for textile manufacturing compared to the developed economies for example; labour cost in India is US\$ 0.7 per hr while in developed countries average labour cost is around US\$ 20 per hr. This helps in lower cost of production and is one of the reasons for India being a preferred sourcing destination.
- **Skilled Labour Availability**
 - Availability of well qualified and English speaking managerial staff and Good Design skills also augurs well for competency of Indian textile industry.
- **Raw Material Availability**
 - Good availability of raw cotton, yarn and fabric further helps in economies of scale for production
- **Integrated Set Up**
 - Presence of entire textile value chain viz. fibre, spinning, weaving, knitting, processing, garmenting, further helps India in having more control and self dependency across the supply chain
- **Entry of International Brands**
 - International brands are looking at India as an opportunity to set up stores with easing of FDI norms in retail. This is an opportunity for players in India as this will not only expand the market but with entry of international brands in the super premium category, upgrade consumers across the value chain.

BUSINESS OVERVIEW

Our promoter, Mr. Murugan Muthiah Thevar has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named 'Sudar Garments'. Over a period of time due to expansion of the customer base, increase in demand for readymade garments, and to gain advantage of having all the outsourced activity under one umbrella, restructuring of the business was carried out. Accordingly, on January 28 2002, Sudar Garments Private Limited was incorporated under the Companies Act, 1956. The company is engaged in the manufacturing of garments for Men wear, Women wear and Kids wear.

Until 2006-07, our company had a small manufacturing set up, having 150 Sewing Machines and other supporting machines, under which each and every worker undertook independently the manufacturing of a garment. In order to bring efficiency into manufacturing, we undertook an expansion plan in the year 2007-08 and our capacity was enhanced to 5 Lacs garments by installing 150 Sewing Machines along with few specialized supporting machines. We introduced an assembly line approach for producing garments as is used by large apparel manufacturers. This greatly enhanced the company's capacity to take on large orders. During the year 2008-09, our capacity was enhanced to 8 Lacs garments by installing 180 Sewing Machines and during the year 2009-10, our capacity further enhanced to 20 Lacs garments by installing 116 Sewing Machines along with other balancing automatic specialized machines.

Our company specializes in shirts, trousers and wide range of other apparel. Our company functions as an integrated apparel manufacturer with the capability of designing and manufacturing involving cutting, body stitching, washing, ironing and finishing.

Our company has its own manufacturing setup at Khalapur Taluka, Raigad District, Maharashtra with a built-up area of about, 29,626.30 Sq. Mtr. having a combined capacity of producing 1,66,667 pieces of shirts, dress, pants tops, skirts, and denims per month. This unit caters to the requirement of Whole Sellers as well as own branded products through retail distribution network such as Malls and Multi Branded Outlets. The company is presently manufacture under its own brand name "Glory to Glory" and will be launching shortly two more brands namely 'St. Paul' and 'Majesty'. We have selling agents in South India for our existing brand 'Glory to Glory' and are rapidly consolidating our network.

Production & Capacity Utilization

The details for the last three financial years are as under:-

Period	Actual Production (PCS)	Installed Capacity (PCS)
Financial Year ending 2008	3,18,500	5,00,000
Financial Year ending 2009	6,52,000	8,00,000
Financial Year ending 2010	18,88,500	20,00,000

Future capacity utilization

Period	Estimated Production (PCS)	Installed Capacity (PCS)
Financial Year ending 2011	39,60,000	45,00,000
Financial Year ending 2012	40,05,000	45,00,000
Financial Year ending 2013	40,56,750	45,00,000

Product Details

Our product range consists of:

Men's & Kids Wear

- Plain Shirts
- Striped Shirts
- Trousers
- Casual Wear

- Knit wear
- Patchwork Shirts
- Embroidery Shirts
- Mix & Match Shirts
- Denim
- Cargos

Women's Wear

- Ladies Shirts
- Casual Wear
- Knit wear
- Tank Tops

Our products are available at the following major retail stores/ retail chain of stores:-

Sr no	Location
1.	Bharat Mall- Mangalore
2.	City Mall - Mangalore
3.	Emporia Mall – Mangalore
4.	Mischief Mall – Mangalore
5.	Sarvana Store, Chennai

Our strengths

The following are our key strength areas:

Understanding the consumer:

Our promoter has wide experience in the field of apparel manufacturing and we believe that this will help us to understand the consumer preference in a better way. This strength enables us to cope up with emerging new trend in the market.

In- house integrated unit:

Our core competency lies in our in-house manufacturing and embroidery skills. Right from sourcing the raw material to manufacturing, dyeing, washing of the readymade garments is carried out in-house right from approving of samples of raw materials by our qualified Quality Assurance Team through various processes of manufacturing which includes dyeing, washing etc is carried out in-house including packaging and dispatching of finished goods. The packaging and dispatching of the products is also carried out in-house, which enables us to stream line inventory management and production process thereby attaining optimum utilization of installed capacity and help in controlling inventory and production process. We believe that this has helped us in achieving optimal capacity utilization and at the same time in keeping our cost low which eventually helps us in maintaining healthy margins.

Efficient supply chain management:

We procure our raw material directly from fabric manufacturers and authorized distributors based on our requirements. We follow ERP process, an advance logistic system in our organization, which enables us to control inventory. This helps us to minimize our inventory of raw material. This also helps us in effectively servicing the requirements of our distributor and multi brand outlet.

Distribution network:

Our distribution network span over metros, mini metros and large cities in major parts of the South India. We distribute our products to major selling agents.

Technology:

We use latest technology and machinery procured from major suppliers/distributors in India. We have latest machinery like 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 etc.etc. These modern machineries also help us in maintaining high quality standards. The latest technology enables radical design and innovation in creating new looks and

new trends. Technology has helped us in rolling out new combination like jeans crafted to look old, rock blast, bleach wash, wrinkle free, etc.

Strong Customer Base:

We have strong customer base in the local market. Over a period of time, we have built-up a track record for quality products and timely delivery. We have been able to retain customers and further strengthen the relationship by providing them timely and cost competitive solutions for their requirements. We intend to leverage on these customer relations developed by us for our existing as well as proposed expansion project.

Our management team:

We have a strong management team with many years of hands on experience in the apparel industry. Our promoter director started on the shop floor and has gradually moved up. This understanding helps in taking appropriate decisions. We have a team with industry specific knowledge in activities like cutting, stitching, washing and finishing for carrying out the day to day operations. We also believe in regularly training our managerial and supervisory staff in their respective jobs.

Our Growth Strategy

To penetrate across different consumer segments and demographics through our brand:

We are planning to launch two of our new brands ‘**St. Paul**’ and ‘**Majesty**’. Our brands are created to cater to the needs of various socio economic classes of the society. We have different growth strategies for each of our brands. We plan to promote these brands further by opening brand stores.

Increase geographic penetration by spreading the network of exclusive brand outlets:

We will focus on maintaining and reinforcing the image of our existing brand outlets and also introduce our apparels to new geographic areas and consumer sectors that are presently less familiar with our apparels. For the “**Glory to Glory**”, ‘**St. Paul**’ and ‘**Majesty**’ brand, we have an established network in the South India and are rapidly consolidating our network. We plan to consolidate our business with our existing customers by offering them apparels that are in line with the latest fashion trends and by capitalizing on our relationships with them by offering them at affordable prices.

Enhancing manufacturing capacities:

We are focused on establishing and increasing our in house manufacturing facilities as this allows us to exercise control over both the manufacturing costs and the quality of the apparel being manufactured. Under the current expansion plan, we propose to increase our capacities. We believe that an increase in manufacturing capacity will help us to enhance economies of scale, and this would eventually translate to an improvement in the price competitiveness of our apparels.

Target the growing segments:

We are focused on providing a complete men’s wear range in the middle to high fashion segment at affordable prices. This business strategy and brand positioning is in line with our target market. The Indian market is very different from mature markets with a rapidly growing population and a demographic profile with a very young population. The “**Glory to Glory**” ‘**St. Paul**’ and ‘**Majesty**’ brand is focused on the 22 to 45 age bracket. We are focused on a fast growing segment of branded fashion wear for the young. We intend to consolidate our position by capitalizing on the growing young population which has increased spending capacity. We also intend to continue to expand the range of our product lines, thereby capitalizing on the name recognition and popularity of our brands.

Strengthen the competitive position and recognition of our brands:

We intend to continue enhancing the recognition of our brands by aggressively marketing in brand outlets. We have made a strategic decision to focus on branded apparel and to market the same through brand outlets. As a result of this shift in our business strategy, we have been developing a distinct brand and marketing strategy for our brands “**Glory to Glory**”. “**St. Paul**” and ‘**Majesty**’ brand. We will continue to advertise in print media. We may advertise to consumers through billboards, event sponsorships, celebrity sponsorships, special event advertisements and advertisements in selected periodicals. In addition, we may have a presence at trade shows and events throughout the country.

Continue to train employees and seek entrepreneurship from employees:

We believe a key to our success will be our ability to continue to maintain and grow a pool of strong and experienced professionals. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We intend to continue to encourage our employees to be enterprising and expect them to 'learn on the job' and contribute constructively to our business, either through ideas, personal networks or effective knowledge management. We also intend to continuously re-engineer our management and organizational structure to allow us to respond effectively to the changes in the business environment and enhance our overall profitability.

Increase in customer base:

Our growth strategy enables us to be pan India player in apparel segment, by launch of our retail outlets initially in the major cities in the Southern India. We distribute our product through selling agents. This would give us more brand visibility and better reach

Maintain Our Focus on Long-term Relationships:

We expect to maintain our focus on client relationships. We believe that there are significant business opportunities for additional growth with our existing clients as we diversify our product portfolio and build upon these existing relationships. This strategy increases our client specific knowledge to provide them end to end solution of their requirement and develop closer relationships with them.

Marketing and proposed marketing setup:

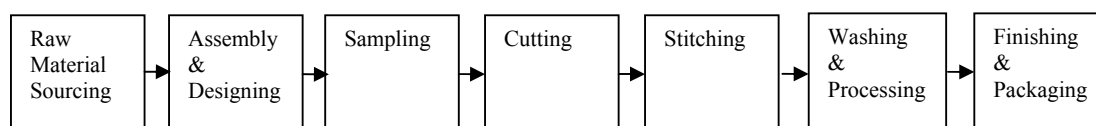
We are planning to develop in house capabilities for our marketing activities. Currently, majority of our products are exported to countries such as United States of America, United Kingdom, and Middle East etc through Merchant Exporters or sold domestically through our selling agents. However, going forward, our plan is to penetrate the retail market thru own outlets & franchise in domestic market and direct exports to countries such as United States of America, United Kingdom, and Middle East etc. Our marketing strategy will be push strategy which includes advertising, point of purchase, promotion and also distribution network.

Following are some of the planned marketing activities and set up:

1. Twenty Five retail outlets for our own brand.
2. Marketing and distribution along with brand ambassadors.
3. Registration of brand, creation of sample & designing.

Our Manufacturing Process

Our manufacturing processes are ISO certified and the flowchart is given hereunder:-



Our production processes are designed with special attention to quality and customer satisfaction.

Raw Material Sourcing

Selection of the right fabric and trims for apparels is one of the most important aspects in the business of manufacturing apparels. We have few authorized suppliers/dealers for our raw material requirement. The procurement of raw material entails analyzing the quality, durability, cost etc. and also determining the right fabric for the apparel. Fabric is the dominant raw material. Apart from fabric, accessories like buttons, zippers. Etc. also add to the list of raw materials that we procure to manufacture apparel. Once the fabric and other accessories are procured, quality and quantity checks such as verification of width, gsm, shrinkage, dry, wet and light sensitivity of colour fastness, etc. of the fabric are undertaken so as to ensure that the raw material procured conforms to our quality standards and is as per our desired specification.

Assembly & Designing

The fabric procured is assembled in the storage section. Garmenting starts with the design of the garment to be made (usually on the paper called specs). Patterns (usually made up of thicker and stronger paper) are made from the design which is then used to cut the fabric (cutting usually happens in the form of layers). An efficient layout of the patterns on the layers of fabric is crucial for reducing the wastage of material. CAD systems are used for pattern layout and are integrated together with cutting systems.

Sampling

Our Company has a production cum sampling unit at Khalapur Taluka, Raigad Dist, Maharashtra wherein we have all the facilities like CAD, stitching, embroidery etc. to produce garment samples as per designs developed by us. In the initial stages of the order, the design and sampling section continuously interacts with the buyers till the sample is approved. In our dedicated sampling unit, garment samples are made, remade, design changes are incorporated till the customer finally approves the garment sample.

Cutting

Once our fabric sample has been approved, it is issued for cutting. Cutting being an integral part of apparel manufacturing, we use various machines such as automatic layering machine, power cutting machine and end cutter to ensure quality standards. We try to ensure that there is minimum wastage of fabric during this process. Pattern specifications are kept into consideration while cutting which ensures that the finished garment is exactly similar to the sample produced. The use of this helps us to reduce the textile waste as far as possible.

Stitching

The stitching process is carried out by both trained tailors as well as specialists using various machines for different processes. The manufacturing of trousers, jeans and shirts involves various processes and therefore requires a variety of machines. Once the fabric is cut, it is stitched at our plant. Most of our apparel is stitched in - house.

Washing & Processing

Washing and processing of the apparel is done in our production unit at Khalapur Taluka. Washing is an integral part in treating the Denim fabric. Its gives a different looks and feels to the fabric. Washing involves various chemical processes on the apparel. The various processes include Desizing, Bleaching, sand blasting, over-dyeing and acid wash. The washing process accelerates the abrasion or fading of apparel by using stones in the wet processing cycle. This enables the denim to attain a faded look. Over dyeing is a process of dyeing apparel that were already coloured in fabric or apparel form. Acid wash helps to decolorize the indigo of denim in a sharp contrast random pattern or overall smoothness. While different washes are integral for denim, we also use the processes on other fabrics to give a different look to the apparel. All the washing and processing is carried out internally thus giving us an edge over our competitors.

Finishing & Packaging

The process involves excess thread removal, ironing, and removal of wrinkles and attaching of product, size and price labels. The entire finishing process is carried out with the help of the state of art machinery including form finishers. The form finishers press the apparel in its shape by using suction and balloon method. The apparels are dispatched from our factory. Packing is one of the most important activities in any of the apparel industry, especially in the industry which does the finishing work.

Our existing Plant & Machinery is summarized as below:

S. No	Model Name	Machine Description	No. of Machines	Make
1.	DL550	Sewing Machine	596	JUKI
2.	SM – 927	Feed of Arm Machine	6	FDM

3.	FI-5200	Edge Cutter Machine	15	JUKI
4.	MU-6716-S	Over Lock Machine - Light Duty	7	FDM
5.	757-FH	Over lock Machine - Heavy Duty	2	JUKI
6.	DFB-1404 TSS	Placket Machinery	2	KANSAI
7.	GK-3101-601 CB	Flat Lock Machine - Regular	2	FDM
8.	LBH – 781	Button Hole Machine	6	JUKI
9.	MB-1377	Button Stitch Machine	6	JUKI
10.	--	Steam Iron Machine	14	TONIY
11.	RXAI -006	Steam Boiler – 16 table capacity	1	TONIY
12.	500 CS	Fusing Machine	2	FDM
13.	629 X	Cutting Machine – 8” original	2	EASTMAN
14.	GL 311 A	End Cutting Machine	4	EASTMAN
15.	559- Classic	Heavy Belt Attaching	2	KANSAI
16.	MO – 6900	Overlock Heavy Duty Machines	5	JUKI
17.	ADLER - 559	Eye kaj Machines for Trousers	1	DUREKOPP
18.	B-2000C	Trouser Loop Making Machine	1	KANSAIL
19.	LK – 1900	Bartacking Heavy Duty Machine computer controlled High Speed Lockstitches Machine	2	JUKI
20.	IMA LAYER	Automatic Conver Belt	1	NGAI SHING
21.	--	Steam Iron Table	6	RAMSONS
22.	RFI 01	Fabric Checking Machine	1	RAMSOMS
23.	NS 81	Automatic Cuff Making Machine	1	NGAI SHING
24.	2650 EV7	Trouser Waist Band Loop Attaching Machine	1	VI.BE.MAC
25.	NS 85	Automatic Collar Making Machine	1	NGAI SHING
26.	NS 84	Automatic Pocket Making Machine	1	NGAI SHING
27.	FOX - 864.12	Automatic Fabric Spreading Machine	1	FOX 50
28.	TFMX -1201	Embroidery Machine	1	TAJIMA
29.	RM – LP- 100	Trouser Legger Pressing Machine	1	RAMSONS
30.	RXAI-06	Steam Boiler ‘THERMAX’ make	1	REVOMAX
31.	-	Automatic Conveyor Belt Fusing Machine	1	AURA
32.	SH -05	Hydro Extract	1	RAMSONS
33.	MDC-770	Jumbo Drum Washer 304/316 grade	1	NGAI SHING
34.	MS-2245	Drum Washer 304 grade	1	NGAI SHING
35.	SD – 05	Tumbler Drier size 48*48 , 304 grade	1	NGAI SHING

Utilities

Raw material

The major raw material for our apparel operations is fabrics, whereas other raw material includes threads, buttons, interlinings and chemicals, which are available easily. Fabrics accounts for 90% of the total raw material requirement. We do not have long term raw material contracts with any of our principal suppliers. However, we maintain good relationships with our suppliers and have diversified our supplier base so as to avoid a disruption in supply. No single supplier accounts for a material portion of our purchases. Alternative competitive sources are available and we do not anticipate difficulty in meeting our production requirements.

Water

The water is required mainly in washing section, otherwise it is restricted to human consumption. Adequate arrangement has been made to ensure sufficient water supply. The requirements of water for washing section is met out of supply from own underground water resources i.e. bore wells and wells and the additional demand arises on account of proposed expansion project will be met from these sources.

Power

We have made the necessary arrangements for the power supply. We meet our electricity requirements by purchasing electricity from the State Electricity Board.

Load Sanctioned

Location	Connected Load (KW)	Maximum Demand (KVA)
Khopoli Plant	150 KW	133 KVA

We have made an application for the additional Load of 415 KW to meet the requirement of the proposed expansion project.

Effluent Disposal / Environment Compliances

Effluents generated in washing section are treated by effluent treatment plant and water treatment plant with in the premises. We have obtained necessary approvals from the Maharashtra Pollution Control Board (MPCB). We have applied for necessary approval with MPCB for the proposed expansion project.

Manpower

We believe that skilled and motivated employee base is essential for our competitive advantage. We endeavor to ensure that our employees have the training and tools needed to be successful in today's competitive environment. We are committed to building team and invest on resources for their development.

We are design and production driven company, employing large employee force of designers, cutters, tailors, helpers, marketing staff, accounts and support staff, etc. The details of our present permanent employees are as under:

Sr. NO.	Category	Total
1.	Top / Senior Management	12
2.	Middle Management	10
3.	Junior Management	13
4.	Total	35

Apart from the above, we have 610 employees working on the contractual basis at our factory. We have entered into an agreement on July 10, 2010 with AGAPE Enterprises & SHRAVANI Enterprises for supplying of workers at our unit. The agreement is valid for 3 years.

Competition

We operate in an industry which faces stiff competition from international as well as local brands. Our competition depends on several factors which include quality, price and most importantly our pace in keeping up with the changing trends in fashion industry. Competition emerges not only from organized as well as unorganized sector and from both small and big players. We are in competition with leading apparel manufacturers of India as well as local brands. Our competitors include Provogue (India) Limited, Kewal Kiran Clothing Limited, Koutons Retails India Limited, Bang Overseas Limited etc.

Export Possibilities and Obligation

As on date of this Draft Red Herring Prospectus, our company does not have any Export Obligations. There may be export possibility in the future. We are planning to develop our brand for which marketing activity will be undertaken at the appropriate time.

Properties

Freehold Properties

Sr. No.	Details of the Agreement	Description of the property	Consideration paid	Current Usage
1.	Sale deed dated October 4, 2007 entered into between our Company and Shri. Nandlal Thakurdas Gurnani.	Survey No. - 27B (Plot Nos. 4 to 15 at Madap, Khalapur Taluka, Raigad District, Maharashtra. Total area of the above plots is 24826 sq. meters. (approx)	Rs. 85,00,000	For Manufacturing Of Ready Made Garments
2.	Sale deed dated October 4, 2007 entered into between our Company and Shri. Nandlal Thakurdas Gurnani.	Survey No. 30 A (Plot Nos. 1, 2 & 3) & Survey No. 30A4 at Paud, Khalapur Taluka, Raigad District, Maharashtra. Total area of the above plots is 4800.30 sq meters (approx)	Rs. 15,00,000	For Manufacturing Of Ready Made Garments

The aforesaid properties are registered in the name of our company. Our company has clear title of the aforesaid properties and the aforesaid properties are free from all encumbrances save and except the charges created in favour of banks on the security of the said property. No part of the purchase price has been paid otherwise than in cash.

