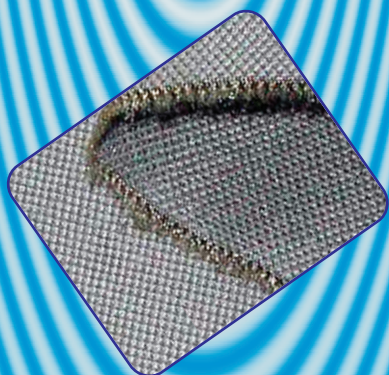


Sumecet

INDUSTRIES LIMITED



20th

ANNUAL REPORT
2007-2008

FIVE YEARS OPERATING & FINANCIAL RECORD
OPERATING RECORD
(Rs. in Lacs)

PARTICULARS	2007-08	2006-07	2005-06	2004-05	2003-04
<i>Sales (Net)</i>	12850.83	11249.13	8218.71	3489.95	3424.25
<i>Other Income</i>	-15.09	137.00	62.89	22.40	70.31
<i>Export Incentive</i>	82.07	0.00	0.00	50.48	66.87
<i>Increase (Decrease) in Inventories</i>	33.41	653.96	356.35	10.91	-74.79
Total	12951.22	12040.09	8637.95	3573.74	3486.64
<i>Purchase of Finished Goods</i>	0.00	25.75	289.60	321.75	386.13
<i>Raw Material Consumed</i>	9843.14	9165.38	6341.78	1990.92	1836.02
<i>Staff Cost</i>	101.55	74.41	55.85	68.38	68.82
<i>Manufacturing Expenses</i>	981.54	860.55	907.07	525.79	620.22
<i>Admn Exp & Selling & Dist.Exp.</i>	705.41	699.10 [#]	345.98	222.6	149.98
<i>Interest & Depreciation</i>	796.05	721.45	564.79	301.65	311.82
Total	12427.69	11546.64	8505.07	3431.09	3372.99
Profit/(Loss) before Taxation	523.53	493.45	132.88	142.65	113.65
<i>Taxation</i>	156.41	156.98	47.71	52.59	32.09
Profit & Loss after Taxation	367.12	336.47	85.17	90.06	81.56
Earning per Share (EPS)	1.82	1.93	0.49	0.78	0.70

FINANCIAL RECORD

<i>Share Capital*</i>	2512.29	2239.93	2239.93	1660.00	1160.00
<i>Share Application Money</i>	257.00	75.00	0.00	0.00	0.00
<i>Reserve & Surplus</i>	911.71	538.94	437.09	932.23	843.29
<i>Loan Funds**</i>	4807.32	4449.43	3931.86	3503.99	1465.67

Capital & Funds Employed

<i>Fixed Assets (Gross)</i>	8665.06	8087.77	7650.92	6374.48	4235.51
<i>Depreciation</i>	4040.82	3657.2	3299.85	2965.97	2734.43
<i>Fixed Assets (Net)</i>	4624.24	4430.57	4351.07	3408.51	1501.08
<i>Capital Work in progress</i>	127.56	14.80	267.65	926.63	756.74
<i>Investments</i>	155.81	126.10	103.49	105.31	180.23
<i>Current Assets</i>	4851.86	3740.71	2433.45	2080.13	1506.67
<i>Current Liabilities & Provisions***</i>	1289.21	1008.88	546.78	424.36	475.76
<i>Net Current Assets</i>	3562.65	2731.83	1886.67	1655.77	1030.91
<i>Misc. Exp. not written off</i>	18.06	0.00	0.00	0.00	0.00

Capital & Funds Applied

	8488.32	7303.30	6608.88	6096.22	3468.96
--	----------------	----------------	----------------	----------------	----------------

[#] Inclusive of Extra Ordinary items

^{*} Includes Preference Share Capital of Rs.5.00 Crores

^{**} Includes Secured & Unsecured Loan

^{***} Includes Deffered Tax Liability

**TWENTIETH
ANNUAL REPORT****BOARD OF DIRECTORS**

Shri Shankarlal Somani	Chairman
Shri Raj Kumar Somani	Managing Director
Shri Vinod Kumar Ladia	Director
Shri Mangilal Lahoti	Director
Shri Dinesh Sharan Khare	Director
Shri Bhagchand Chordia	Director
Shri Sumeet Kumar Somani	Director
Shri Devi Prasad Saboo	Director