No part of issue proceeds are to be paid to our promoters / directors or persons forming part of the promoter group for any land purchased / leased from them. Our company does not propose to purchase or take on lease any new land for the proposed expansion.

Leasehold Properties

Sr. No.	Particulars	Details of Agreement / Deed	Date of Agreement	Agreement valid till	Rent
Registered Office:					
1.	117, First Floor, Vardhaman Market, Sec – 17, Vashi, Navi Mumbai – 4000703	Leave and License Agreement entered into between Mr. Satish Venkatray Shanbhag and the Company	February 25, 2010	January 17, 2012	Rs. 12,000/- per month for the first year and Rs 15,000/- per month for the second year

Insurance Policies

The Company has insured its assets through various insurance policies, details of which are given below:

Sr. No.	Policy No	Description	Property Insured	Expiry date	Sum Assured	Premium + Taxes
The New India Assurance Company						
1.	140140/11/09/11/00000981	Standard Fire & Special Perils Policy	Plant/Machinery And Accessories	16.12.2010	Rs. 6,62,76,512 (where sum of Rs. 3,90,96,512 is assured for plant / machinery at Madap village Plot and a sum of Rs 2,71,80,000 is assured for Plant/Machinery at Paud village)	Rs. 1,13,309
2.	140104/11/10/11/00000046	Standard Fire & Special Perils Policy	Buildings, Category I Stocks, Garment related stocks	15-04-2011	Rs.12,10,00,000 (Building – Rs 10,40,00,000 And stock Garment Related Stocks – 1,70,00,000)	Rs. 2,29,556
3.	110902/11/10/11/00000749	Standard Fire & Special Perils Policy	Plant & Machinery.	04-08-2011	Plant/Machinery & Accessories (Plant & Machinery at Paud village –Rs 10,64,00,000)	Rs. 1,81,987

Intellectual Property Rights

Mr. Murugan Muthiah Thevar, the Promoter has obtained registration of the trademark “Glory to Glory” under Class 25 (in respect of readymade garments) of the Trade Marks Act, 1999 under a Certificate of Registration dated March 17, 2008. Since the said trademark was intended to be used by the Company, the Company has been using the said trademark “Glory to Glory” for the products manufactured by it. Pursuant to a Deed of Assignment dated August 11, 2010 entered into between the Company and Mr. Murugan Muthiah Thevar. Mr. Murugan Muthiah Thevar (the Registered Proprietor), has assigned for a consideration of Rs. 10,000/- the said trademark “Glory to Glory” along with goodwill in favour of the Company. Further, the Company has on August 18, 2010 applied to the Trade Marks Registry, Mumbai to get itself registered as the Registered Proprietor of the said trademark “Glory to Glory” pursuant to the Deed of Assignment.

In addition to the above trademark, the Company has also on August 11, 2010 applied to the Trade Marks Registry, Mumbai to register three other trademarks namely, (i) “St. Paul”, (ii) “Majesty” and (iii) corporate logo [under Class [25] of the Trade Marks Act, 1999.

KEY INDUSTRIAL REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The Company is governed by various legislations as applicable to it. Some of the key regulations applicable to the Company are summarized hereunder:

TAX RELATED LEGISLATIONS

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification.

Value Added Tax

The levy of Sales Tax within the state is governed by the VAT Act and Rules of the respective states. VAT has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

EMPLOYMENT AND LABOUR LAWS

Factories Act, 1948

The Factories Act, 1948 (“**Factories Act**”) aims at regulating labour employed in factories. A “factory” is defined as “any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were

working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...". The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957

Industrial Dispute Act, 1947 provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to lay-off and retrenchment and closure, Conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

Payment of Wages Act, 1936

The Payment of Wages Act 1936 ("PWA") makes provisions regarding the date by which wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

Payment of Bonus Act, 1965

The Payment of Bonus Act 1965 is applicable to all establishments employing 20 or more employees. The said Act provides for payments of annual bonus subject to a minimum of 8.33% of wages and maximum of 20% of wages to employees drawing Rs.3500/- per month or less. The bonus to be paid to employees getting Rs.2500/- per month or above upto Rs.3500/- per month is worked out by taking wages as Rs.2500/- per month only. The Act does not apply to certain establishments. The newly set-up establishments are exempted for five years in certain circumstances. Some of the State Governments have reduced the employment size from 20 to 10 for the purpose of applicability of this Act.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to providing provident funds for the benefit of employees in factories and other establishments. It provides for the institution of provident funds and pension funds for employees in establishments, which employ more than 20 persons, and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees' Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees' Family Pension Scheme". The funds constituted under these schemes consist of contributions from both the employer and the employees, in the manner specified in the statute. The EPFA prescribes penalties for avoiding payments required to be made under the above-mentioned schemes.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (“PGA”) was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- (a) on his/her superannuation;
- (b) on his/her retirement or resignation;
- (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway Company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MWA”) came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

Workmen’s Compensation Act, 1923

The Workmen’s Compensation Act, 1923 (“WCA”) has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Maternity Benefit Act, 1951

The Maternity Benefit Act, 1951 provides for leave and some other benefits to women employees in case of confinement or miscarriage etc.

Equal Remuneration Act, 1979

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith.

Industrial Disputes Act, 1947

The Industrial Disputes Act 1947 lays down the machinery and procedure for investigation, settlement and resolution of Industrial disputes in what situations a strike or lock-out becomes illegal and what are the requirements for laying off or retrenching the employees or closing down the establishment.

Child Labour Prohibition and Regulation Act, 1986

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour is prohibited in Building and Construction Industry.

Contract Labour (Regulation and Abolition) Act

The Company engages for each of its stores the services of various contractors for various activities including, house keeping security, maintenance, tailoring and valet services. These contractors in turn employ contract labour whose number exceeds twenty in respect of some of the stores. Accordingly, the Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour.

Trade Union Act, 1926

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

Employees' State Insurance Act, 1948 ("ESI Act")

All the establishments to which the ESI Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act requires all the employees of the establishments to which the Act applies to be insured in the manner provided under the Act. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

Shops and Establishment Act

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Bombay Shops and Establishment Act, 1948 governs the Company as the Company has its registered office in the city of Mumbai.

TRADE RELATED LEGISLATIONS

National Textile Policy

Subsequent to the announcement of the Textile Policy, the woven segment of readymade garment sector and the knitting sector have been de-reserved from the list of items reserved for exclusive manufacture in the small scale sector. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. Particular emphasis is laid on exports with the proposal of multi-disciplinary institutional mechanisms to formulate policy and action plans, including the restructuring of Export Promotion Councils and operating a brand equity fund exclusively for textile and apparel products. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralized modernizations is the thrust of the

government policy and for the garments sector, the government proposes a number of measures in light of the WTO rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks. The Ministry of Textiles announced the formulation of the National Textile Policy, 2000 118 ("Textile Policy") in November 2000 with the objective of enabling the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The Textile Policy envisages a multi-pronged strategy to achieve these long term goals. The strategy aims at modernizing the equipment and technology that is used in the sector and simultaneously strengthening the traditional knowledge, skills and capabilities in this sector.

Cotton Control Order 1986

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator thereunder. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

The Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from India and for matters connected therewith or incidental thereto. Section 7 of the Foreign Trade (Development and Regulation) Act, 1992, imposes an obligation on an Importer or Exporter to register under the Act and opt for Importer Exporter Code number issued by Director General of Foreign Trade or the officer authorised by the Director General.

TRADE RELATED INCENTIVES

Export Promotion Capital Goods Scheme (EPCG)

The scheme facilitates import of capital goods at 5% concessional rate of duty with appropriate export obligation. Import of second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy, which came into effect on September 01, 2004. The Foreign Trade Policy also permits EPCG licence holders to opt for technological upgradation for their existing capital goods imported under the EPCG licence, subject to certain prescribed conditions.

Duty drawback scheme

Exporters are allowed refund of the excise and import duty suffered on inputs of the export products under this scheme. The Ministry of Finance, GoI announced the revised "All Industry Rates of Duty Drawback", which came into effect on May 05, 2005. The drawback rates have been determined on the basis of certain broad parameters including, inter alia, the prevailing prices of input, standard input/output norms published by the Directorate General of Foreign Trade, share of imports in the total consumption of inputs and the applied rates of duty.

TUFS (Technology Upgradation Fund Scheme)

TUFS is the "flagship" Scheme of the Ministry of Textiles, Government of India, which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. The Government of India launched the TUFS for textiles and jute industries with effect from April 01, 1999 for a period of five (5) years, which was subsequently extended up to March 31, 2007 and further continued the Scheme for a period of five (5) years for the textiles & jute industries making certain further provisions in the financial and operational parameters of the Scheme. The Scheme provides interest reimbursement on spinning machinery at the rate of 4 per cent (4%). However, all the remaining sub-sectors covered under the scheme would get interest reimbursement at the rate of 5 per cent (5%). The Powerloom units under TUFS have an additional option to avail of 20 per cent (20%) margin money subsidy in lieu of 5 per cent (5%) interest reimbursement on investment in TUFS compatible

specified machinery subject to a capital ceiling of Rs. 200 Lac and ceiling on subsidy Rs. 20 Lac. The specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles will get a 5 per cent (5%) interest reimbursement plus 10 per cent (10%) capital subsidy. The Scheme further provides for 25 per cent (25%) capital subsidy on purchase of the new machinery and equipment for the pre-loom and post-loom operations, handlooms/ upgradation of handlooms and testing and quality control equipment, for handloom production units. The main feature of the scheme is a 5% interest reimbursement in respect of loans availed there under from the concerned financial institution on a project of technology upgradation in conformity with this scheme.

ENVIRONMENTAL LEGISLATIONS

Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act 1974 (“**the Act**”) was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act 1981 (“**the Act**”) was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

The Environment Protection Act, 1986 (“Environment Protection Act”)

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed

Hazardous Waste (Management and Handling) Rules, 1989

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

INTELLECTUAL PROPOERTY LEGISLATIONS

Trademarks

Trademarks have been defined by TRIPs as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute subject matter under TRIPs. TRIPs provide that initial registration and each renewal of registration shall be for a term of not less than ten years and the registration shall be renewable indefinitely. Compulsory licensing of trademarks is not permitted. In light of the changes in trade and commercial practices, globalisation of trade, the need for simplification and harmonisation of trademark registration systems etc., the Indian Parliament undertook a comprehensive review of the Trade and Merchandise Marks Act, 1958 and replaced the same with the a new legislation viz. The Trade Marks Act, 1999. This Act makes trademarks law compatible with TRIPs and also harmonises it with international systems and practices.

HISTORY AND CERTAIN CORPORATE MATTERS

History and Major Events

Our Company was originally incorporated as ‘Sudar Garments Private Limited’ on January 28, 2002 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra, Mumbai (‘ROC’). The name of the Company was changed to ‘Sudar Garments Limited’ on conversion into Public Limited Company and a fresh Certificate of Incorporation was obtained from ROC on March 18, 2010.

Our promoter, Mr. Murugan Muthiah Thevar has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named ‘Sudar Garments’. Over a period of time due to expansion of the customer base, increase in demand for readymade garments, and to gain advantage of having all the outsourced activity under one umbrella, restructuring of the business was carried out. Accordingly, on January 28 2002, Sudar Garments Private Limited was incorporated under the Companies Act, 1956. The company is engaged in the manufacturing of garments for Men wear, Women wear and Kids wear.

Until 2006-07, our company had a small manufacturing set up, having 150 Sewing Machines and other supporting machines, under which each and every worker undertook independently the manufacturing of a garment. In order to bring efficiency into manufacturing, we undertook an expansion plan in the year 2007-08 and our capacity was enhanced to 5 Lacs garments by installing 150 Sewing Machines along with few specialized supporting machines. We introduced an assembly line approach for producing garments as is used by large apparel manufacturers. This greatly enhanced the company’s capacity to take on large orders. During the year 2008-09, our capacity was enhanced to 8 Lacs garments by installing 180 Sewing Machines and during the year 2009-10, our capacity further enhanced to 20 Lacs garments by installing 116 Sewing Machines along with other balancing automatic specialized machines.

For further details regarding the business of the Company, see “Our Business” on page 79 of this Draft Red Herring Prospectus.

Changes in the Registered Office of our Company:

Date	From	To
March 8, 2010	Building No. 44, Flat No. 1552, Tilak Nagar, Chembur (East), Mumbai-400 089	117, First Floor, Vardhaman Market, Sector – 17, Vashi, Navi Mumbai – 400 703

The change in the registered office of the company was due to requirement of larger premises, smooth operational convenience and better amenities.

Major events and Milestones:

Year	Events
2002	Incorporation of the company
2006	Launch of brand – “Glory to Glory”
2008	Setting up of manufacturing unit at Khalapur Taluka, Raigad District, Maharashtra
2009	Installed capacity expansion from 8,00,000 garments to 20,00,000 garments

Awards & Recognitions

Year	Name of Recognitions
2010	ISO 9001:2008 certification

Main Objects of our Company

The main objects of our Company as contained in the Memorandum of Association are as follows:

“To carry on the business of dealing, buying, importing, exporting, washing and/or manufacturing, directly or through any other arrangement, whether in wholesale or retail business of and in men's, women's and children's clothing and wearing apparel and any kind of fashion accessories, dress materials, embroidery, readymade garments, of every kind, cloth of all varieties and nature and description including shirts, bush shirts, pants, pajamas suits, vests, underwear, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, nighties.”

Amendments to our Memorandum of Association

Changes in Memorandum/ Articles of Association of the Company	Date of Amendment
Increase in authorised Share Capital was increased from 2, 00,000 Equity Shares of Rs. 10/- each to 5, 00,000 Equity Shares of Rs. 10/- each.	November 25, 2004
Increase in authorised Share Capital was increased from 5, 00,000 Equity Shares of Rs. 10/- each to 25, 00,000 Equity Shares of Rs. 10/- each.	October 12, 2007
Increase in Authorised Share Capital was increased from 25, 00,000 Equity Shares of Rs. 10/- each to 1, 50, 00,000 Equity Shares of Rs. 10/- each.	January 28, 2010
Change of name of the Company from ‘Sudar Garments Private Limited’ to ‘Sudar Garments Limited’	February 18, 2010
Increase in Authorised Share Capital was increased from 1,50, 00,000 Equity Shares of Rs. 10/- each to 2, 50, 00,000 Equity Shares of Rs. 10/- each.	July 15, 2010

Subsidiaries of the Company:

Our Company does not have any subsidiaries as on date of filing of the DRHP.

Shareholders Agreements

Our Company does not have any Shareholders’ Agreement existing as on date of filing this DRHP.

Strategic/ financial Partners

Our Company does not have any financial partners as on date of the DRHP.

Other Agreements

There are no other material agreements involving our company.

OUR MANAGEMENT

As per the Articles of Association, our Company cannot have less than three directors and more than 12 directors. Our Company functions under the control of a Board, comprising of 5 Directors who sets policy guidelines.

Name, Age, Address and Designation , Status, Occupation & DIN	Date of Appointment and Term of Office	Qualification	Other Directorships
Mr. Murugan Muthiah Thevar , 43 Years RH 1,G-9,Sector 7, Vashi, Navi Mumbai- 400703 Designation: Chairman & Managing Director Status: Non-Independent & Executive Occupation: Business DIN: 01485427	January 25, 2002 Term of Office: April 1, 2010 to March 31, 2015	Matriculation	<ul style="list-style-type: none"> None
Mr. Gopi Chellapan Nair , 53 Years Building No. 74, Room No. B-302, Royal CHS, Tilak Nagar, Chembur (E), Mumbai-`400 089 Designation: Whole time Director Status: Non-Independent & Executive Occupation: Service DIN: 03084779	May 15,2010 Term of Office: June 1, 2010 to May 31, 2015	Bachelor of Arts	<ul style="list-style-type: none"> None
Mr. Deepak Shenoy , 26 Years Plot-34, Pent House No. 9, Luv Co-operative Housing Society, Sector-16, Koperkhairne, Navi Mumbai- 400 709 Designation: Director Status: Independent & Non-Executive Occupation: Business DIN: 01066812	January 20, 2010 Term of Office: Liable to retire by rotation	Bachelor of Commerce	<ul style="list-style-type: none"> Aritra Investments & Trading Private Limited
Mr. Shridhar Shetty , 64 Years 401 B Wing Nugget, Opp Samna Press, Prabhadevi, Mumbai – 400025. Designation: Director Status: Independent & Non-Executive Occupation: Retired AGM-Vijaya Bank DIN: 02064633	July 08 ,2010 Term of Office: Liable to retire by rotation	MA LLB (Gen),DFM (Mumbai University),C AIIB Post Graduate Diploma in Export – Import Management	<ul style="list-style-type: none"> AB & Co. Corporate Services Limited Global Fairdeal Limited
Mr. Venketraman Gopal Nadar , 35 Years S.S. 4/246, Sector 2, Vashi, Navi Mumbai – 400703 Designation: Director Status: Independent & Non-Executive Occupation: Business DIN: 01260078	July 16 ,2010 Term of Office: Till the next AGM	Bachelor of Commerce	<ul style="list-style-type: none"> Shriya Chemicals Private Limited

Note:

None of the above mentioned Directors are on the RBI list of willful defaulters as on the date of filing this DRHP.

Further, neither our company nor our Promoters, persons forming part of our promoter Group, Directors or persons in control of our company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of our Company has been involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI.

There is no arrangement or understanding with major shareholders, customers, supplier or others, pursuant, to which any of the above mentioned Directors were selected as a director or member of the senior management.

There is no service contract entered into by the directors with the issuer company providing for benefits upon termination of employment.

Brief Profile of our Board of Directors:

1. **Mr. Murugan Muthiah Thevar** is the founder and Promoter of our Company. He has completed his matriculation from Tamil Nadu. He is currently the Chairman and Managing Director of our company. He has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named 'Sudar Garments'. Over a period of time due to expansion of the customer base, increase in demand for readymade garments, and to gain advantage of having all the outsourced activity under one umbrella, restructuring of the business was carried out. Accordingly, on January 28 2002, Sudar Garments Private Limited was incorporated under the Companies Act, 1956 by him. He is responsible for developing business strategies and instrumental in formulating strategic growth of our company. He is responsible for conceiving new and modern innovations in processing fabrics for use in the manufacture of garments.
2. **Mr. Gopi Chellapan Nair** is a Whole Time Director of our Company. He completed Bachelor of Arts from Kerala University. He has over two decades of experience in the apparels industry. He is responsible for manufacturing and marketing & also overlooking designing, styling, building up collection of apparels for each season. Prior to joining Sudar Garment Limited, he has worked as general manager for a period of 10 years in Reliable Exports. He has also worked in various garments exports company namely Ambreen Exports, Associated Indian Exports, Hill Dale Co. Ltd., Globus Stores Pvt Ltd.
3. **Mr. Deepak Shenoy** is an independent Director of our Company. He completed his Bachelor of Commerce from Chennai University in the year 2004, since then he joined Solaris Corporate Services Pvt Ltd as GM- Finance looking after the corporate finance of the company in India and Abroad and he has over 3 years experience in operation like Investments, Syndication of Debt instruments etc., He later on joined as a Director in Aritra Investments & Trading Private Limited
4. **Mr. Shridhar Shetty** is an independent Director of our Company. He completed his Master in Arts and LLB (Gen) from Mumbai University, CAIIB & DFM. He had over two decades of experience in Banking and Finance. He retired from Vijaya Bank as an Assistant General Manager in the year 2006. He is also a Director in AB & Co. Corporate Services Limited & Global Fairdeal Limited.
5. **Mr. Venketraman Gopal Nadar** is an independent Director of our company. He completed his Bachelor of Commerce from Mumbai University. He has over 15 years of experience in operations like API Development Process, Scale up, manufacturing; cost reduction, effluent minimization etc. He is also a Promoter Director in Shriya Chemicals Private Limited.

Family Relationship among Directors

There is no family relationship amongst the Directors.

Borrowing Powers of the Board

Pursuant to a resolution passed by our shareholders on July 15, 2010, in accordance with provisions of the Section 293(1)(d) and other applicable provisions if any of the Companies Act, 1956 our Board has been authorized to borrow from time to time any sum or sums of money which together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of our Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed shall not exceed Rs. 20,000 Lacs.

Compensation to the Managing Director

(Rs. In Lacs)

Name of the Director	Designation	Compensation paid for the FY 2009-10
Murugan Muthiah Thevar	Chairman & Managing Director	Rs. 9.00

Remuneration details of the Director:

1. Terms and conditions of appointment of the Chairman Mr. Murugan Muthiah Thevar:

The terms and conditions vide resolution passed at the Annual General Meeting held on July 15, 2010 are as under:

Period of Appointment: 5 (Five) years from April 1, 2010 to March 31, 2015

The following remuneration is effective from April 1, 2010 for a period of five years:

Salary: Rs.3, 00,000/-(Rupees Three Lakhs Only) per month. Any increase in the salary resulting in the remuneration payable beyond the maximum ceiling from time to time, under Schedule XIII {viz. at present Rs.36,00,000/- (Rupees Thirty Six Lacs only) per annum} shall be subject to the approval of the members and/or such other approval, as may be required under the Act.

Perquisites

Category 'A'

- Medical Reimbursement:** Medical expenses actually incurred for self and family shall be reimbursed by the company under the mediclaim Policy.
- Leave Travel Concession:** Company shall provide leave travel fare for the Chairman and Managing Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.

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 on 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.

Category 'C'

- The Chairman and Managing Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

- b. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed.
- c. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Chairman and Managing Director.

Sitting Fees

The Chairman and 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 traveling, 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 liable to determination to retirement of Directors by rotation.

2. Terms and conditions of appointment of Mr. Gopi Chellapan Nair:

The terms and conditions vide resolution passed at the Annual General Meeting held on June 01, 2010 are as under:

Period of Appointment: 5 years (Five) from June 1, 2010 to May 31, 2015

The following remuneration is effective from June 1, 2010 for a period of five years:

Salary: Rs.1, 00,000/-(Rupees One Lacs Only) per month

Perquisites

Category 'A'

- a. **Medical Reimbursement:** Medical expenses actually incurred for self and family shall be reimbursed by the company under the mediclaim Policy.
- b. **Leave Travel Concession:** Company shall provide leave travel fare for the Wholetime Director and his family once a year, anywhere in India as per the Rules applicable to the Company and per Income Tax Rules.

Category 'B'

The perquisites under this category shall not be included in the computation of ceiling on remuneration.

- a. 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
- b. The Company shall pay Gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service.
- c. Leave on 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.

Category 'C'

- a The Wholetime Director shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company.
- b Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed.
- c Any and all expenditure actually and properly incurred on Company's business shall be reimbursed to the Wholetime Director.

Sitting Fees

The Wholetime 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 traveling, 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 Wholetime 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 not be liable to determination to retirement of Directors by rotation.

Sitting Fees payable to Non-Executive Directors

Till date, we have not paid any sitting fees to our Non-Executive Directors.

Policy on Disclosure and Internal Procedure for prevention of Insider Trading

The Provisions of Regulations 12(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchange.

Ms. Sapna Karmokar, Company Secretary and Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Further, Board of Directors have approved and adopted the policy on insider trading.

Shareholding of the Directors:

The Articles of our Company do not require the Directors to hold any qualification shares. The Directors, shareholding as on the date of DRHP is 78, 72,625 Equity Shares of our Company.

Name of the Director	No. of Equity Shares
Mr. Murugan Muthiah Thevar	78,72,625
Mr. Gopi Chellapan Nair	Nil
Mr. Deepak Shenoy	Nil
Mr. Shridhar Shetty	Nil
Mr. Venketraman Gopal Nadar	Nil

Interest of Directors

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee. The Managing Director and Whole Time Directors will be interested to the extent of remuneration paid to them for services rendered by them as officer of the Company. All our directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the DRHP and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors do not have any interest in any property acquired by our company in a period of two years before filing this DRHP with SEBI or proposed to be acquired by us as on date of filing this DRHP with SEBI.

Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of the Company in the last three years:

Sr. No.	Name	Date of appointment	Date of cessation	Reasons for Appointment / Resignation
1.	Mr. Shridhar Shetty	July 8 ,2010	-	Appointed as a Director
2.	Mr. VenketramanGopal Nadar,	July 16 ,2010	-	Appointed as a Director
3.	Mrs. Valliamal Murugan Thevar	January 25, 2002	June 1,2010	Personal Reasons
4.	Mr. Kashi Vishwanathan	June 1,2010	July 8,2010	Personal Reasons
5.	Mr. Gopi Chellapan Nair	May 15, 2010	-	Appointed as a Whole Time Director
6.	Mr. Deepak Shenoy	January 20, 2010	-	Appointed as Additional Director

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE with respect to corporate governance and the SEBI (ICDR) Regulations, 2009 in respect of corporate governance will be applicable to our Company at the time of seeking in principle approval for listing of our Company's Equity Shares with the Stock Exchanges. Our Company has complied with Listing Agreement in respect of Corporate Governance specially with respect to broad basing of Board, constituting the Committees such as Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of Our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Our Board has five Directors out of which 3 are independent Directors in accordance with the requirement of clause 49 of the listing agreement of the Stock Exchanges.

Sr. No.	Name of the Director	Designation	Category
1.	Mr. Murugan Muthiah Thevar	Chairman & Managing Director	Executive & Non-Independent
2.	Mr. Gopi Chellappan Nair	Whole time Director	Executive & Non-Independent
3.	Mr. Deepak Shenoy	Director	Non-Executive & Independent
4.	Mr. Shridhar Shetty	Director	Non-Executive & Independent
5.	Mr. VenketramanGopal Nadar	Director	Non-Executive & Independent

In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee

1. Audit Committee

Our Board constituted an Audit Committee, pursuant to the provisions of Section 292A of the Companies Act. The constitution of the Audit Committee was approved at a meeting of the Board of Directors held on July 16, 2010.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of the following Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Shridhar Shetty	Chairman	Independent
2.	Mr. Venketraman Gopal Nadar	Director	Independent
3.	Mr. Gopi Chellappan Nair	Whole Time Director	Non-Independent

Our Company Secretary, Ms. Sapna Karmokar will act as the secretary of the Committee.

The scope of Audit Committee shall include but shall not be restricted to the following:

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 utilization 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.

The Audit Committee shall enjoy following powers: -

- To invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the Committee,
- To investigate any activity within its terms of re
- To seek information from any employ
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with reasonable expertise, if considered necessary.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be noted in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

2. **Remuneration Committee**

The constitution of the Remuneration Committee was approved at a meeting of the Board of Directors held on July 16, 2010.

The terms of reference of Remuneration Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The committee consists of three independent Directors.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Shridhar Shetty	Chairman	Independent
2.	Mr. Deepak Shenoy	Director	Independent
3.	Mr. Venketraman Gopal Nadar	Director	Independent

Our Company Secretary, Ms. Sapna Karmokar will act as the secretary of the Committee.

The terms of reference of our Remuneration Committee are given below:

1. To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
2. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company.

3. Shareholders' / Investor Grievances Committee

The Shareholders' / Investors' Grievance Committee has been formed by the Board of Directors at the meeting held on July 15, 2010 in compliance with Clause 49 of the Listing Agreement. The Shareholders' / Investors' Grievance Committee has been constituted with the following Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1.	Mr. Deepak Shenoy	Chairman	Independent
2.	Mr. Shridhar Shetty	Director	Independent
3.	Mr. Gopi Chellappan Nair	Whole Time Director	Non-Independent

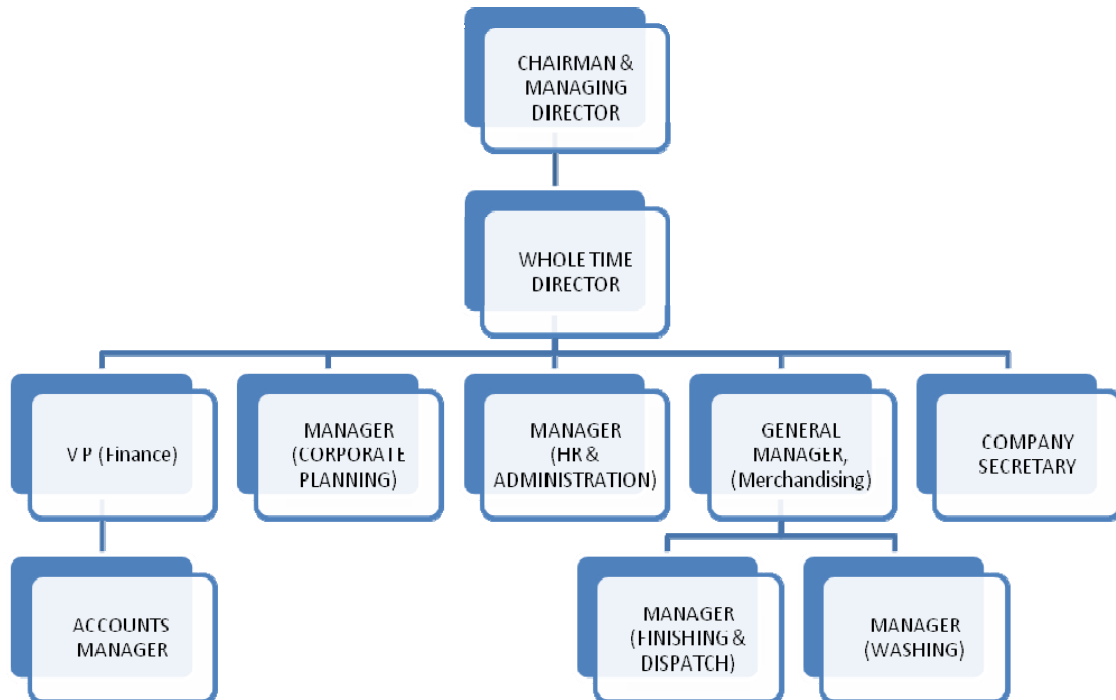
Our Company Secretary, Ms. Sapna Karmokar will act as the secretary of the Committee.

The terms of reference of our Shareholders' / Investors Grievance Committee are given:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, and transfer of Equity Shares and issue of duplicate/split/consolidated share certificates.
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Allotment and listing of shares in future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. Ensure proper and timely attendance and redressal of investor queries and grievances.
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
9. To review from time to time the secretarial department.
10. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;

Such other matters as may be from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee”.

Organization Chart



KEY MANAGEMENT PERSONNEL:

Our company is managed by Board of Directors, assisted by qualified and experienced professionals in the field of production, finance and marketing. The following key personnel assist the management. The key Managerial personnel of our company other than Directors are as under:

Sr. No	Name, Designation, Age	Qualification	Experience (Years)	Date of Joining	Compensation paid during the last financial year (Amount Rs.)	Functional Responsibility	Previous Employment
1.	Mr. M. S. Anand Vice President Finance 58 years	LLB, PGDM in Personnel Mgmt. & industrial Relation, MA in English language and Literature.	35	July 2010	Rs. 3,00,000 p.a	In charge for Finance	Sreekantapuram Hospital, Mavelikara, Century Hospital & TECIL Chemicals & Hydro Power Ltd
2.	Mr. Rajendra Pillai GM- Human Resource and Administration.	B.Com, M.S.W (Industrial Relation & Personal Management), Diploma in Business Management	17	June 2010	Rs. 7,80,000 p.a	In charge of Production	M/s Banswara Syntex Limited, Kutons Retail India Limited, M/s Denis Parker Private Limited
3.	Mr. Alberts S Pilai Manager-finish and dispatch department 32 Years	B. Com.	12	October 2009	Rs. 1,20,000 p.a	In charge for Dispatch and Finishing of the product	Swami Floor mills, Tamil Nadu
4.	Mr Prafulla Chandra Hegde Head- Washing Department 53 years	H.S.C	15	July 1995	Rs. 1,80,000 p.a	In charge for Washing Process of finished denims and other such fabrics	—
5.	Ms E Reena Nadar, Manager-Accounts 26 Years	SSC	12	February 2003	Rs. 1,20,000 p.a	In charge for annual budget and Accounts	—
6.	Mr.Y Edwin Joseph Manager-Corporate Planning 29 Years	ITA	3	July 2009	Rs. 1,20,000 p.a	In charge for Corporate Planning	M/s Rose Enterprises
7.	Mr. Tirumalai	B. Com.,	7	May 2008	Rs. 2,40,000 p.a	In charge for	ICICI-Demat

	Perumal General Manager- Merchandising 40 Years					Merchandising	services as Marketing Manager, Associate Manager for domestic terminal, Airport Authority of India
8.	Ms. Sapna Karmokar Company Secretary & Compliance Officer 26 years	B.Com , Company Secretary & LLB	7	July 2010	NA	In charge for Secretarial and Compliance	P. Maheshwari and Associates, Company Secretaries

Notes:

- All the Key Managerial Personnel mentioned above are on the payrolls of our Company as the permanent employees.
- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned key managerial personnel have been recruited.
- The Key Management Personnel mentioned above are not related parties as per the Accounting Standard 18.

Shareholding of the Key Management Personnel

None of our Key Managerial Personnel are holding shares in our company

Relation of the Key Managerial Personnel with our Promoters/Directors

None of our key managerial personnel are “related” to the Promoters or Directors of our Company within the meaning of Section 6 of the Companies Act, 1956

Bonus or profit sharing plan for Key Managerial Personnel

There is no specific bonus or profit sharing plan for the Key Managerial Personnel other than as may be decided by the Management.

Changes in the Key Management Personnel

Sr. No	Name	Month of Joining	Reason
1.	Mr. M. S. Anand	July 2010	Appointment
2.	Mr. Rajendra Pillai	June 2010	Appointment
3.	Mr. Alberts S Pilai	October 2009	Appointment
4.	Mr. Y Edwin Joseph	July 2009	Appointment
5.	Mr. Tirumalai Perumal	May 2008	Appointment
6.	Ms. Sapna Karmokar	July 2010	Appointment

Employees Stock Option Scheme

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options to our employees. Apart from salary and usual perquisites and the employee provident fund scheme, no other benefits have been offered to the officers of the company.

Payment or Benefit to Officers of our Company

Except for payment of monetary and non-monetary benefits in accordance with the terms of employment or engagement, we have neither paid any amount/ given any benefit to any Officer of our Company in a period of two years before the date of the DRHP, nor such amount / benefit intended to be paid or given to any officer as on the date of the DRHP.


Interest of Key Managerial Personnel

All our Key managerial personnel may be deemed to be interested to the extent of the remuneration and other benefits in accordance with their terms of employment for services rendered as officers or employees to our company. Further, all employees may also be deemed to be interested to the extent of equity shares subscribed for and allotted to them out of the present issue, they will be deemed to be interested to the extent of their shareholding and / or dividends payable on the same. There exists no family relation between the Promoters / Directors and the Key Managerial Personnel.

OUR PROMOTER

Details of Promoter being an individual

1. Mr. Murugan Muthiah Thevar

	Qualification	Matriculation
	Nationality	Indian
	PAN	AADPT6163E
	Voter ID Number	MT/07/047/204666
	Driving License Number	MH04/2003/22281

Mr. Murugan Muthiah Thevar (43years) is the founder and Promoter of our Company. He is currently the Chairman and Managing Director of our company. He has nearly two decades of experience in the textile industry. He has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named 'Sudar Garments'. He is responsible for developing business strategies and instrumental in formulating strategic growth of our company. He is responsible for conceiving new and modern innovations in processing fabrics for use in the manufacture of garments.

Declaration

We confirm that the Permanent Account Number and Bank Account Number of our Promoter have been submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.

Further, our Promoter has not been identified as wilful defaulter by RBI or any other Government authority and there is no violation of Securities Law committed by Promoter in the past or pending against him. Further the Promoter has not been prohibited from accessing the capital market and no order or direction has been passed by SEBI or have any authority or refused listing of any securities issued by such entity by any Stock Exchange, in India or abroad.

Interest of Promoters

Our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the Articles.

Our Promoters may be deemed to be interested to the extent of the equity shares held by them, their friends and relatives, and benefits arising from his holding directorship / employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

The Promoter is not interested in any property acquired by the company within two years from the date of DRHP or proposed to be acquired. The promoters are not interested in any loan or advances given by the company, neither they are beneficiary of any such loan or advances except as disclosed elsewhere in this DRHP and in the section on Related Party Transaction as stated in Annexure under the head Financial Statement beginning on page no 114. Save and except as stated above and as stated in the section titled "Our management" beginning on page no 97, our Promoter has no other interest in our company.

Payment or benefit to Our Promoters

No payment has been made or benefit given to our Promoters in the two years preceding the date of the DRHP or is intended to be given by us except mentioned / referred to in this Chapter and in Page 132 under Related Party Transactions, under the Chapter "Auditors Report and Financial Information of our company" of the DRHP.

Sales or Purchases between companies in the Promoter Group

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under Related Party Transactions, “Annexure 17” beginning on page 132 under Chapter titled “Auditors’ Report And Financial Information of our Company” beginning on page no 114 of the Prospectus.

OUR PROMOTER GROUP

In terms of SEBI (ICDR) Regulations, 2009, the following immediate relatives form part of our Promoter Group due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation 2(1) (zb) of SEBI (ICDR) Regulations, 2009.

Promoter	Name of Relative	Relationship
Murugan Muthiah Thevar	Valliammal Murugan Thevar	Wife
	Ramesh Thevar	Bother-in-law

OUR PROMOTER GROUP ENTITIES

There are no promoter group entities / companies as on the date of filing the DRHP.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. Throughout this Draft Red Herring Prospectus, all the figures have been expressed in lacs of Rupees, except when stated otherwise.

In this DRHP, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India; all references to “U.S. Dollars” and “US\$” are to legal currency of the United States.

In this Offer Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, cash flow, capital expenditure, capital requirement and overall financial conditions. Since our company is at growth stage, the profits earned by our company till last year were ploughed back in our company to meet the fund requirements. Hence no dividend has been declared by our company till date. The amount not paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. Our company has no stated dividend policy.

SECTION VII - FINANCIAL INFORMATION

AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To
The Board of Directors
Sudar Garments Limited
117, First Floor,
Vardhaman Market, Sector-17,
Vashi, Navi Mumbai-400703

Reg: Initial Public Offer of Equity Shares by Sudar Garments Limited

Dear Sir,

A.

- a) We have examined the annexed financial information of **Sudar Garments Limited** ('The Company') for the Financial Year ended 31st March 2010, 31st March, 2009, 31st March 2008, 31st March 2007, and 31st March 2006.
- b) We have considered the relevant financial statements in respect of company which were audited by Suresh Hegde & Co. Chartered Accountants for the financial years ended on 31st March 2010, 31st March, 2009, 31st March 2008, 31st March 2007, and 31st March 2006 and re-audit of financials statement for the year ended on 31st March 2010 has been done by us.
- c) In accordance with the requirements of
 - i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI (ICDR) Regulations, 2009") issued by Securities and Exchange Board of India ('SEBI') on August 26, 2009 and
 - iii) Our terms of reference with the Company dated 31st March 2010 in connection with the Initial Public Offer of Equity Shares by the Company.

We report that the restated assets and liabilities of the Company as at 31st March 2010, 31st March, 2009, 31st March 2008, 31st March 2007, and 31st March 2006 are as set out in '**Annexure 1**' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in '**Annexure 3**' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in '**Annexure 4**' and '**Annexure 5**' to this report.

We report that the restated profits of the Company for the Financial Years ended 31st March 2010, 31st March, 2009, 31st March 2008, 31st March 2007, and 31st March 2006 are as set out in '**Annexure 2**' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in '**Annexure 3**' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in '**Annexure 4**' and '**Annexure 5**' to this report.

- B.** We have examined the following financial information relating to the Company proposed to be included in the Draft Red Herring Prospectus, as approved by the Board of Directors and annexed to this report.
- i. Notes to Adjustments in Restated Financial Statements '**Annexure 5**' to this report;
 - ii. Statement of Cash Flow as appearing in '**Annexure 6**' to this report;
 - iii. Accounting Ratios as appearing in '**Annexure 7**' to this report;
 - iv. Statement of Dividends as appearing in '**Annexure 8**' to this report;
 - v. Statement of Unsecured Loans taken including loan taken from related parties enclosed as '**Annexure 9**' to this report.
 - vi. Capitalisation Statement as appearing in '**Annexure 10**' to this report;

- vii. Statement of Tax Shelter as appearing in 'Annexure 11' to this report.
- viii. Statement of Secured Loans as appearing in 'Annexure 12' to this report.
- ix. Statement of Investments as appearing in 'Annexure 13' to this report.
- x. Statement of Debtors including the related party debtors enclosed as 'Annexure 14' to this report.
- xi. Details of loans and advances as given in 'Annexure 15' to this report.
- xii. Statement of Other Income as appearing in 'Annexure 16' to this report.
- xiii. Details of transactions with the Related Parties as appearing in 'Annexure 17' to this report;
- xiv. Details of Contingent Liabilities as appearing in 'Annexure 18' to this report;

C.

- a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments / restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and we have complied with the Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009.