COMPANY SECRETARY

Shri Anil Kumar Jain

AUDITORS**PRADEEP SINGHI & ASSOCIATES**

Chartered Accountants, Surat

INTERNAL AUDITOR**RRA & CO.**

Chartered Accountants, Surat

BANKERS

Bank of Baroda

REGISTERD OFFICE :

504, Trividh Chamber,
Opp. Fire Station, Ring Road,
Surat - 395 002. (Gujarat)

FACTORY :

Block No. 291-292, Village : Karanj,
Tal. : Mandvi,
Dist. : Surat-394 110. (Gujarat)

DELHI OFFICE :

901, Vishwadeep Bldg.,
District Centre,
Janakpuri, New Delhi-110058.

REGISTRAR & SHARE TRANSFER AGENT :-**M/S. BIGSHARE SERVICES PVT. LTD.**

E-2, Ansa Industrial Estate,
Sakivihar Road,
Sakinaka, Andheri (E),
MUMBAI - 400 072.

20TH ANNUAL GENERAL MEETING

DATE : 29th September, 2008

VENUE : CONFERENCE HALL,
Bombay Market,
Umarwada, SURAT-395 010.

TIME : 10.00 A.M.

INSTRUCTION TO THE MEMBERS

Members are requested to bring their copy of Annual Report at the meeting, as copies of the same will not be circulated at the AGM as a measure of Economy.

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NOTE

SHAREHOLDERS ARE REQUESTED
NOT TO BRING CHILDREN IN
THE MEETING HALL.

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of M/s SUMEET INDUSTRIES LIMITED will be held at Bombay Market Hall, Umarwada, SURAT on Monday, 29th Day of September, 2008 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
2. To appoint Director in place of Shri B.C. Chordia who retires by rotation and is eligible for Re-appointment.
3. To appoint Director in place of Shri Devi Prasad Saboo who retires by rotation and is eligible for Re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT pursuant to the provisions of Section 269, 309, 198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any other statutory enactment thereof for the time being in force, the Company hereby approves the appointment and terms of remuneration of Shri Raj Kumar Somani as Managing Director of the Company for a period 5 (Five) years with effect from 01.10.2008 upon the terms and conditions as set out in the Explanatory Statement annexed herewith.”

“RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites etc. within such prescribed limits.”

“RESOLVED FURTHER THAT pursuant to Section 198 (4) read with Schedule XIII of the Companies Act, 1956 in the absence of or inadequacy of profit in any financial year, remuneration and perquisites as approved hereby be paid as a minimum remuneration to the Managing Director.”

Registered Office :

504, Trividh Chambers,
Opp. Fire Station,
Ring Road, Surat - 395 002.
Date : 30.06.2008
Place : Surat

By order of the Board Directors

Sd/-
Shankarlal Somani
Chairman

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days before the date of meeting to facilitate satisfactory replies.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 23rd September, 2008 to Saturday, the 27th September, 2008 (both days inclusive).
6. Members / Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.
7. The Shareholders are requested to (a) intimate, if shares are held in the same name or in the same order and names, but more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded address along with pin code number, to the Registrar & Share Transfer Agent M/s. Big Share Services Pvt. Ltd., E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai-400 072.

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

Mr. Raj Kumar Somani, Managing Director of the Company since 01-10-2003, his term of office as Managing Director expired on 30.09.2008. The Board of Directors of the Company recommends to re-appoint Shri Raj Kumar Somani as Managing Director of the Company w.e.f. 01.10.2008 for a period of 5 (Five) years on following terms and conditions.

REMUNERATION & PERQUISITES

1. Salary : Shri Raj Kumar Somani shall be paid a monthly salary of Rs. 25,000/- (Rs. Twenty Five Thousand Only) inclusive of dearness and all other allowances.
2. Perquisites : Shri Raj Kumar Somani shall not be provided any other perquisites.