In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the **Sudar Garments Ltd.**, We hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

1. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications except for those audit qualification whose financial impact not ascertainable or not quantifiable.
 2. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.
 3. Where there has been a change in accounting policy, the profits or losses of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if an uniform accounting policy was followed in each of those years.
 4. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.
 5. Statement of profit or loss discloses the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
- b) This report is intended solely for your information and for inclusion in the Draft Red Herring Prospectus in connection with the specific Initial Public Offer of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For J. S. Uberoi & Co
Chartered Accountants

Amarjeet Singh
Partner
Membership No: 103010
Firms Membership No: 111107W
Place: Mumbai
Date: August 31, 2010

Annexure 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lacs)

Particulars	As on March 31,				
	2006	2007	2008	2009	2010
Fixed Assets					
Gross block	101.31	101.31	512.27	512.27	2,863.14
Less: Depreciation	28.44	38.63	64.03	113.11	219.02
Total	72.87	62.68	448.24	399.16	2,644.12
NET BLOCK	72.87	62.68	448.24	399.16	2,644.12
Capital Work -in-Progress	-	-	540.71	1,359.89	120.00
TOTAL- FIXED ASSETS (A)	72.87	62.68	988.95	1,759.05	2,764.12
Investments (B)	0.65	0.65	0.65	23.65	347.84
Current assets, loans and advances:					
Inventories	67.29	136.31	157.32	177.82	298.46
Receivables	91.40	207.40	313.56	483.64	2,093.67
Cash and bank balances	1.41	0.09	0.91	1.66	331.26
Loans and advances	8.69	5.32	21.89	22.80	7.29
Other Current Assets	7.05	7.05	11.05	15.40	23.10
TOTAL(C)	175.84	356.17	504.73	701.32	2,753.78
TOTAL Assets (A + B + C)	249.36	419.50	1,494.33	2,484.02	5,865.74
Liabilities and provisions					
Secured loans	168.57	247.00	953.75	1,432.22	2542.84
Unsecured loans	16.60	83.53	3.12	263.32	362.66
Deferred Tax Liability	-	-	-	-	37.75
Current liabilities	3.52	12.53	58.08	68.03	807.22
Provisions	5.89	11.15	11.32	34.23	184.32
Share Application Money	-	-	-	159.36	-
TOTAL Liabilities (D)	194.58	354.21	1026.27	1,957.16	3934.79
Net worth (A+B+C-D)	54.78	65.29	468.06	526.86	1930.95
Represented by					
Share capital					
Equity Share Capital	43.00	43.00	89.90	89.90	945.90
TOTAL(A)	43.00	43.00	89.90	89.90	945.90
Reserves and surplus	11.78	22.29	378.16	436.96	985.05
Less: Revaluation Reserve	-	-	-	-	-
TOTAL(B)	11.78	22.29	378.16	436.96	985.05
Less: Miscellaneous Expenditure	-	-	-	-	-
(To the extent not written off)					
TOTAL(C)	-	-	-	-	-
Net Worth (A+B-C)	54.78	65.29	468.06	526.86	1930.95

ANNEXURE 2

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Lacs)

Particulars	As on March 31,				
	2006	2007	2008	2009	2010
Income					
Sales of Products Manufactured	583.23	788.13	867.81	2,067.44	5,275.89
Sales of Products Traded	-	-	-	-	-
Less Excise Duty	-	-	-	-	-
Net Sales	583.23	788.13	867.81	2,067.44	5,275.89
Other Income	0.16	6.13	0.14	1.99	0.76
Profit On Sales Of Assets	-	-	-	-	-
Increase/(Decrease) in Inventories	47.43	69.02	21.01	20.50	120.64
TOTAL(A)	630.82	863.28	888.96	2,089.93	5,397.29
Expenditure					
Materials Purchase	280.83	555.03	529.55	1389.91	3,656.82
Other manufacturing expenses	296.59	229.68	189.17	340.15	739.52
Employees Cost	9.29	12.95	14.49	43.49	64.69
Administrative Cost	10.28	8.28	26.85	14.50	30.71
Selling and distribution Cost	1.39	3.36	1.89	2.92	8.00
Loss on sales of Fixed assets	-	-	-	-	-
TOTAL(B)	598.38	809.30	761.95	1790.97	4499.74
Profit Before Interest, Depreciation and Tax (A+B)	32.44	53.98	127.01	298.96	897.55
Depreciation	9.79	10.20	25.39	49.08	105.91
Profit Before Interest and Tax	22.65	43.78	101.62	249.88	791.64
Financial Charges	18.87	23.76	64.92	159.60	161.40
Profit after Interest and Before Tax	3.78	20.02	36.70	90.28	630.24
Preliminary Expenses & Def. Exp. W/o	-	-	-	-	-
Profit before Taxation	3.78	20.02	36.70	90.28	630.24
Provision for Taxation	4.69	9.41	8.99	31.14	181.23
Provision for Deferred Tax	-	-	-	-	37.75
Provision for FBT	-	0.09	0.13	0.33	-
Total	4.69	9.50	9.12	31.47	218.98
Profit After Tax but Before Extra ordinary Items	(0.91)	10.52	27.58	58.81	411.26
Extraordinary items	-	-	-	-	-
Impact of material adjustments	-	-	-	-	-
for restatement in corresponding years (net of tax) (B)	-	-	-	-	-
Total	-	-	-	-	-
Net Profit after adjustments	(0.91)	10.52	27.58	58.81	411.26
Net Profit Transferred to Balance Sheet	(0.91)	10.52	27.58	58.81	411.26

Annexure 3

Statement of significant accounting policies

a) Basis of Preparation of financial statements

- (i) The financial statements of the company have been prepared under the historical cost convention on an accrual basis, applicable Accounting Standards and relevant provisions of the Companies Act, 1956.
- (ii) Accounting Policies not specifically referred to otherwise are consistent and in consonance with the Generally Accepted Accounting Principles that are followed by the company

b) Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price (net of tax/duty credit availed) and any cost attributable bringing the asset to its working condition for its intended use.

Depreciation/ Amortization/ Impairment

Depreciation is provided on fixed assets on **Written down value method** in accordance with the rates prescribed in Schedule XIV of the Companies Act 1956.

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.

c) Investments

Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management. The cost of investment includes brokerage etc.

d) Inventories

- (i) Inventories of Raw Materials and Work In Progress is valued at cost whereas Finished Goods (including Goods for Trade) are valued at cost or net realisable value whichever is lower, except Scrap which is valued at estimated realizable value as assessed by Management.
- (ii) In determining the cost of raw material, stores, spares and other materials, cost is ascertained on FIFO method. Inventory of Finished products includes material cost, labour and factory overheads and excise duty.

e) Employee Retirement Benefits

- (i) The Company's contribution in respect of Provident Fund is charged to Profit & Loss Account every year.
- (ii) Provision of gratuity as on the balance sheet date is accounted on Actuarial basis by an independent actuary
- (iii) Liability for leave outstanding as on the balance sheet date and other benefits are accounted on payment basis.

f) Taxation

- (i) Income tax expenses comprise current tax, FBT & deferred tax charges or credit.
- (ii) Provision for income tax is made on the basis of estimated taxable income. Advance Tax and Tax Deducted at Source (TDS) are shown in the balance sheet under head Loans and advances during the year and in subsequent years the Advance Tax & TDS are adjusted against Provision for Tax. The net effect has been added under the head Provision for Tax.

g) Accounting for taxes on Income (AS 22)

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The same is accounted for, using the tax rates as on balance sheet date. Deferred Tax Assets are recognized only when there is virtual certainty of their realization.

h) Earnings per Share

- (i) Basic Earning per Equity Share is calculated by using weighted average number of Equity Shares outstanding during the period.
- (ii) In case of any fresh allotment or any other corporate action during the year affecting number of outstanding shares, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. In case of Bonus issue, the issue is treated as outstanding since the beginning of the year.

i) Revenue recognition

- (i) Revenue on sales of goods is recognized on transfer of significant risk & rewards of ownership which is generally on dispatch of goods. Gross sales are stated inclusive of excise duty, service tax, value added tax, but net of returns and trade discounts.
- (ii) Income from Services is recognized on completion of services or part completion of assignment as per Contract
- (iii) All expenses are accounted for on accrual basis unless otherwise specified.
- (iv) Dividend income is recognised on establishment of right to receive.

j) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, Contingent Assets are neither recognized nor disclosed in the financial statements.

k) Borrowing Costs

- (i) Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised.
- (ii) Other Borrowing cost is recognised as an expense in the period in which they are incurred.

l) Related Party Transaction

Parties are considered to be related if at any time during the year, one party has the ability to control the other party or to exercise significant influence over the other party in making financial and / or operating decision.

m) Use of Estimates

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates which are reported in the period in which the result is known.

n) Segment Reporting

The company is dealing in manufacturing and trading of garments only hence business wise segment wise report is not provided.

o) 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).

p) Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

All the extra ordinary and prior period items of Income and expenses are separately disclosed in the statement of Profit and Loss account in the manner such that it's impact on the current profit or loss can be perceived. If there has been any change in the Company's accounting policies or accounting estimate so as to have material impact on the current year profit/loss or that of later periods the same would be disclosed as part of notes to accounts. All the items of Income and Expenses from ordinary activities with such size and nature such that they become relevant to explain the performance of the company have been disclosed separately.

Annexure 4

Notes on Accounts

1. The financial statements have been prepared under Historical Cost Convention in accordance with the generally accepted accounting principles (Indian GAAP) and the provisions of the Companies Act, 1956 as adopted consistently by the Company. The same are prepared on a going concern basis. The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
2. Fixed Assets and Depreciation: Depreciation on Fixed Assets is provided under the WDV method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956. The company was providing depreciation on fixed assets as per rate prescribed under Income tax Act 1961 which as been changed to rate as per companies act from FY 2009-10 with retrospective effect from FY 2005-06.
3. Stocks in trade are valued at cost price.
4. The accounting standards as prescribed by the Institute of Chartered Accountants of India are applied wherever applicable in preparing and presenting the financial statements.
5. Previous year figures have been regrouped and rearranged wherever necessary.
6. Balances of Debtors, Creditors and depositors, if any, are subject to confirmation and reconciliation.
7. There is no Contingent Liabilities (Refer Annexure no.19)
8. Auditors Remuneration

(Rs. In Lacs)

Particulars	31.03.06	31.03.07	31.03.08	31-03-09	31-03-10
Statutory Audit	0.50	0.50	0.50	0.50	1.00
Tax Audit	0.25	0.25	0.25	0.25	0.50

9. Annual Licensed & Installed Capacity on 31-03-2010

(In pcs)

Capacity Details	31.03.2006	31.03.2007	31.03.2008	31-03-2009	31-03-2010
Installed capacity	350000	350000	500000	800000	2000000
Actual Output	256500	274415	318500	652000	1888500

10. Expenditure in foreign currency: NIL

11. Earning in foreign currency: NIL

12. The company is not claiming cenvat credit on input and capital goods , therefore it's output of readymade garments which falls under the schedule entry no. 62 are not subject to excise duty as specified under notification 30/2004 C E dated: 09.07.2004.

13. The financial statement where prepared without provision for gratuity, however now valuation of gratuity has been done from approved independent actuaries and the same has been incorporated in the restated financial statement for all the financials years as presented in restated.

14. Taxation:

i. Provision for current Income Tax is made in accordance with Income Tax Act, 1961.

ii. Deferred Tax Accounting:

Deferred tax expenses or benefit is recognized on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been subsequently enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available to realize these assets. All other deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

Calculation of Deferred Tax Assets and Liability:

(Rs in Lacs)

Working For Deferred Tax Liability For The Period Ending March 2010	March 2010	Tax Rate	Amount
Deferred Tax Liability			
Depreciation As Per Books Of Accounts	105.91		
Depreciation As Per IT Act	216.97		111.06
		33.99%	
Difference			37.75

Annexure 5

NOTES TO ADJUSTMENTS IN THE RESTATED ACCOUNTS

Notes to Statement of Assets and Liabilities, as restated in annexure I and Statement of Profits and losses, as restated in Annexure II

1.

(a) The Summary of results of net adjustments / rectifications made in the audited accounts of the respective year and its net impact on assets and liabilities is given below

(Rs. In Lacs)

Cumulative effect of above increase / (decrease) in statement of assets and liabilities	31.03.2006	31.03.2007	31.03.2008	31-03-2009	31-03-2010
Changes in accounting policies / correction of accounting policies					
Reserves & Surplus As per audited Balance Sheet	14.43	22.94	369.63	430.26	991.84
Changes in accounting policies / correction of accounting policies					
Changes In Restated Financials					
Accumulated Depreciation Dec./(Inc.)	2.56	2.82	9.24	9.98	-
Provision For Tax Dec./(Inc.)	(3.91)	(1.82)	1.49	(0.51)	-
Miscellaneous Expenses Inc./ (Dec)	(0.10)	-	-	-	(7.00)
Provision For Gratuity Dec./(Inc.)	(1.20)	(1.65)	(2.20)	(2.75)	(3.08)
Rectification of Term Loan Instalment					3.29
Impact on Reserves & Surplus Inc./ (Dec)	(2.65)	(0.65)	8.53	3.95	(6.79)
Net Reserves & Surplus as restated Balance sheet Statement	11.78	22.29	378.16	436.96	985.05

(b) The Summary of results of net adjustments / rectifications made in the audited accounts of the respective year and its net impact on Profit and Loss Account is given below

Notes to Accounts for the Period ended 31st March, 2010

(Rs. In Lacs)

Cumulative effect of above increase / (decrease) in statement of assets and liabilities	31.03.2006	31.03.2007	31.03.2008	31-03-2009	31-03-2010
Changes in accounting policies / correction of accounting policies					
Profit / Loss As per Audited Profit & Loss A/c	4.56	8.52	18.37	60.63	424.76
Changes in accounting policies / correction of accounting policies					
Changes In Restated Financials					
Accumulated Depreciation Dec./(Inc.)	2.57	0.23	6.44	0.73	(9.98)
Provision For Tax Dec./(Inc.)	(6.94)	2.10	3.32	(2.02)	0.52
Miscellaneous Expenses Inc./ (Dec)	0.10	0.10	-	-	(7.00)
Increase in Employees Cost Gratuity Dec./(Inc.)	(1.20)	(0.45)	(0.55)	(0.55)	(0.32)
Rectification of Term Loan					3.29

Installment					
Impact on Profit or Loss Inc./ (Dec)	(5.47)	1.98	9.21	(1.84)	(13.49)
Net profit or (loss) after tax as restated in profit or loss a/c	(0.91)	10.52	27.58	58.81	411.27

c) Material Regroupings

- 1) While preparing restated financials we had regrouped following expenses
 - a. Employee cost has been segregated from administrative cost and has been shown separately for the year 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and 31st March 2006 in the restated.
 - b. Processing fee, Bank charges and commission has been segregated from administrative cost and added to financial cost for the year 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and 31st March 2006 in the restated.
 - c. Selling and Distribution cost has been segregated from administrative cost and has been shown separately for the year 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and 31st March 2006 in the restated.
 - d. Direct cost has been segregated from purchase cost and clubbed under the head other manufacturing expenses for the year 31st March 2010, 31st March 2009, 31st March 2008, 31st March 2007 and 31st March 2006 in the restated.
- 2) While preparing restated financials we charge the miscellaneous expenses w/off of 2009-2010 of Rs. 1.75lacs are regrouped in administrative expenses.
- 3) While preparing restated financials we regroup professional fee payable, wages and salary payable and TDS Payable to current liabilities, likes was all amounts under deposits has been shown as other current assets.
- 4) While preparing restated financials we had treated share application money as unsecured loan and shown in current liabilities instead of showing it as addition to share capital.

d) Notes to Adjustment in Restatement of Financials

- 1) While preparing restated financials we had adjusted depreciation change due to change in accounting policy in respective year.
- 2) While preparing restated financials we had charged all the expenses relating to increase in authorized share capital to administrative expenses.
- 3) While preparing restated financials we treated Pre-Incorporation expenses as expenses of that year & hence adjusted reserves & surplus is adjusted for that.
- 4) Repayment of term loan of Rs. 3.29 Lacs was wrongly debited to interest on bank loan for the financial year 2010. The same is now reversed and rectified due to which restated profit for the financial year 2010 has increased by Rs. 3.29 Lacs.

Annexure 6

CASH FLOW STATEMENT, AS RESTATED

(Rs. in Lacs)

Particulars	As At March 31,				
	2006	2007	2008	2009	2010
Cash Flow from Operating Activities					
Profit before tax, as restated	3.78	20.02	36.70	90.28	630.24
Adjustment for Depreciation	9.79	10.20	25.39	49.08	105.91
Financial Exp.	18.87	23.76	64.92	159.60	161.40
Dividend Income	(0.16)	(0.23)	(0.14)	(0.17)	(0.17)
Fixed Deposit Interest	(0.00)	(5.89)	(0.00)	(0.00)	(0.00)
Operating Income before working capital changes	32.28	47.86	126.87	298.79	897.38
Adjustments for:					
Decrease/(Increase) in Trade & Other Receivables	(56.34)	(116.00)	(106.16)	(170.08)	(1,610.03)
Decrease/(Increase) in Inventories	(47.43)	(69.02)	(21.01)	(20.50)	(120.64)
Decrease/(Increase) in Loans & Advances	0.25	3.37			15.51

			(16.57)	(0.91)	
Decrease/(Increase) in other current assets	(0.00)	(0.00)	(4.00)	(4.35)	(7.70)
Increase/(decrease) in Trade Payables & Provisions	1.41	9.46	46.10	10.50	739.51
Cash Generated from Operations	(70.33)	(124.33)	25.23	113.45	(85.97)
Direct Taxes (Net)	(1.44)	(4.71)	(9.48)	(9.11)	(31.48)
Net Cash Flow from Operating Activities	(71.77)	(129.04)	15.75	104.34	(117.45)
Cash Flow from Investing Activities					
Purchase of Fixed Assets	(0.00)	(0.00)	(410.96)	(0.00)	(1110.98)
Increase In C .WIP.	(0.00)	(0.00)	(540.71)	(819.18)	(0.00)
Sale/Purchase of Investments	6.03	(0.00)	(0.00)	(23.00)	(324.19)
Miscellaneous Expenditure	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Dividend Income	0.16	0.23	0.14	0.17	0.17
Fixed Deposit Interest		5.89			
Net Cash used from Investing Activities	6.19	6.12	(951.53)	(842.01)	(1,435.00)
Cash Flow from Financing Activities					
- Share Capital	(0.00)	(0.00)	46.90	(0.00)	496.42
- Share Premium	(0.00)	(0.00)	328.28	(0.00)	496.42
- Share Application Money	(0.00)	(0.00)	(0.00)	159.36	(159.36)
Change in the Borrowings					
- Proceed from Borrowing	151.35	156.53	949.12	741.43	1359.28
-Loan repayment	(65.63)	(11.17)	(322.78)	(2.76)	(149.32)
- Interest Paid	(18.87)	(23.76)	(64.92)	(159.60)	(161.40)
Net Cash Flow from Financing Activities	66.85	121.60	936.60	738.43	1882.05
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	1.27	(1.32)	0.82	0.75	329.60
Cash & Cash Equivalents at Beginning of the Year	0.14	1.41	0.09	0.91	1.66
Cash & Cash Equivalents at End of the Year	1.41	0.09	0.91	1.66	331.26

Note: Cash Flow is not disclosed in the audited accounts as per AS-3 for the year 31/03/2006, 31/03/2007, 31/03/2008, 31/03/2009 and 31/03/2010, which has now been duly complied in the restated accounts for the above stated period.

Annexure 7

STATEMENT OF ACCOUNTING RATIOS

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Net Profit as restated (Rs. in Lacs)	(0.91)	10.52	27.58	58.81	411.26
Net Worth (Rs. in Lacs)	54.78	65.29	468.06	526.86	1930.95
Return on Net worth (%)	(1.66)	16.11	5.89	11.16	21.30
Share at the end of year (Face Value Rs. 10)	430,000	430,000	898,975	898,975	9,458,975

Weighted No of Equity Shares (Considering Bonus issue in previous years)	21,50,000	21,50,000	40,51,598	44,94,875	45,22,076
Basic Earnings per Share in Rs (Considering bonus issue in previous years)	(0.04)	0.49	0.68	1.31	9.09
Diluted Earnings Per Share in Rs.	(0.04)	0.49	0.68	1.31	9.09
Net Asset Value/Book Value per share (Based on no of share at the end of year)	12.74	15.18	52.07	58.61	20.41

	Ratios	Derivation
1	Return on Net worth (%)	Net profit after tax as restated Net Worth at the end of the year
2	Net Asset Value/Book Value per share(Based on no of share at the end of year)	Net Worth at the end of the year No. of Equity shares outstanding during the year
3	Earnings Per Share (EPS) (Rs.)	Net profit after tax as restated attributable to Equity Shareholders Weighted average no. of Equity shares outstanding during the year

Note:

- 1) 3595900 Equity shares of Rs.10 each have been allotted as fully paid up bonus shares in the ratio of four shares for every one share held on March 15, 2010, by way of capitalization of share premium of Rs. 32,828,250 and by utilizing capital reserve of Rs. 3,130,750 which has been built out of genuine profits.
- 2) Earning per share is not disclosed in audited accounts as per AS-20 for the year ended 31/03/06, 31/03/07, 31/03/08, 31/03/09 and 31/03/10, which has now been duly complied in the restated accounts for the above stated period.

Annexure 8

DIVIDEND

Particulars	For the Year ended on March 31,				
	2006	2007	2008	2009	2010
On Equity Shares					
Fully Paid up Share Capital	430000	430000	898975	898975	9458975
Face Value (Rs.)	10/-	10/-	10/-	10/-	10/-
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	0.00%	0.00%	0.00%	0.00%	0.00%
Total Dividend	0.00	0.00	0.00	0.00	0.00
Corporate dividend tax on above	0.00	0.00	0.00	0.00	0.00

Annexure 9

STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. in Lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
From Promoter & Promoter Group	-	63.83	2.93	155.54	362.66
From Others	16.60	19.70	0.19	107.78	-
Total	16.60	83.53	3.12	263.32	362.66

The Company has borrowed an amount of Rs. 362.66 from Promoter on the following terms and conditions:

Sr. No.	Terms and Conditions	Particulars
1.	Rate of Interest	Nil
2.	Security	Unsecured
3.	Tenure	Repayable on demand

Annexure 10

CAPITALIZATION STATEMENT

(Rs. in Lacs)

Particulars	Pre Issue as at March 31, 2010	Post Issue*
Debt :		
Secured		
Short term debt	880.95	
Long term debt	1661.89	
Total Secured Debt	2542.84	
Unsecured		
Short term debt	362.66	
Total Debt	2905.50	
Shareholders Funds		
Equity Share Capital	945.90	
Reserves and Surplus	985.05	
Total Shareholders Funds	1930.95	
Long Term Debt/ Shareholders' Funds	0.86	[●]
Total Debt / Shareholders Fund	1.51	[●]

Notes: Working Capital Limits are considered as short- term debts.

*The Post-issue debt–equity ratio will be computed on the conclusion of the book building process.

Annexure 11

STATEMENT OF TAX SHELTERS

(Rs. in Lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Profit Before Tax as per audited accounts	2.30	20.12	30.82	90.10	644.27
Tax rate					
-- Normal Tax rate	33.99%	33.66%	33.99%	33.99%	33.99%
-- Minimum Alternative Tax rate	11.33%	11.22%	11.33%	11.33%	16.95%
Notional Tax at normal rates (A)	0.78	6.77	10.47	30.62	218.99
Permanent differences	-	-	-	-	-
Other adjustments	-	-	-	-	-
Disallowances	-	-	-	-	-
TOTAL(B)	-	-	-	-	-
Timing Differences					
Depreciation as per Books	12.36	10.43	31.82	49.82	105.91
Depreciation as per Income Tax	12.36	10.43	31.82	49.82	216.98
Difference between tax depreciation and book depreciation	-	-	-	-	111.07
Other adjustments	-	-	-	-	-
Foreign income included in the statement	-	-	-	-	-
TOTAL(C)	-	-	-	-	111.07
Net Adjustments (B+C)	-	-	-	-	111.07
Tax expense/(savings) thereon (D)	-	-	-	-	(37.75)

Total Taxation (E = A+D)	0.70	6.16	9.52	27.84	181.24
Brought forward losses set off (Depreciation)	-	-	-	-	-
Tax effect on the above (F)	-	-	-	-	-
Net tax for the year/period (E+F)	0.70	6.16	9.52	27.84	181.24
Tax payable as per MAT	0.26	2.26	3.49	10.20	109.20
Tax expense recognised	4.69	9.41	8.99	31.14	181.23
Tax as per return of income	1.11	6.77	9.52	27.84	

Annexure 12

SECURED LOANS

(Rs. In lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Term loan from Banks	48.48	37.31	647.85	1,059.32	1647.55
Working Capital / Cash Credit from Banks	120.08	209.69	296.98	366.54	880.96
Vehicle Loan	-	-	8.93	6.36	14.33
TOTAL	168.56	247.00	953.76	1,432.22	2542.84

Principle Terms and Conditions of Outstanding Secured Loans:

(Rs. In Lacs)

Name of Lender	Facility	Sanction Limit	Amount o/s as on 31-03-10	Rate of interest	Repayment Scheduled	Security Offered
Shamrao Vithal Co-op. Bank Ltd.	Cash Credit	300.00	299.06	At PLR		Primary Security First Pari Passu Hypothecation charge on Renewal due Stocks and Book debts.
Shamrao Vithal Co-op. Bank Ltd.	Term Loan	814.98	779.00	At PLR	72 EMI After 24 months moratorium from date of disbursement.	Primary Security 1) Hypothecation of Plant and Machinery & Fixed Assets 2) Equitable Mortgage of Village Madap and Paud, Taluka Khalapur, district Raigad, Bearing gut no 29, Hissa No 1, Gut No 27 Hissa No 3, village Mandap Khalapur, Dist Raigad. 3) Construction cost having equitable mortgage of above unit Collateral Security 1) Fixed Deposit with The Shamrao Vithal Co-operative Bank Limited for Rs. 23.00 Lacs. 2) First Pari Passu Charge on Equitable mortgage of Row NoI, G-9 sector 7, Vashi, Navi Mumbai to be shared with Bank of India valued at Rs 52.15 lakh as per valuation report of <i>Mis</i> Vidya Industrial Consultant dated 2 nd' July 2008. 3) First pari passu charge on equitable mortgage of ~lot no 29, Hissa No 3, Gut no 27, H No 3, Village Madap & Gut No 30, Hissa NoI, Village Paud, Taluka Khalapur, Dist Raigad and other buildings to be constructed thereon to be shared with Bank of India valuing Rs.1362.80 lakh as per valuation report of Vidva

						Industrial Consultant dated 30 th June 2008
Vijaya Bank	Cash Credit	100.00	97.59	BPLR +1.00%		Primary Security 1) Creation of First pari passu charge on entire Current Assets of the company, both present and future to be shared with SVCBL (our share for WCis 15%) 2) Creation of First pari passu charge on entire Fixed Assets of the company, both present and future to be share with SVCBL(Our share for TLbeing 31.91%) 3) Residual charge on the fixed assets for working capital limits and residual charge on the current assets for term loans to be shared with SVCBL(Our share for TLbeing 31.91%) Collateral Security: 1)First Pari Passu charge by way of equitable mortgage of flat no. 1552. Bldg No 44,Sector 7, ademasuring 325 sq. Ft. Situated in Tilak Nagar, Chembur, Navi Mumbai owned and possessed by Mr. V.T. Andy to be shared with Shamrao Vitthal CO-Op Bank, valued at Rs. 21.00 lacs as per the valuation report dated 28.01.2009of M/ s Ranade & Associates 2)First Pari Passu Charge on Equitable mortgage of Row Nol, G-9 sector 7, Vashi, Navi Mumbai to be shared with Shamrao Vitthal CO-Op Bank, valued at Rs 45.50 lakh as per valuation report dated 28.01.2009of M/s Ranade & Associates. 3) First pari passu charge on equitable mortgage of plot no 29, Hissa No 3, Gut no 27, H No 3, Village Madap & Gut No 30, Hissa Nol,Village Paud, Taluka Khalapur,Dist Raigad and other buildings to be constructed thereon to be shared with Shamrao Vitthal CO-Op Bank, valuing Rs.1356.57lakh As per valuation report dated 28.01.2009of M/ s Ranade & Associates.
Vijaya Bank	Term Loan	375.00	366.07	BPLR+1.00%+0.25%	72 EMI exclusive moratorium period of 12 months. 1 st instalment starts form January 2010.	
Union Bank Of India	Cash Credit	300.00	484.29	BPLR +0.25%		
Union	Term	497.00	502.18	BPLR	69 EMI,	Primary Security

Bank Of India	Loan			+0.75%	starting from july 2010, i.e. moratorium of 6 months and after installation of machines by December 2009.	<p>First Pari Passu charge on the entire fixed assets of the company (Factory Land & i.e. Buildings , plant and machinery etc.), both present & future to be shared with SVCBL & Vijaya Bank. (Our Share for TL is 29.72%)</p> <p>Collateral Security:</p> <p>First pari passu charge on equitable mortgage of the following properties to be shared with SVCBL & Viajaya Bank ..:</p> <ol style="list-style-type: none"> 1. Row House No.-1, G-9, Sector-7 Vashi Navi Mumbai 2. Plot No. 29 Hissa NO.3 Village Madap & Gat No. 30 Hissa NO.1, village Paud , Taluka -Khalapur, Dist. Raigad ..
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Annexure 13**INVESTMENTS, AS RESTATED**

(Rs. In Lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Long Term In Shares* (At Cost-Quoted)	0.00	0.00	0.00	0.00	324.19
Long Term In Shares (At Cost-Unquoted)	0.65	0.65	0.65	0.65	0.65
Fixed Deposits	-	-	-	23.00	23.00
Total	0.65	0.65	0.65	23.65	347.84

*Quoted Investment are made in Aasda Lifecare Ltd. The aggregate market value is Rs. 322.44 Lacs as on 31/03/2010.

Annexure 14**SUNDRY DEBTORS, AS RESTATED**

(Rs. In lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Outstanding for the period exceeding Six months	-	-	-	-	-
Other Debts	91.40	207.40	313.56	483.64	2,093.67
Total	91.40	207.40	313.56	483.64	2,093.67

None of the promoters or directors of the company are related with any of the sundry debtors.

Annexure 15**LOANS AND ADVANCES, AS RESTATED**

(Rs. In lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Advances recoverable in Cash or in Kind					
-Promoter	-	0.82	-	-	-
-Directors	-	-	-	-	-
-Others	8.69	4.5	21.89	22.80	7.29
Deposits	7.05	7.05	11.05	15.40	23.10
Total	15.74	12.37	32.94	38.20	30.39

Annexure 16**OTHER INCOME, AS RESTATED**

(Rs. In lacs)

Particulars	As at March 31,						Nature
	2006	2007	2008	2009	2010	Related/ Not Related to Business Activity	
Interest From Banks & Securities	-	5.90	-	-	-	Not Related	Non-Recurring
Subsidy Received	-	-	-	1.82	0.59	Related	Recurring
Dividend Income	0.16	0.23	0.14	0.17	0.17	Not Related	Recurring
Total	0.16	6.13	0.14	1.99	0.76		

Annexure 17**DETAILS OF RELATED PARTY TRANSACTIONS**

The Company has entered into the following related party transactions:

Name of the key managerial personnel	Relationship
Murgan Thevar	Promoter
Valliammal Thevar	Promoter Group
Logos Inc	Associate-Propertory

(Rs. In laacs)

RELATED PARTY	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
M Murugan Thevar					
Unsecured Loan Taken	-	37.00	1.35	139.30	362.66
Advance Given	-	0.82	-	-	-
Remuneration	1.20	2.50	3.00	9.00	9.00
Valliammal Thevar					
Unsecured Loan Taken	-	26.43	1.58	16.24	-
Remuneration	1.20	2.50	3.00	9.00	9.00
Logos Inc					
Advance Given	-	-	14.00	14.00	-

Annexure 18**STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED**

According to the records of the company there are no contingent liabilities

CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

There has been no change in the accounting policies of the company in the last 3 years.

CHANGE IN ACCOUNTING PERIOD

There has not been any change in the accounting period of the company.

COMMON PURSUITS

There are no common pursuits between our company and our group companies / promoter companies.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS

For other details of related party transactions, please refer to Annexure 17 of the Financial Statement given in this DRHP.

COMPANIES FROM WHICH THE PROMOTERS HAVE DISASSOCIATED THEMSELVES IN THE LAST 3 YEARS

There has been no disassociation by our promoter in the last three years except Logos Inc, Proprietary Concern.

SALES OR PURCHASES BETWEEN COMPANIES IN THE GROUP

There have been no sales or purchases between companies in the group exceeding in value in the aggregate 10% of the total sales or purchases of the company.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this DRHP. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

Our year ends on March 31st of each year. All references to a particular financial year are therefore to the 12-month ending March 31 of that year.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Business Overview

Our promoter, Mr. Murugan Muthiah Thevar has been associated with the apparel manufacturing business since 1992. Initially, Mr. Murugan Muthiah Thevar commenced business of manufacturing of readymade garments on job work basis for the exporters through a proprietary concern named 'Sudar Garments'. Over a period of time due to expansion of the customer base, increase in demand for readymade garments, and to gain advantage of having all the outsourced activity under one umbrella, restructuring of the business was carried out. Accordingly, on January 28 2002, Sudar Garments Private Limited was incorporated under the Companies Act, 1956. The company is engaged in the manufacturing of garments for Men wear, Women wear and Kids wear.

Until 2006-07, our company had a small manufacturing set up, having 150 Sewing Machines and other supporting machines, under which each and every worker undertook independently the manufacturing of a garment. In order to bring efficiency into manufacturing, we undertook an expansion plan in the year 2007-08 and our capacity was enhanced to 5 Lacs garments by installing 150 Sewing Machines along with few specialized supporting machines. We introduced an assembly line approach for producing garments as is used by large apparel manufacturers. This greatly enhanced the company's capacity to take on large orders. During the year 2008-09, our capacity was enhanced to 8 Lacs garments by installing 180 Sewing Machines and during the year 2009-10, our capacity further enhanced to 20 Lacs garments by installing 116 Sewing Machines along with other balancing automatic specialized machines.

Our company specializes in shirts, trousers and wide range of other apparel. Our company functions as an integrated apparel manufacturer with the capability of designing and manufacturing involving cutting, body stitching, washing, ironing and finishing.

Our company has its own manufacturing setup at Khalapur Taluka, Raigad District, Maharashtra with a built-up area of about, 29,626.30 Sq. Mtr. having a combined capacity of producing 1,66,667 pieces of tops, skirts, shirts, dress, pants and denims per month. This unit caters to the requirement of Whole Sellers as well as own branded products through retail distribution network such as Malls and Multi Branded Outlets. We are presently manufacture under its own brand name "Glory to Glory" and will be launching shortly two more brands namely 'St. Paul' and 'Majesty'. We have distributors in South India and are rapidly consolidating our network.

Significant Developments after March 31, 2010 that may affect our Future Results of Operations

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the DRHP which materially or adversely affect or is likely to affect the manufacturing or profitability of our company, or the value of our assets, or our ability to pay liabilities within next twelve months.

Factors affecting our Result of Operation

Except as otherwise stated in this DRHP, the Risk Factors given in this DRHP and the following important factors could cause actual results to differ materially from the expectations include, among others:

General economic and business conditions;

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of our operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

Our ability to successfully implement its strategy and its growth and expansion plans;

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

Factors affecting industrial activity;

Any change in the factors such as industrial policies, tariffs, excise duties etc. which may affect the activities of the Apparel/Readymade Garment industry may also affect our results of operation.

Increasing competition in the industry;

We face competition from various players, some of which are mentioned below:

- Kewal Kiran Clothing Limited
- Bang Overseas Limited
- Mandhana Industries Limited

Changes in fiscal, economic or political conditions in India;

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;

Factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our performance. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain our ability to do business.

The performance of the financial markets in India and globally;

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition and profitability.

Any adverse outcome in the legal proceedings in which we are involved;

We are not involved in any legal proceedings.

Overview of Our Results of Operation

The following is a summary of our company's results of operations derived from our Company's standalone restated financial statements included in this DRHP under the section titled "Financial Statements":

(Rs. in lacs)

Particulars	March 31, 2010	% of Total Income	March 31, 2009	% of Total Income	March 31, 2008	% of Total Income	March 31, 2007	% of Total Income
Income								
Sales & Operating Incomes								
- Manufactured Goods	5275.89	97.42	2,067.44	98.92	867.81	97.62	788.13	91.30
Other Income	0.76	0.01	1.99	0.10	0.14	0.02	6.13	0.70
Increase/(Decrease) in Inventory	120.64	2.24	20.50	0.98	21.01	2.36	69.02	8.00
Total Income	5397.29	100.00	2,089.93	100.00	888.96	100.00	863.28	100.00
Expenditure								
Materials Purchase	3656.82	67.75	1389.91	66.50	529.55	59.57	555.03	64.29
Other manufacturing expenses	739.52	13.70	340.15	16.27	189.17	21.28	229.68	26.61
Employees Cost	64.69	1.20	43.49	2.08	14.49	1.63	12.95	1.50
Administrative Cost	30.71	0.57	14.50	0.69	26.85	3.02	8.28	0.96
Selling and distribution Cost	8.00	0.15	2.92	0.14	1.89	0.21	3.36	0.39
Loss on sales of Fixed assets	-	-	-	-	-	-	-	-
Depreciation	105.91	1.96	49.08	2.35	25.39	2.86	10.20	1.18
Financial Charges	161.40	3.00	159.60	7.65	64.92	7.30	23.76	2.75
Preliminary Expenses & Def. Exp. W/o	-	-	-	-	-	-	-	-
Total Expenditure	47657.05	88.32	1999.65	95.68	852.26	95.87	843.26	97.68
Profit for the Period	630.24	11.68	90.28	4.32	36.70	4.13	20.02	2.32
(Add) / Less : Prior Period Items	-		-		-		-	
Profit Before Tax	630.24	11.68	90.28	4.32	36.70	4.13	20.02	2.32
(Add) / Less : Provision for Tax	218.98	4.06	31.47	1.51	9.12	1.03	9.50	1.10
Provision For Income Tax	181.23	3.36	31.14	1.49	8.99	0.91	9.41	1.09
Fringe Benefit Tax	37.75	0.70	0.33	0.02	0.13	0.01	0.09	0.01
Wealth Tax			-		-		-	
Deferred Tax Liability			-		-		-	
Profit After Tax	411.26	7.62	58.81	2.81	27.58	3.10	10.52	1.22

Comparison of Financial performance for the Financial Year 2008 - 09 as compared to Financial Year 2009-10

Major Events during the Year:

There is no major event.

Income from Operations:

Income from Operations increased from Rs. 2,067.44 Lacs in FY 2009 to Rs. 5275.89 in FY 2010 registering a growth rate of 155.19% due to optimum utilization of production capacity & capacity addition on account of installation of sewing machines and balancing automatic specialized machines.

Expenditure:

Material Purchase & Other Manufacturing Expenses

Material Purchase increased from Rs. 1389.91 Lacs in FY 2009 to Rs. 3656.82 Lacs in FY 2010 showing an increase of 163.10% due to increase in procurement price and volume of the company. Manufacturing Expenses increased from Rs. 340.15 Lacs in FY 2009 to 739.52 Lacs in FY 2010 showing an increase of 117.41 % due to increase in volume of the company. Overall, costs of Material Purchase & Manufacturing Expenses have shown an increase of 148.86 % as proportion of the total Income and the same was on account of increase in raw material prices and other costs.

Administrative and Selling Expenses

Administrative Expenses increased from Rs. 14.50 Lacs in FY 2009 to Rs. 30.71 Lacs in FY 2010, Selling and Distribution Expenses have increased from Rs. 2.92 Lacs in FY 2009 to Rs. 8.00 Lacs in FY 2010. As a proportion of total income, Administrative Expenses decreased from 0.69 % to 0.57 % on account of absorption of fixed assets over increased revenue and Selling and Distribution Expenses increased marginally from 0.14% to 0.15% in the same period. on account of increased sales.

Employees Cost

Employees Remuneration & Benefits has increased from Rs. 43.49 Lacs in FY 2009 to Rs. 64.69 Lacs in FY 2010 due to appointment of Key Personnel and also due to increase in number of employees As a proportion of total income, it has increased from 2.08 % to 1.20 % in the same period.

Finance Expenses

Finance charges have increased marginally from Rs. 159.60 Lacs in the FY 2009 to Rs. 161.40 Lacs in the FY 2010 due to decrease in borrowings. As a proportion of total income, it has decreased from 7.65 % to 3.00 % in the same period.

Depreciation

Depreciation has increased from Rs. 49.08 Lacs in FY 2009 to Rs. 105.91 Lacs in FY 2010. This is on account of increase in fixed asset base for its manufacturing facilities particularly Machinery.

Profit After Tax

Profit after tax has increased from Rs. 58.81 Lacs in FY 2009 to Rs. 411.26 Lacs in FY 2010, registering a growth of 599.30 % which is primarily due to optimum utilization of capacity, increase in total Income, better cost control measures and absorption of fixed overheads.

Comparison of Financial performance for the Financial Year 2007 - 08 as compared to Financial Year 2008-09

Major Events during the Year

There is no major event.

Income from Operations:

Income from Operations increased from Rs. 867.81 Lacs in FY 2008 to Rs. 2,067.44 in FY 2009 registering a growth rate of 138.24% due to optimum utilization of production capacity & capacity addition.

Expenditure:

Material Purchase & Other Manufacturing Expenses

Material Purchase increased from Rs. 529.55 Lacs in FY 2008 to Rs. 1389.91Lacs in FY 2009 showing an increase of 162.47 % due to increase in procurement price and volume of the company. Manufacturing Expenses increased from Rs. 189.17 Lacs in FY 2008 to Rs.340.15 Lacs in FY 2009 showing an increase of 79.81.% due to increase in volume of the company. Overall, costs of material purchase & Manufacturing Expenses have shown an increase of %as proportion of the total Income and the same was on account of increase in raw material prices and other costs.

Administrative and Selling Expenses

Administrative Expenses decreased from Rs. 26.85 Lacs in FY 2008 to Rs. 14.50 Lacs in FY 2009, selling and Distribution Expenses have increased from Rs. 1.89 Lacs in FY 2008 to Rs. 2.92 Lacs in FY 2009. As a proportion of total income, Administrative Expenses decreased from 3.02% to 0.69% on account of absorption of fixed assets over increased revenue and Selling and Distribution Expenses decreased from 0.21% to 0.14% in the same period. on account of increased sales.

Employees Cost

Employees Remuneration & Benefits has increased from Rs. 14.49 Lacs in FY 2008 to Rs. 43.49 Lacs in FY 2009 due to increase in number of employees. As a proportion of total income, it has increased from 1.63 % to 2.08 % in the same period.

Finance Expenses

Finance charges has increased from Rs. 64.92 Lacs in the FY 2008 to Rs. 159.60 Lacs in the FY 2009 due to increase in borrowing. As a proportion of total income, it has increased from 7.30 % to 7.65 % in the same period.

Depreciation

Depreciation has increased from Rs. 25.39 Lacs in FY 2008 to Rs. 49.08 Lacs in FY 2009. This is on account of increase in fixed asset base for its manufacturing facilities.

Profit after Tax

Profit after tax has increased from Rs. 27.58 Lacs in FY 2008 to Rs. 58.81 -Lacs in FY 2009, registering a growth of 113.23 % which is primarily due to increase in total Income, better cost control measures and absorption of fixed overheads due to increased revenue base.

Comparison of Financial performance for the Financial Year 2007 - 08 as compared to Financial Year 2006-07

Major Events during the Year

There is no major event.

Income from Operations:

Income from Operations increased from Rs. 788.13 Lacs in FY 2007 to Rs. 867.81 in FY 2008 registering a growth rate of 10.11% due to optimum utilization of production capacity & capacity addition.

Expenditure:

Material Purchase & Other Manufacturing Expenses

Material Purchase decreased from Rs. 555.03 Lacs in FY 2007 to Rs. 529.55 Lacs in FY 2008 showing an decrease of 4.60 % due to decrease in procurement price. Manufacturing Expenses decreased from Rs. 229.68 Lacs in FY 2007 to 189.17 Lacs in FY 2008 showing an decrease of 17.63 % due to increase in volume of the company. Overall, costs of Material Purchased & Manufacturing Expenses have shown a decrease of 8.41% as proportion of the total Income and the same was on account of decrease in raw material prices and increase in efficiency.

Administrative and Selling Expenses

Administrative Expenses increased from Rs. 8.28 Lacs in FY 2007 to Rs. 26.85 Lacs in FY 2008 due to increase in operational cost, selling and Distribution Expenses have decreased from Rs. 3.36 Lacs in FY 2007 to Rs. 1.89 Lacs in FY 2008 due to sale of products directly to the customers. As a proportion of total income, Administrative Expenses increase from 0.96 % to 3.02 % and Selling and Distribution Expenses decreased from 0.39 % to 0.21% in the same period on account of sale of products directly to the customers. This is due to marginal reduction and better absorption of fixed overheads due to increased revenue base.

Employees Cost

Employees Remuneration & Benefits has decreased from Rs. 12.95 Lacs in FY 2007 to Rs. 14.49 Lacs in FY 2008 due to increase in no of employee resulting increase in employee cost. As a proportion of total income, it has increased from 1.50 % to 1.63% in the same period.

Finance Expenses

Net interest expenditure has increased from Rs. 23.76 Lacs in the FY 2007 to Rs. 64.92 Lacs in the FY 2008 due to increase in interest cost. As a proportion of total income, it has increased from 2.75 % to 7.30% in the same period.

Depreciation

Depreciation has increased from Rs. 10.20 Lacs in FY 2007 to Rs. 25.39 Lacs in FY 2008. This is on account of increase in fixed asset base for its manufacturing.

Profit after Tax

Profit after tax has increased from Rs. 10.52 Lacs in FY 2007 to Rs. 27.58 Lacs in FY 2008, registering a growth of 162.17% which is primarily due to increase in total Income, better cost control measures and absorption of fixed overheads due to increased revenue base.

Information required as per Schedule VIII Part A(IX) (E)(5) of the SEBI ICDR Regulations

(a) Unusual or infrequent events or transactions

Other than as stated in the DRHP, there have been no unusual or infrequent transactions that have taken place during the last three years.

(b) Significant economic changes that materially affected or are likely to affect income from continuing operations

Any slowdown in the growth of Indian Economy or future volatility in global commodity prices, could affect the business including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

(c) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations

To our knowledge there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

(d) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in this section and the sections titled "Risk Factors", "Our Business" pages 11 and 79, respectively, to our knowledge, there are no known factors which will materially impact the future changes in relationship between our costs and revenues.

(e) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase or decrease in revenue is by and large linked to increases in sales prices or volume of business.

(f) Total turnover of each major Industry segment in which our Company operated

Relevant published data, as available, on the industry segment has been included in the section entitled "Industry Overview" beginning on page 67

(g) Status of any publicly announced new products or business segment

Our Company has not publicly announced any new product and segment, other than through the DRHP.

(h) The extent to which the business is seasonal

There is no seasonality in our business segment.

(i) Competitive Condition

We face competition from larger and well-established players.

FINANCIAL INDEBTNESS

SECURED LOANS

(Rs. In lacs)

Particulars	As at March 31,				
	2006	2007	2008	2009	2010
Term loan from Banks	48.48	37.31	647.85	1,059.32	1647.55
Working Capital / Cash Credit from Banks	120.08	209.69	296.98	366.54	880.96
Vehicle Loan	-	-	8.93	6.36	14.33
TOTAL	168.56	247.00	953.76	1,432.22	2542.84

Principle Terms and Conditions of Outstanding Secured Loans:

(Rs. In Lacs)

Name of Lender	Facility	Sanction Limit	Amount o/s as on 31-08-10	Rate of interest	Repayment Scheduled	Security Offered
Shamrao Vithal Co-op. Bank Ltd.	Cash Credit	500.00	380.34	At PLR-2.25% i.e. 12.75%	-	Primary Security Hypothecation of Stocks & Book Debts
Shamrao Vithal Co-op. Bank Ltd.	Term Loan	1022.35	982.45	At PLR2.25% i.e. 12.75%	72 EMI After 24 months moratorium from date of disbursement.	1) Equitable mortgage of Land & building and hypothecation of plant & machinery 2) Civil work & hypothecation of plant & machinery
Vijaya Bank	Cash Credit	700.00	100.00	BR +5.00%= 13.25%		Primary Security 1) Creation of First pari passu charge on entire Current Assets of the company, both present and future to be shared with SVCBL and union bank 2) first pari passu charge on land & building of the company both present and the future with SVC Bank Ltd & Union Bank 3) first pari passu charge on plant & machinery both present & future with SVC Bank & Union Bank
Vijaya Bank	Term Loan	353.40	354.45	BPLR+1.00%+0.25%	72 EMI exclusive moratorium period of 12 months. 1 st instalment starts form January 2010.	
Union Bank Of India	Cash Credit	300.00	354.39	BPLR +0.25%		Primary Security First Pari Passu charge on entire current assets of company present & future to be shared with SVCBL & Vijaya Bank. (Our Share for WC is 42.86%)
Union Bank Of India	Term Loan	497.00	487.94	BPLR +0.75%	69 EMI, starting from july 2010, i.e. moratorium of 6 months and	Primary Security First Pari Passu charge on the entire fixed assets of the company (Factory Land & i.e. Buildings ,

					<p>after installation of machines by December 2009.</p>	<p>plant and machinery etc.), both present & future to be shared with SVCBL & Vijaya Bank. (Our Share for TL is 29.72%)</p> <p>Collateral Security: First pari passu charge on equitable mortgage of the following properties to be shared with SVCBL & Viajaya Bank ...:</p> <ol style="list-style-type: none"> 1. Row House No.-1, G-9, Sector-7 Vashi Navi Mumbai 2. Plot No. 29 Hissa NO.3 Village Madap & Gat No. 30 Hissa NO.1, village Paud , Taluka -Khalapur, Dist. Raigad ..
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SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed below:

- There are no defaults, non-payments or overdue amounts with respect to statutory dues, institutional or bank dues or amounts due to holders of debentures, bonds and fixed deposits and arrears of preference shares;
- No disciplinary action has been taken by SEBI or any stock exchanges against the Company or its Directors or its Promoter Group Companies;
- There are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liability against the Company, its Directors, Promoters and Promoter Group, that would have an adverse effect on our business as of the date of the DRHP.

None of the Companies or persons referred in the paragraph above is on the list of the willful defaulters of RBI.

Contingent Liabilities not provided for and outstanding guarantees as of March 31, 2010

There are no contingent liabilities

A. CASES INVOLVING THE COMPANY

There are no outstanding litigations involving the Company.

B. CASES INVOLVING THE DIRECTORS

There are no outstanding litigations involving the Directors of the Company.

C. CASES INVOLVING THE GROUP COMPANIES

The Company does not have any group companies and as such the question of any outstanding litigation involving them does not arise.

D. CASES INVOLVING THE DIRECTORS OF THE GROUP COMPANIES

The Company does not have any group companies and as such the question of any outstanding litigation involving the directors of the group companies does not arise.

E. CASES INVOLVING THE PROMOTERS

There are no outstanding litigations involving the Promoters.

Material Developments since the Last Balance Sheet Date

Since the date of Balance Sheet and other than as disclosed in this Draft Red Herring Prospectus, there have been no other material developments which materially affect or are likely to affect the trading and profitability of the company, or the value of its assets or the ability to pay its material liabilities within the next 12 months.

Amounts due to small scale undertakings

There is no small scale undertaking or any other creditor to whom the Company owes a sum exceeding Rs.1 lac which is outstanding for more than thirty (30) days.

Adverse Events

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing Draft Red Herring Prospectus with the Registrar of Companies.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

Our Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other approvals are required by our Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, our Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by our Company under various Central and State Laws for carrying out its business.

Sr. No	Nature of Registration / License	Issuing Authorities	Registration/Approval/Consent/Code/Reference No.	Date of Registration	Period of Validity, if specified
1.	Certificate of Incorporation of Sudar Garments Private Limited	Registrar of Companies, Maharashtra, Mumbai	U18101MH2002P TC134707	January 28,2002	NA
2.	Certificate of Incorporation consequent upon change of name on conversion to Sudar Garments Limited	Registrar of Companies, Maharashtra, Mumbai	U18101MH2002P LC134707	March 18,2010	NA
3.	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Regional Provident Fund Commissioner	MH/ VASHI /119306	March 29,2010	NA
4.	TIN No. under Maharashtra Value Added Tax Act, 2002	Sales Tax Officer	VAT TIN No. 27430722798V	August 20,2009	NA
5.	TIN No. under Central Sales Tax Act, 1956	Sales Tax Officer	CST TIN No. 274307229798C	August 20,2009	NA
6.	Permanent Account No.	Income Tax Department, Govt. of India	AAGCS4668D	January 28,2002	NA
7.	Tax Deduction Account No. (TAN)	Income Tax Department, Govt. of India	MUMS47208A		NA
8.	Importer Exporter Code(IEC)	Foreign Trade Development Officer, Ministry of Commerce	IEC No. 0304062626	December 2,2004	NA
9.	Factory License	Directorate of Industries, District Industries Centre, Govt. of Maharashtra	License No. 104077 Registration No. 37420-2(m)(i)-17121	March 19,2010	December 31,2013
10.	Entrepreneurs' Memorandum-Acknowledgment (Part II)	Directorate of Industries, District Industries	Entrepreneur's Memorandum Number 27/024/13/00	August 9,2010	NA

		Centre, Govt. of Maharashtra			
11.	Sanction for Technical Estimate for Dedicated Distribution Facility Scheme for providing power supply to the Company	Superintending Engineer, PEN Circle, MSEDCL.	SE/PC/Tech/PNL/ Cons. 705/ No 03853	June 24,2008	NA
12.	Sanction Letter for Technical Estimate for shifting of H.T. Lines passing through the premises of the Company	Superintending Engineer, MSEDCL	SE/PC/Tech/PNL/ Cons. 705/ No 03883	June 24,2008	NA
13.	Electric connection for sanctioned load upto 150 KW and sanctioned demand upto 133 KVA.	MSEDCL	031759022580	31 st March, 2009	NA
14.	No Objection Certificate for construction of factory	Group Gram Panchayat	Nil	November 26,2007	NA
15.	No Objection Certificate for supply of electricity	Group Gram Panchayat	Nil	December 3,2007	NA
16.	No Objection Certificate for additional construction and supply of electricity	Group Gram Panchayat,	Nil	July 23,2010	NA
17.	ISO 9001:2008	SGS United Kingdom Limited	SG-10/02827	March 30,2010	March 29,2013
18.	Permission for use of land for non-agricultural purpose	Collector, Raigad	L.N.A.1(B)/227/20 07	March 25,2009	NA
19.	Consent for commissioning of the unit under Water (Prevention & Control of Pollution) Act, 1974, (Air (Prevention & Control of Pollution) Act, 1981 and Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003	Maharashtra Pollution Control Board	MPCB/PCI – III/EIC No. RD - 0907-08/209	July 28,2008	NA

Pending Approvals:

Sr. No.	Particulars	Granting Authorities/Applied to	Application/Code/Reference No.	Date of Application
1.	Consent under Water (Prevention & Control of Pollution) Act, 1974, (Air (Prevention & Control of Pollution) Act, 1981 and Hazardous Wastes (Management & Handling) Rules 1989 and	Regional Office, Maharashtra Pollution Control Board	42975	February 18,2010
2.	Registration of Trade Mark “St. Paul” under Class 25	Registrar of Trade Marks	2007267	August 11,2010
3.	Registration of Trade Mark “Majesty” under Class 25	Registrar of Trade Marks	2007268	August 11,2010
4.	Registration of Trade Mark “Sudar Garments” under Class 25	Registrar of Trade Marks	2007269	August 11,2010
5.	Transfer of Trade Mark “Glory to Glory” registered under Class 25	Registrar of Trade Marks	53120	August 18,2010
6.	Revised permission for use of land for non agricultural purpose	Collector, Raigad	2798	August 10,2010
7.	Registration under Contract Labour (Regulation and Abolition) Act, 1970	Asst. Commission of Labour, Panvel, Raigad	-	August 11,2010
8.	Enhancement of load sanction upto 565 KW and maximum demand upto 400 KVA	MSEDCL	-	August 11,2010
9.	Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation	-	August 25,2010
10	Registration under Shops & Establishments Act, 1948	Inspector under Shops & Establishments Act	-	August 27,2010

Approvals yet to be made

Sr. No.	Particulars	Granting Authorities	Application/Code No.
1.	Professional Tax Registration	Professional Tax Officer, Thane	439

SECTION VIII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on July 19, 2010. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution in the Annual General Meeting of the Company held on July 20, 2010.

Prohibition by SEBI & RBI

Our Company, Promoters, Promoter Group, Directors have not been prohibited from accessing the capital market for any reason by the SEBI or any other authorities.

None of our Company, Directors, Promoters, relatives (as per Companies Act, 1956) of Promoters have been identified as a willful defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations, 2009 as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 3 Crores in each of the preceding 3 full years, of which not more than 50% are held as monetary assets.

(Rs. in Lacs)

Particulars	Year Ended March 31,				
	2006	2007	2008	2009	2010
Fixed Assets (Net)	72.87	62.68	988.95	1759.05	2764.12
Current Assets, Loan & Advances	175.84	356.17	504.73	701.32	2753.78
Investments	0.00	0.00	0.00	0.00	324.19
Less: Current Liabilities & Provisions	9.41	23.68	69.40	102.26	991.54
Less Cash Credit	120.08	209.69	296.98	366.54	880.96
Net Tangible Assets*	119.22	185.48	1127.30	1991.57	3969.59
Monetary Assets	1.41	0.09	0.91	1.66	331.26

* Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (including Cash Credit and excluding deferred tax liabilities and secured as well as unsecured long term liabilities). Monetary assets include cash on hand and bank balances.

- b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years.

(Rs. in Lacs)

Particulars	Year Ended March 31,				
	2006	2007	2008	2009	2010
Net Profit after tax, as restated	(0.91)	10.52	27.58	58.81	411.26

c) Our Company has a Net Worth of at least Rs. 1 Crores in each of the preceding 3 full years (of 12 months each)

Particulars	Year Ended March 31,				
	2006	2007	2008	2009	2010
Equity Share Capital	43.00	43.00	89.90	89.90	945.90
Reserve & Surplus	11.78	22.29	378.16	436.96	985.05
Total	54.78	65.29	468.06	526.86	1930.95
Less: Miscellaneous expenditure	0.00	0.00	0.00	0.00	0.00
Less: Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00
Net Worth	54.78	65.29	468.06	526.86	1930.95

d) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

e) Our Company has not changed its name within last one year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 12 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, ASHIKA CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 2, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS**

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID; AND
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PPROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE CERTIFY THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 ARE NOT APPLICABLE TO THE ISSUER.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE ALLOTTED SHARES IN THE DEMAT MODE ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - a. AN UNDERTAKING FROM THE ISSUER COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY

- b. AN UNDERTAKING FROM THE ISSUER COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Caution - Disclaimer from our Company and the BRLM

Our Company, Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.vaswaniindustries.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the agreement entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriter and our Company.

All information shall be made available by our Company, the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither our Company nor the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no Responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the red herring prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department, Division of Issues & Listing of SEBI at SEBI Bhavan, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Maharashtra situated at 100, Everest Building, Marine Drive, Mumbai - 400 002. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the RoC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our Directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company
2. Bankers to our Company
3. Auditors to our Company
4. Book Running Lead Managers to the Issue
5. Legal Advisor to the Issue
6. Registrar to the Issue
7. IPO Grading Agency
8. Company Secretary cum Compliance Officer
9. Syndicate Member(s)
10. Underwriter(s)
11. Escrow Collection Banker(s) to the Issue

The said consents would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the Registrar of Companies, Maharashtra at Mumbai.

Expert Opinion

Except as stated otherwise in the Draft Red Herring Prospectus, we have not obtained any expert opinion.

Public Issue Expenses

The total expenses of the Issue are estimated to be approximately Rs. [●] lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in
lacs)

Sr. No.	Activity Expense	Amount (Rs in Lacs) *	Percentage of Total Estimated Issue Expenditure *	Percentage of Issue Size *
1.	Fees of BRLM/Syndicate Member(s)	[●]	[●]	[●]
2.	Fees to the Bankers to Issue	[●]	[●]	[●]
3.	Underwriting commission ,brokerage & selling expense	[●]	[●]	[●]
4.	Advertising & marketing expenses ,printing & stationery ,distribution ,postage etc.	[●]	[●]	[●]
5.	Registrar to the issue	[●]	[●]	[●]

6.	Other expenses (Grading Agency, Legal Advisors, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges etc.)	[•]	[•]	[•]
	Total Estimated Issue Expenditure	[•]	[•]	[•]

Previous Public or Rights Issues in the last 5 Years

Our company has not made any public or rights issue of equity shares/debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our company has not issued any Equity Shares for consideration other than cash except as mentioned in the chapter titled “Capital Structure” beginning on page no 38 of the Draft Red Herring Prospectus.

Commission and Brokerage on Previous Issues

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

Details of Capital Issues made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1) (b) of the companies act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of sec 370(1) (b) of the act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue in the past.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of the Draft Red Herring Prospectus.

Stock Market Data

This being an Initial Public Offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer paragraph titled “Shareholders/Investors Grievance

Committee” beginning on page no 105 under the Chapter titled “Our Management” beginning on page no 97 of the Draft Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Link Intime India Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investors’ Grievances and Redressal Mechanism

We have appointed Link Intime India Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors’ grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

S.No	Nature of the Complaint	Time taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

We have appointed MS. Sapna Karmokar as the Compliance Officer who would directly liaise with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Company Secretary & Compliance Officer

Ms. Sapna Karmokar.

117, First Floor,

Vardhaman Market, Sector – 17,

Vashi, Navi Mumbai – 4000703,

Maharashtra, India.

Tel No.: +91 022 27800706/27880994,

Fax No.: +91 022 27889239

Website: www.sudargarments.com

E-mail: cs.sapna@sudargarments.com

Our Company has not received any investor complaints during the three years preceding the filing of the Draft Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Draft Red Herring Prospectus with SEBI.

Change in Auditors

There has been no change in the Auditors of our company during the last three years.

Capitalization of Reserves or Profits during last five years

Except as stated in the Chapter titled “Capital Structure” beginning on page no 38 of the Draft Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

There has not been any revaluation of Assets during the last five years.

SECTION IX: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus, Bid cum Application Form, including the ASBA form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “Main Provisions of the Articles of Association” on page no 190 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to our Shareholders as per the provisions of the Companies Act and our Articles of Association. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10 each are being offered in terms of the Draft Red Herring Prospectus at a price of Rs. [●] per Equity Share. The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of Book Building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Issue Price is [●] times the face value of the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchange(s), and the Memorandum and Articles of Association our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to Chapter titled “Main Provisions of Articles of Association” on page no 190 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in Dematerialised form. As per the existing SEBI (ICDR) Regulations, 2009, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation and Allotment through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [•] Equity Shares.

For details of Allocation and Allotment, please refer to the paragraph titled “Basis of Allotment” beginning on page no --- under Chapter titled “Issue Procedure” beginning on page no 163 of the Draft Red Herring Prospectus.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) To register himself or herself as the holder of the Equity Shares; or
- b) To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Bid/Issue Programme:

BID/ISSUE OPENS ON	[•], 2010
BID/ISSUE CLOSES ON	[•], 2010

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the offer through the offer document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act, 1956. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith

refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to under the Chapter titled “Main Provisions of Articles of Association” on page no 190 of the Draft Red Herring Prospectus.

Compliance with SEBI (ICDR) Regulations, 2009

Our Company shall comply with all requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, notified on August 26, 2009 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Option to Receive Securities in Dematerialized Form

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for and will be allotted in dematerialized form only.

ISSUE STRUCTURE

The present Issue comprising of 90,88,000 Equity Shares of Rs 10 each aggregating Rs [•] Lacs is being made through the 100% Book Building process. Details of the Issue structure are tabulated below:

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 45,44,000 Equity Shares of Rs 10 each at a price of Rs. [•] aggregating to Rs [•] Lacs	Not less than 13,63,200 Equity Shares of Rs 10 each at a price of Rs[•] aggregating to Rs [•] Lacs	Not less than 31,80,800 Equity Shares of Rs 10 each at a price of Rs [•] aggregating to Rs [•] Lacs
Percentage of Issue Size available for Allotment / Allocation	Up to 50% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment / Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and b. The balance Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 1, 00,000 and in multiples of [•] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1, 00,000 and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares
Maximum Bid	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000 which has to be in multiples of [•] Equity Shares.
Mode of Allotment	Compulsorily in dematerialized form.		
Bid Lot	[•] Equity Shares in multiples of [•] Equity Shares thereafter.	[•] Equity Shares in multiples of [•] Equity Shares thereafter.	[•] Equity Shares in multiples of [•] Equity Shares thereafter.
Allotment Lot	[•] Equity Shares and in multiples of 1 Equity Shares thereafter	[•] Equity Shares and in multiples of 1 Equity Shares thereafter	[•] Equity Shares and in multiples of 1 Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI,	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta),	Individuals (Including ASBA Bidders, NRI's and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1, 00,000 in value.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, National Investment Fund set up by Resolution F. NO. 2/3/2005 DD II DATED November 23, 2005 of Government of India published in the Gazette of India, and insurance funds set up and managed by the army, navy, or air force of the Union of India	and NRI's (applying for an amount exceeding Rs. 1,00,000)	Resident Retail Individual Investor can also bid through ASBA.
Terms of Payment	Amount shall be payable at the time of submission of Bid cum Application Form.		
Margin Amount	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank accounts of the ASBA Bidders that are specified in the ASBA Bid cum Application Form.		

In case of Bidders submitting ASBA Bid cum Application Form, the SCSB shall be authorized to block such funds in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

* Up to 50% of the Issue shall be allocated to QIBs on a proportionate basis subject to valid Bids received at a price above the Floor Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The balance of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (including Mutual Funds), subject to valid Bids being received from them above the Floor Price. However, if the aggregate demand from Mutual Funds is less than 2, 27,200 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated to the QIBs on proportionate basis. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders subject to valid Bids received at the Floor Price. Additionally, not less than 35% of the Issue will be available for allocation to Retail Individual Bidders subject to valid Bids being received at the Floor Price. Under-subscription in any category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLM. For further details, see "Issue Procedure" on page 163-.

** In case the Bid-cum-Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form or ASBA Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue, including at any time after the Bid Opening Date but before the Allotment of the Equity shares. If our Company withdraws from the

Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two (2) days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bid/Issue Programme:

Bid/Issue Opens On	[•], 2010
Bid/Issue Closes On	[•], 2010

Bids and any revision in Bids shall be accepted **only between 10.00 AM and 5.00 PM** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. **On the Bid/Issue Closing Date, the Bids (excluding the ASBA Bidders)** shall be uploaded until (i) 4.00 PM in case of Bids by QIB Bidders, Non-Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion, where the Bid Amount is up to Rs. 100,000. It is clarified that the Bids not uploaded in the book would be rejected. Bids by the ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular Bidder, the details as per the physical form of the Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus is Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such bids are not uploaded, our company, the BRLM, and the syndicate member shall not be responsible. On the Bid/Issue closing date, extension of time will be granted by the stock exchanges only for uploading the bids received from Retail Individual Bidders after taking into account the total number of bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

Investors Please note that as per letter no. List/smd/sm/2006 dated July 03, 2006 and letter no NSE/IPO/25101-6 dated July 06, 2006 issued by BSE and NSE respectively, bids and any revision in bids shall not be accepted on Saturdays and holidays as declared by the Stock Exchanges.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional Business Days after revision of Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the members of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 06, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated to mutual funds). Further, not less than 15% of the Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

All Bidders other than the ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs shall be submitted only to the BRLMs, other than Bids by QIBs who Bid through the ASBA process, who shall submit the Bids to the Designated Branch of the SCSBs.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account shall be treated as incomplete and rejected. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders (excluding the ASBA bidders who can only bid at cut-off price) can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five (5) bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,000	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Bid-cum-Application Form

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Resident ASBA Bidders	White
Non-Resident ASBA Bidders	Pink

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. The ASBA Bid cum Application Form will also be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Day. The BRLMs and the SCSBs will provide the hyperlink to BSE or NSE websites on their websites. Only QIBs can participate in the Anchor Investor Portion.

Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

Who Can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI regulations and SEBI (ICDR) Regulations, 2009 and other Regulations, as applicable);
6. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
7. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category;
8. Venture capital funds registered with SEBI;
9. Foreign venture capital investors registered with SEBI;
10. State Industrial Development Corporations;
11. Insurance companies registered with the Insurance Regulatory and Development Authority;
12. Provident funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to invest in Equity Shares;
13. Pension funds with minimum corpus of Rs. 25 Crores and who are authorized under their constitution to invest in Equity Shares;
14. Multilateral and bilateral development financial institutions;
15. National Investment Fund set up by resolution F. No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.
16. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in Equity Shares;

17. Eligible Non-residents including NRI's and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
18. Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
19. Insurance funds set up and managed by the army, navy or air force of the Union of India; and

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant laws, rules, regulations, guidelines and approvals.

Participation by associates and affiliates of the BRLM and the Syndicate Member(s)

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the issue, including in the QIBs and Non-Institutional portion where the allocation is on proportionate basis. Such holding or subscription may be on their behalf or on behalf of their clients.

Bids by Mutual Funds

Under the ICDR Regulations, 5% of the QIB Portion, i.e. 2, 50,000 Equity Shares have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than 2, 50,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the name of the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms (blue in colour) from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in colour).
3. Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid- up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-

accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 (“SEBI Regulations”), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Member that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation or claim or claim on or an interest in the Company.

Bids by SEBI registered Venture Capital Funds (VCF) and Foreign Venture Capital Investors (FVCI)

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 inter alia prescribe the investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds can invest only up to 33.33% of the investible funds by way of subscription to an IPO of a venture capital undertaking whose shares are proposed to be listed.

The SEBI has issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an Initial Public Offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the DRHP with the SEBI.

The above information is given for the benefit of the Bidders. Bidders are advised to make their own inquiries about the limits applicable to them. Our Company and the BRLM are not liable for, and are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Maximum and Minimum Bid size

a) For Retail Bidders:

The Bid must be for minimum [●] number of Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 1, 00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1, 00,000. In case the Bid Amount is over Rs. 1, 00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Others (Non-Institutional Bidders and QIBs) Bidders:

The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount payable by the Bidder exceeds Rs. 1, 00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the Bid Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1, 00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1, 00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. Our Company will file the RHP with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
2. The Price Band shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date.
3. The members of the Syndicate will circulate copies of the RHP along with the Bid-cum-Application Form to their potential investors.
4. Any bidder (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this DRHP along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLM or from a member of the Syndicate or the SCSBs.
5. Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date after the filing of the Red Herring Prospectus with RoC and also publish the same and price band in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI (ICDR) Regulations, 2009. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

- c) The Bidding Period shall be a minimum of 3 (three) working days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchange(s) and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLM and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding 10 (Ten) working days.
- d) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorised agents to register their Bids. The Syndicate shall accept Bids from all Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page no. of this DRHP) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled “Build up of the Book and Revision of Bids”.
- g) Except in relation to the Bids received from the Anchor Investors, the Syndicate/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in “Escrow Mechanism - Terms of payment and payment into the Escrow Accounts” on page no 163
- i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- j) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- l) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels and Revision of Bids

- a) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised at least two working days prior to the Bid/Issue Opening Date. The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the

range of Rs. 5,000 to Rs. 7,000.

- b) In accordance with SEBI (ICDR) Regulations, 2009, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitable revised, if necessary such that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum bid in any of the bidding options not exceeding Rs. 100,000 may bid at 'Cut off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- g) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'Cut-off' Price could either:
 - i. revise their Bid
 - ii. Make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see "Issue Procedure - Payment Instructions" on page 163.

Electronic Registration of Bids

- a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLMs, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids

accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

- d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.
- e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.
- f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
 - Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Cheque Details.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s)
- Application Number
- PAN (of First Bidder, in case of more than one Bidder)
- Investor Category and Sub-Category

Retail	Non- Institutional	QIB
(No sub category)	Individual corporate other	Mutual Funds Financial Institutions Insurance companies Foreign Institutional Investors other than corporate and individual sub-accounts

- Employee/shareholder (if reservation);
 - DP ID and client identification number;
 - Beneficiary account number of Equity Shares Bid for;
 - Quantity;
 - Bid Amount;
 - Bank account number;
 - Cheque amount; and
 - Cheque number.
- g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs.

The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ allotted either by the Syndicate or our Company.

- h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- i) In case of QIB Bidders, only the BRLM and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 180. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLMs and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Member will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. During the Bid/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders in the Net QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more

revisions by the QIB Bidders. In such cases, the Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
8. QIB Bidders shall not be allowed to withdraw their bids after the closure of the Issue.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with our company.
2. Our Company, in consultation with the BRLM shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor's category.
3. The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their bids. Further, at least 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.
5. Under subscription, if any, in any categories would be allowed to be met with spill over from any of the other categories at the sole discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 2,27,200 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
6. Allocation to NRI's, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
7. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the Bid Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Further Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.
9. Our Company in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs Bidding in the QIB Portion, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Our Company, in consultation with BRLM, reserves the right to reject any Bid received from Anchor Investors without assigning any reason thereof.
10. The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- a. Our Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after finalization of the Issue Price and allocation(s) to the Bidders.

- b. After signing the Underwriting Agreement, our company will update and file the updated RHP with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.
- c. Our Company will file a copy of the prospectus with the RoC in terms of section 56, 60 and 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, 2009 in an English national daily with wide circulation, one Hindi National newspaper, and a regional language newspaper.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after filing the Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

- a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non- Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by the Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
- b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.
- c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

Designated Date and Allotment of Equity Shares

- a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

General Instructions:

Do's:

- (a) Check if you are eligible to apply;
- (b) Complete the bid-cum-application form after reading all the instructions carefully;

- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- (d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
- (f) With respect to ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;
- (h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (k) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;
- (m) Ensure that the Bid is within the Price Band;
- (n) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- (o) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application Form.

Don'ts:

- (a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- (b) Do not Bid for lower than minimum Bid size;
- (c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (e) Do not pay Bid amount in cash, through stock invest, by money order or by postal order;
- (f) Do not provide your GIR number instead of PAN number;

- (g) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);
- (h) Do not Bid for a Bid Amount exceeding Rs. 100,000 (for Bids by Retail Individual Bidders);
- (i) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- (j) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (k) Do not submit the Bids without the full Bid Amount.
- (l) Do not bid through a syndicate member, if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.

Instructions for Completing the Bid cum Application Form

Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- (d) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Escrow Collection Banks, Registrar, the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected. Bids by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, Dividends and other Distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company, the BRLM may deem fit.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date.

The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of

withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of Resident QIB Bidders: “[●]”
 - b. In case of Non-Resident QIB Bidders: “[●]”
 - c. In case of Resident Retail and Non-Institutional Bidders: “[●]”
 - d. In case of Non-Resident Retail and Non-Institutional Bidders: “[●]”
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.
10. Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/money orders/postal orders will not be accepted.

Submission of Bid-cum-Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders,

the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

- i) All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
- ii) In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
- iii) The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv) Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v) The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi) Subsequent to the aforesaid procedures a print out of the multiple masters will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Our company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the IT Act. In accordance with the SEBI (ICDR) Regulations, 2009, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

Rejection of Bids

In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NES/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in the Draft Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLMs or in case of ASBA Bids for QIBs not intimated to the BRLMs;
- Bids by persons in the United States excluding “Qualified Institutional Buyers” as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar,

1. An Agreement dated August 25,2010 among NSDL, our Company and Registrar
2. An Agreement dated August 6,2010 among CDSL, our Company and Registrar

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant’s Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the

demat segment of the respective Stock Exchange(s).

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition (—MICR) code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicant's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and

operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys and Interest In Case Of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 Working Days of the Bid/Issue Closing Date; and
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 12 days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 12 days prescribed above.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIBs shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the aggregate demand in this category is greater than [•] Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid bids.
- In case the aggregate demand in this category is greater than [•] Equity Shares aggregating to Rs [•] Lacs at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIBs will be made at the Issue Price.

- The QIB portion shall be available for allotment to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner:
 - (a) In the first instance, allocation to mutual funds for 5% of the QIB portion shall be determined as follows:
 - i. In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
 - iii. Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
 - (b) In the second instance, allotment to all QIBs shall be determined as follows:
 - i. In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - (c) The aggregate allotment to QIB Bidders shall be up to [•] Equity shares

Method of Proportionate Basis of Allotment

In the event of the issue being over-subscribed, the Company shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

- (a) Bidders will be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above;
- (e) If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders or Instructions to SCSBs

Our Company shall give credit to the beneficiary account with depository participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk within 12 days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 days of the Bid/Issue Closing Date.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders/instruction to the SCSBs by the registrar

Our Company agrees that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidders’depository accounts will be completed within 12 Working Days of the Bid/ Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centre’s will be payable by the Bidders.

Undertaking by the Company

We undertake as follows:

1. That the complaints received in respect of this Issue shall be attended by our company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange(s) where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date;

3. That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of closure of the Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
5. That the certificate of securities/refund orders to the Eligible NRIs shall be dispatched within specified time;
6. That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to Non-ASBA applications while finalizing the basis of allotment; and
7. That no further Issue of Equity Shares shall be made until the Equity Shares, Issued through this DRHP are listed or until the Bid Money's are refunded on account of non-listing, under subscription etc.
8. That adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Utilization of Issue Proceeds

Our Board of Directors certifies that:

- 1) All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- 2) Details of all monies utilized out of Issue referred to in sub-item (a) shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested;

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. As per current foreign investment policies, foreign direct investment in the sector in which our Company operates (Civil Construction) is allowed upto 100% under the automatic route.

RBI, vide its circular A.P (DIR Series) Circular No. 53 dated December 17, 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies are available to individuals of Indian nationality or origin residing outside India (“NRIs”). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell Equity Shares of our Company through a registered broker on the Stock Exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post- issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount

invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of Equity Shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in Equity Shares of a Company on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, ‘U.S. persons’ (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares will be offered and sold only (i) in the United States to ‘qualified institutional buyers’, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION X: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

3. The authorised share capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with power to increase or reduce the share capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, or such other rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided by the regulations of the Company and consolidate, sub-divide the shares and issue shares of higher or lower denomination.

Further, the Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.

4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.
5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:
 - (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption.
 - (b) No such Shares shall be redeemed unless they are fully paid.
 - (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed.
 - (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share

capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

- (e) Subject to the provisions of Section 80 of the Act. The redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce
- (a) the share capital;
 - (b) any capital redemption reserve account; or
 - (c) any security premium account.
- in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
12. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

MODIFICATION OF RIGHTS

13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

SHARES, CERTIFICATES AND DEMATERIALISATION

14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

15. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:
- (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date;
 - (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined;
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause. (b) shall contain a statement of this right;
 - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
- (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.
- (a) If a Special Resolution to that effect is passed by the Company in General Meeting; or
 - (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed;
- (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:
- (i) To convert such debentures or loans into Shares in the Company; or
 - (ii) To subscribe for Shares in the Company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that government in this behalf; and

- (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.
16. (1) Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
- (2) Subject to the provisions of section 81(1A) of the Act, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, provision of these articles and such other rules, procedures, Regulations and Guidelines as may be applicable any preferential issue of equity shares/warrants/fully convertible debentures/partially convertible debentures or any other financial instruments by the company which would be converted into or exchanged with equity shares at a later date shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times either at par or at a premium and for such consideration as the Board thinks fit.
- 16A. (i) Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.
- (i) In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 16A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.
- (ii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.
17. (1) Where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.

- (2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company:
 - (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus;
 - (b) In writing off the preliminary expenses of the Company;
 - (c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or
 - (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
- 18A. (i) Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose

In addition to the powers contained in Article 18A(i), the General Meeting may authorize the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely:
 - (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;
 - (b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and
 - (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.

20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
23. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
25. (A) Definitions

Beneficial Owner “Beneficial Owner” means a person whose name is recorded as such with a Depository.

SEBI “SEBI” means the Securities and Exchange Board of India as established under section 3 of Securities and Exchange Board of India Act, 1992.

Bye-Laws “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

Depository “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

Record “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations “Regulations” mean the regulations made by SEBI;

Security/ Securities “Security” means such security/ securities as may be specified by SEBI.

- (B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
- (C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

- (D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (E)
 - (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;
 - (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;
 - (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
- (F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- (G) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.
- (H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
- (I) notwithstanding anything to the contrary contained in the Articles,
 - (1) Section 83 of the Act shall not apply to the Shares held with a Depository;
 - (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

- 26. (a) Every Member or allottee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name.

- (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them.
 - (c) The Board may, from time to time, subject to the provisions of the Act and these Articles sub-divide/consolidate Share Certificates.
- 26A. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
27. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilized unless the certificate in lieu of which it is issued is surrendered to the Company.
- PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.
28. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
- Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.
- The provision of this Article shall *mutatis mutandis* apply to Debentures of the Company.
29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
30. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

31. Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, provision of section 77 and SEBI (Buy back of Shares) Regulations as may be permitted by law.
32. The Directors shall have the power to offer , issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated , created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit.
33. Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition.
34. The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.
35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
36. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
- (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.
37. (1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act

- (2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act
 - (3) Whenever there is a change in the beneficial interest in a Share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act
 - (4) Notwithstanding anything contained in the Act and Articles 35 and 36 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.
38. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

39. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
41. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

LIEN

52. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
53. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien

if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article. Further, the fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;

54. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-

- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members

- (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
55. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and
- (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

TRANSFER AND TRANSMISSION OF SHARES

71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Further, a common transfer form shall be used.

73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee.
- (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice
 - (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of

- such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
77. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on partly paid up Shares.
78. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions

herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
84. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.
86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS AND BONDS

87. The Company may issue warrants including bonds and other securities subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
88.
 - (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant
 - (b) Not more than one person shall be recognized as depositor of the Share warrant
 - (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.
89.
 - (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other

privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

- (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

- 90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

BORROWING POWERS

- 95. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
- 96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- 97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
- 98. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
- 99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

- 100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

101. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
104. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-
- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.
 - (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.
- (2) The number of Members necessary for a requisition under clause (1) hereof shall be
- (a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or
 - (b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.
- (3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the

Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

- (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:
- (a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.
 - (i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.
 - (ii) the case of any other requisition, not less than two weeks before the Meeting, and
 - (b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

- (5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
- (6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
105. (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.
- (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
106. (1) In case of requisition the following provisions shall have effect:
- (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
 - (b) The requisition may consist of several documents in like form each signed by one or more requisitionists.

- (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.
 - (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.
 - (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:
 - (i) By the requisitionists themselves; or
 - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) which ever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.
- (2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:
- (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but
 - (b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.
- (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.
- (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
108. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.
- (2) Subject to the provisions of the Act notice of every General Meeting shall be given;
- (a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;
 - (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of

representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

- (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

- (3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.
109. (1) (a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to
- (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors;
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place, of those retiring; and
 - (iv) the appointment of, and the fixing of the remuneration of the Auditors, and
- (b) In the case of any other meeting, all business shall be deemed special
- (2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director.
- PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects, any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company.
- (3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
110. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

MEETING OF MEMBERS

111. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
112. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a

- Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
113. If within half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members shall stand dissolved and in any other case the Meeting shall stand, adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be a quorum and may transact the business for which the Meeting was called.
114. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
115. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
- 115(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution be passed by a Special Resolution.
116. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.
- (c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.
- (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.
118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
120. Before or on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than

- fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
121. A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
122. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member
123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
124. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
125. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

VOTES OF MEMBERS

126. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
127. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
128. Subject to the provisions of Article 126, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period proceeding the date on which the vote is taken.
129. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

130. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
131. (a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorize such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat.
- (b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
132. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
133. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
134. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
135. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
136. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

137. No proxy shall be entitled to vote by a show of hands.
138. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
139. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
140. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
141. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.
142. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
143. If any such instrument of appointment is confined to the object of appointing an attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
- 144A. The First Directors of the Company shall be:-
1. MR. MURUGAN THEVAR
 2. MRS. VALLIAMMAL MURUGAN THEVAR
145. The appointment of Directors of the Company shall be in accordance with the provisions of the Act and these Articles, to the extent applicable.
146. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office

under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.

147. (a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the corporation continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places.
- (b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company.
- (c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall *ipso facto* vacate such office immediately on the moneys owing by the Company to the Corporation being paid off
- (d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- (e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation..

Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.

148. The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or it shall have the right to appoint him or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit.

Such nominee and their successors in office appointed under this Article shall be called “Special Director” of the Company.

The Special Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meeting and meetings of the committee of which the Special Director/s is/are members/s as also the minutes of such meetings. Such Special Directors shall not be required to hold any qualification shares nor be liable to retire by rotation.

The Special Directors appointed hereof shall be entitled to hold office until requested to retire by the Person, firm or corporation which may have appointed him/them and not will be liable to retire by rotation. As and when the Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the Person, firm corporation who are or which appointed such Director may appoint any other Director in his place. A Special Director may, at any time, by notice in writing to the Company resign his office. Subject as aforesaid a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as may other Director of the Company.

149. The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
150. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
151. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
152. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board (“Additional Director”) so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
153. A Director need not hold any qualification shares.
154. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
155. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make

special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.

Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
 - ii) by way of commission if the Company by a Special Resolution authorised such payment.
156. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.
157. The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the Director or Directors may act for the purpose of increasing the number, of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.
158. (1) Subject to the provisions of Section 297 of the Act, except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director is a member or director, shall not enter into any contract with the Company.
- (a) For the sale, purchase or supply of goods, materials or services; or
 - (b) for underwriting the subscription of any Share in or debentures of the Company;
 - (c) nothing contained in clause (a) of sub-clause (1) shall affect:-
 - (i) the purchase of goods and materials from the Company, or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
 - (ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, or the Director, relative, firm, partner or private company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts;
- (2) Notwithstanding any contained in sub-clause(1) hereof, a Director, relative, firm partner or private company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a Meeting within three months of the date on which the contract was entered into.

- (3) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which was entered into.
 - (4) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.
 - (5) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
159. When the Company:-
- (a) enters into a contract for the appointment of a Managing Director or Wholetime Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or
 - (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.
160. (a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act.
- (b) A general notice, given to the Board by the Director to the effect that he is a director or is a member of a specified body corporate or is a member of a specified firm under Sections 299(3)(a) shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
161. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
162. A person shall not be capable of being appointed Director of the Company if:-
- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
 - (b) he is an undischarged insolvent;
 - (c) he has applied to be adjudged an insolvent and his application is pending;
 - (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;

- (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.

163. The office of Director shall become vacant if:-

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudged an insolvent; or
- (c) he is adjudged an insolvent; or
- (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or
- (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or
- (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
- (g) he (whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
- (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or
- (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or
- (k) if by notice in writing to the Company, he resigns his office, or
- (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

164. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162 hereof, the disqualification referred to in these clauses shall not take effect:

- (a) for thirty days from the date of the adjudication, sentence or order;
- (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.
- 165.
- (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.
 - (b) Special Notice as provided by these Articles or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed.
 - (c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting.
 - (d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so:
 - (i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and
 - (ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent (before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter.
 - (e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
 - (f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly
 - (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
 - (h) Nothing contained in this Article shall be taken:-
 - (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director, or

- (ii) as derogating from any power to remove a Director which may exist apart from this Article.
- 166. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, not shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:-
 - (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
 - (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;
 - (i) in his being:
 - (a) a director of such company; and
 - (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director, thereof, he having been nominated as director by the company, or
 - (ii) in his being a member holding not more than two percent of its paid-up share capital.
- 167. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.
- 168. a) The appointment, re-appointment and extension of the term of a sole selling agent, shall be regulated in accordance with the provisions of Section 294 of the Act and any Rules or Notifications issued by the competent authority in accordance with that Section and the Directors and/or the Company in General Meeting may make the appointment, re-appointment or extension of the term of office in accordance with and subject to the provisions of the said Section and such rules or notifications, if any, as may be applicable.
- b) The payment of any compensation to a sole selling agent shall be subject to the provisions of Section 294A of the Act.

ROTATION AND APPOINTMENT OF DIRECTORS

- 169. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
- 170. Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
- 171. Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.

172. a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors.
- b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
173. Subject to Section 288 (5) of the Act, the Directors retiring by rotation under Article 174 at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
174. A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the Meeting at which he retires.
175. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.
176. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:
- (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost.
- (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.
- (iii) he is not qualified or is disqualified for appointment
- (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or
- (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
177. Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
178. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it.
- (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no

- provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.
- (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.
179. (1) No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other Member intending to propose him has given at least fourteen days notice in writing under his hand signifying his candidature for the office of a Director or the intention of such person to propose him as Director for that office as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such Member, if the person succeeds in getting elected as a Director.
- (2) The Company shall inform its Members of the candidature of the person for the office of Director or the intention, of a Member to propose such person as candidate for that office by serving individual notices on the Members not less than seven days before the Meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.
- (3) Every person (other than Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.
- (4) A person other than a Director appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act ,appointed as a Director re- appointed as an additional or alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filled with the Registrar his consent in writing to act as such Director.
180. Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the next meeting of the Board after it is given.
181. A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and poser (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were as individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote.
182. (1) Subject to the provisions of the Act, the Board may from time to time appoint one or more of their body to the office of Managing Directors for such period and or such terms it may think fit and subject to the terms of any agreement entered into with him may revoke such appointment, in

making such appointment(s) the Board shall ensure compliance with the requirements of law and seek and obtain such approvals as are prescribed by the Act.

- (2) Subject to the provisions of the Act and these Articles, the Managing Directors or Managing Director shall not while he or they continue to hold that office be subject to retirement by rotation but he or they shall subject to the provisions of any contract between him and them and the Company, be subject to same provisions as to resignation and removal as the other Directors of the Company and he or they shall ipso-facto and immediately cease to be Managing Director or Managing Directors if he or they cease to hold the office of the Director for any cause.
183. The Managing Director or Managing Directors may be paid remuneration either by way of monthly payment or a specified percentage of the net profit of the Company or partly by one way and partly by other or any other mode not expressly prohibited by the Act.
184. The Company shall not appoint or employ or continue the appointment or employment of a person as its Managing Director or Whole-time Director who-
- (a) is an undischarged insolvent or has at any time been adjudged an insolvent;
 - (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them;
 - (c) is or has at any time been convicted by a court of an offence involving moral turpitude.
185. The Director may from time to time entrust to and confer upon a Managing Director or Wholetime Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
186. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.
187. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
188. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
189. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

- 189A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

WHOLE TIME DIRECTOR

190. (1) Subject to the provisions of the Act in force from time to time, the Board may appoint one or more of their body to the office of the Whole Time Director or Whole Time Directors for a term not exceeding years at a time as may be thought fit and may from time to time (subject to provisions of any contract between him/them and the Company) remove or dismiss him or them from office and appoint any or others in or their place or places.
- (2) Subject to the provisions of the Act and these Articles, the Whole-time Directors or Whole-time Directors shall not while he or they continue to hold that office be subject to retirement by rotation but he or they shall subject to the provisions of any contract between him and them and the Company, be subject to same provisions as to resignation and removal as the other Directors of the Company and he or they shall ipso-facto and immediately cease to be Whole-time Director or Whole-time Directors if he or they cease to hold the office of the Director for any cause.
191. Whole Time Director or Whole Time Directors shall carry out such functions as may be assigned to him/them by the Managing Director from time to time or the Board of directors as it may deem fit.
- Whole Time Director or Whole Time Directors shall not be paid sitting fees for attending meeting of the Board of Directors or any committee(s) thereof.
192. If at any time the total number of Managing Directors and Whole Time Directors is more than one-third who shall retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Whole Time Directors and Managing Directors shall be determined by the date of their respective appointments as Whole Time Directors and Managing Directors of the Company.

PROCEEDINGS OF THE BOARD OF DIRECTORS

193. The Directors may meet together as a Board for the dispatch of business from time to time, and unless the Central Government by virtue of the provisions of Section 285 of the Act allow otherwise, Directors shall so meet at least once in every three months and atleast four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their Meetings as they think fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.
194. (a) Subject to Section 287 of the Act the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one third being rounded off as one) or two Directors whichever is higher. PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the Total Strength, the number of the remaining Directors that is to say, the number of remaining who are not interested) present at the Meeting being not less than two shall be the quorum during such time.
- (b) for the purpose of clause(a)
- (i) "Total Strength" means total strength of the Board of Directors of the Company determined in pursuance of the Act after deducting there from number of the Directors if any, whose places may be vacant at the time, and

- (ii) “Interested Directors” means any Directors whose presence cannot by reason of any provisions in the Act count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.
195. If a meeting of the Board could not be held for want of quorum then, the Meeting shall automatically stand, adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.
196. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors, provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, meeting of the Director shall choose one of their members to be Chairman of such Meeting.
197. Subject to the provisions of Section 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
198. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
199. The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act, and of these Articles delegate any of the powers other than the powers to make calls and to issue debentures to such Committee or Committees and may from time to time revoke and discharge any such Committee of the Board, either wholly or in part and either as to the persons or purposes, but every Committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation(s) that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.
200. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article. Quorum for the Committee meetings shall be two.\
201. (a) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 201 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of Directors or of a Committee duly called and held.
- (b) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft together with necessary papers if any to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee, as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
202. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated

by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

203. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Provided that the Board shall not, except with the consent of the Company in General Meeting:-

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
 - (b) remit, or give time for the repayment of, any debt due by a Director,
 - (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed 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;
 - (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body;
 - (i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)
 - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.
204. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;

- (a) the power to make calls, on shareholders in respect of money unpaid on their Shares,
- (b) the power to issue Debentures,
- (c) the power to borrow moneys otherwise than on Debentures,
- (d) the power to invest the funds of the Company, and
- (e) the power to make loans

Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below:

- (2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.
- (3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate.
- (4) Every resolution delegating the power referred to in sub-clause (1) (e) above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

205. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

- 1. To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- 2. To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
- 3. Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- 4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- 5. To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- 6. To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed.

7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
8. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon.
9. To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies.
10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
11. Subject to the provisions of Sections 291, 292, 295, 370, 372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
13. To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
14. To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.
15. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
16. Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as

reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

17. To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.
18. To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.
19. From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.
20. Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorize the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.
21. At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any

such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

22. Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
24. To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.
25. To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
26. To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
27. To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
28. To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
29. From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.
30. To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.
31. To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

32. To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
33. Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
34. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company is necessary or expedient to comply with.

MINUTES

207. (1) The Company shall cause minutes of all proceedings of General Meeting and of all proceedings of every meeting of the Board of Directors or every Committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.
 - (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each Meeting in such books shall be dated and signed:
 - (a) in the case of minutes of proceedings of a meeting of Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (b) in the case of minutes of proceeding of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
208. (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or every Committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.
 - (b) The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open to the inspection of any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section.
209. Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

210. The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Appointment and Qualifications of Secretary) Rules, 1988.

SEAL

211. (a) **Seal**

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

(b) **Common Seal for use outside India**

The Board may for the purpose of use of the Common Seal outside India, cause a facsimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956

(c) **Safe Custody of Seal**

The Common Seal shall be in the safe custody of the Director or the Secretary for the time being of the Company.

(d) **Affixing of Seal on deeds and instruments'**

On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.

(e) **Affixing of Seal on Share Certificates**

Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.

(f) **Removal of Common Seal outside the office premises**

The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

212. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

213. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

214. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.

215. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
216. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
217. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
218. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
219. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
220. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
221. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
222. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
223. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
224. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
225. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:-
- (a) where the dividend could not be paid by reason of the operation on any law; or

- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or
 - (c) where there is dispute regarding the right to receive the dividend; or
 - (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
 - (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
226. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Sudar Garments Limited ____ (year) Unpaid Dividend Account”.

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

227. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
228. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
229. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:
- (a) That is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;
- (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or
 - (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or
 - (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b)

- (3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.
230. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.
231. (1) whenever such a resolution as aforesaid shall have been passed, the Board shall;
- (a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and
 - (b) Generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power:
- (a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also
 - (b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.
- (3) Any agreement made under such authority shall be effective and binding on all such Members.
- (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

232. (1) The Company shall keep at its Registered Office proper books of account as would give a true and fair view of the state of affairs of the Company or its transactions with respect to:
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place
 - (b) all sales and purchases of goods by the Company
 - (c) the assets and liabilities of the Company and
 - (d) if so required by the Central Government, such particulars relating to utilization of material or labour or to other items of cost as may be prescribed by the Government
- Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- (2) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transaction effected at the branch are kept at that office and proper summarized returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company

at its Registered Office or the other place referred to in sub-clause (1). The books of accounts and other books and papers shall be open to inspection by any Director during business hours.

233. No Members (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.
234. The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
235. (1) The Company shall comply with the requirements of Section 219 of the Act.
- (2) The copies of every balance sheet including the Profit & Loss Account, the Auditors' Report and every other document required to be laid before the Company in General Meeting shall be made available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the Annual General Meeting.
- A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit will be sent to every Member of the Company and to every trustee of the holders of any Debentures issued by the Company not less than 21 days before the date of the Meeting.
236. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.
237. (1) Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.
- (2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that Meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
- (3) At any Annual General Meeting a retiring Auditor by whatsoever authority appointed shall be reappointed unless:
- (a) he is not qualified for re-appointment;
- (b) he has given to the Company notice in writing of his unwillingness to be re-appointed;
- (c) a resolution has been passed at that Meeting appointing some body instead of him or providing expressly that he shall not be re-appointed; or
- (d) where notice has been given of an intended resolution to appoint some person or persons in the place of retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.
- (4) Where at any Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.

- (5) The Company shall within seven days of the central government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.
 - (6) The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of art Auditor, the vacancy shall only be filled by the Company in General Meeting.
 - (7) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a Member to the Company not less than fourteen days before the Meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof, to the Members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.
- 238 Every account when audited and approved by General meeting shall be conclusive except as regards any error discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the accounts shall be corrected, and amendments effected by the directors in pursuance of this Articles shall be placed before the members in general meeting for their consideration and approval and, on such approval, shall be conclusive.

REGISTERS AND DOCUMENTS

243. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:
- (a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act.
 - (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
 - (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act.
 - (d) Foreign register, if so thought fit, as required by Section 157 of the Act.
 - (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act.
 - (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act.
 - (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act.
 - (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
 - (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
 - (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.

244. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

245. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
246. (a) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.
- (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.
- (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
247. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
248. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which

he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

249. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

250. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
251. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

GENERAL POWER

252. Wherever in the Companies Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, than and in that case this clause hereto authorizes and empowers the Company to have such right, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific Regulation in that behalf herein provided*

SECTION XI: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before the Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Red Herring Prospectus may be inspected at the registered office/ corporate office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts to the Issue

1. Memorandum of Understanding dated August 2, 2010 entered between our Company and Ashika Capital Limited, the Book Running Lead Manager to the Issue.
2. Agreement dated August 18, 2010 entered into by our Company with Link Intime India Pvt Ltd, the Registrar to the Issue.
3. Tripartite agreement dated August 6, 2010 entered into between the Company, CDSL and Registrar to the Issue.
4. Tripartite agreement dated August 25, 2010 entered into between the Company, NSDL and Registrar to the Issue.
5. Escrow Agreement dated [●] between our Company, the BRLM, Syndicate Members, the Escrow Collecting Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] 2010 between our Company, BRLM, Syndicate Members.
7. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.

Material Documents

1. Copy of Memorandum of Association and Articles of Association of our company, as amended from time to time.
2. Copy of Certificate of Incorporation of Sudar Garments Limited
3. Copy of Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at their Extra-ordinary General Meeting held on July 20, 2010 authorizing present issue of equity shares.
4. Copy of the resolution passed by members in their meeting held on July 15, 2010 giving authority to the Board of Directors to borrow under Section 293 (1) (d) of the Companies Act, 1956.
5. Copies of annual reports of our Company for the financial years ending on March 31, 2006, 2007, 2008, 2009 and 2010.
6. Report of M/s J.S. Uberoi & Co., Chartered Accountants (Peer Review Auditor) dated August 31, 2010 for Restated Financials of the company as mentioned in the DRHP.
7. Copy of certificate dated July 12, 2010 issued by M/s. Suresh Hegde & Co., Statutory Auditors of our Company regarding tax benefits accruing to the Company and its shareholders.
8. Copies of the Undertaking from Sudar garments Limited
9. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, CFO & Company Secretary and Compliance Officer, Escrow Collecting Banks as referred to, in their respective capacities.
10. Legal Due Diligence report dated September 1, 2010 from Alliance Corporate Lawyers, the Legal Advisors to the issue.
11. Copy of certificate dated September 1, 2010 received from M/s. Suresh Hegde & Co., Statutory Auditors of our Company regarding sources and deployment of funds.
12. Copy of resolution passed at the meeting of Board of Directors held on September 2, 2010 for approving this DRHP.
13. Due Diligence Certificate September 2, 2010 to SEBI from Ashika Capital Limited.
14. Copies of In-principle approval received from BSE vide their letter no. [●] Dated [●], 2010 and NSE vide their letter no. [●] Dated [●], 2010.
15. IPO Grading Report of M/s [●] along with their rationale dated [●]

16. SEBI Observation Letter No. [●] dated [●] issued by the Securities and Exchange Board of India and reply to the observation by Ashika Capital Limited (Book Running Lead Manager) vide their letter no. [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement in this DRHP is contrary to the provisions of the Companies Act, 1956, the Securities Exchange Board of India Act, 1992, or the rules made there under or guidelines issued, as the case may be. All the said legal requirements connected with this issue as also the guidelines, instruction etc, issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Sudar Garments Limited, hereby declare and confirm that no information/ material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this DRHP has been suppressed/ withheld and/ or incorporated in the manner that would amount to misstatement/ misrepresentation. We further certify that all the statements in this DRHP are true and correct.

Signed by the Directors:

Mr. Murugan Muthiah Thevar,
Chairman & Managing Director

Mr. Gopi Chellappan Nair,
Whole Time Director

Mr. Deepak Shenoy,
Independent Director

Mr. Shridhar Shetty,
Independent Director

Mr. Venketraman Gopal Nadar,
Independent Director

Mr. M S Anand
Vice President - Finance

Signed by the Company Secretary and Compliance Officer

Ms. Sapna Karmokar

Place: Mumbai

Date: September 2, 2010