Notwithstanding any thing contained herein above, Shri Raj Kumar Somnai shall be entitled to the payment of minimum remuneration which shall be calculated as the salary mentioned in para 1 herein above as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any adequacy or absence of profits for a period of 5 years from 01.10.2008 to 30.09.2013.

On approval of this resolution Board of Directors will enter in an agreement with Shri Raj Kumar Somani. The terms stated herein above may be treated as an Explanatory Statement, pursuant to section 302 of the Companies Act, 1956.

Shri Shankarlal Somani and Shri Sumeet Kumar Somani being relatives of Shri Raj Kumar Somani interested in the resolution along with Shri Raj Kumar Somani.

The Board recommends the resolution for adoption.

Registered Office :

504, Trividh Chambers,
Opp. Fire Station,
Ring Road, Surat - 395 002.
Date : 30.06.2008
Place : Surat

By order of the Board Directors

Sd/-
Shankarlal Somani
Chairman

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting the 20th Annual Report and the audited accounts for the financial year ended on 31st March, 2008.

FINANCIAL RESULTS :

	(Rs. in lacs) 31-03-08	(Rs. in lacs) 31-03-07
Gross profit before interest & Depreciation	1319.58	1214.89
Less: Interest	408.99	360.62
Depreciation	387.06	360.82
Profit before Tax	523.53	493.45
Less : Provision for Taxation	86.32	58.20
Current Tax	-	-
Deferred Tax	70.09	98.78
Profit after Tax	367.12	336.46
Balance transfer to General Reserve	-	-
Balance transfer to Balance sheet	641.23	451.86

OPERATIONS

During the financial year 2007-08, the company has produced 14555.06 Tons of Polyester /Polypropylene Multifilament Yarn achieving 113% capacity utilization and dispatched 14656.90 Tons of P.P. / Poly yarns. The Company has manufactured 4122.261 Lacs Mtrs of Polyester Fabrics achieving 117% capacity utilization and dispatched 3985.237 Lacs Mtrs of Polyester Fabrics. The company has also produced 255.344 Tons of Menthol Products.

Income from operation of the company has increased by 15% and net profit after tax has increased by 9.11% in comparison to last year.

Being to part finance the proposed project by internal accruals management has decided to plough back the profit in to business and hence no dividend is recommended by the Board.

EXPORTS

The company has been exploring all the possibilities for exporting its products. At present company is exporting Polyester & Menthol products to South Africa, Bangladesh , Egypt, Nepal , Saudi Arabia , China & Singapore etc. The company has exported Polyester Yarn of Rs. 220.60 Lacs and Menthol Products of Rs. 1291.65 Lacs during the financial year under review consisting around 12% of total sales made by the company.

NEW PROJECT

The company is going to set up fully imported one C.P. Plant (Continuous Poly Condensation Plant) of 100000 Tons per annum capacity under technical guidance of M/s. Huitong Chemical Engineering Technique Co. Limited, China and 10 another lines of Polyester POY / FDY Spinning Plant with annual installed capacity of 48300 Tons per annum as Expansion cum Backward Integration Project with total cost of Rs. 125.00 crores. Under this project POY / FDY will be produced directly from MEG and PTA which will reduce cost substantially will also be very much competitive and the company will be in a position to compete in the market in its price strategy with its peer group. Apart from its cost advantages, company can ensure good consistent quality of POY produced on CP Lines because product will be much better than existing product. The Company is also in the process of setting up another 4 MW captive power plant nearby its existing unit for its proposed project. Part of the imported machineries has been arrived at the factory site and L/C for other plant & machineries has been opened and in the process of shipment.

Management of the company is pleased to inform you that the civil work at the new project site is going on with full swing and the commercial production will be commenced in the scheduled time.

SUBSIDIARY COMPANIES

The company is in the process of winding up its subsidiary, Somani Industries (Nepal) Pvt. Limited and winding up process is likely to be completed in current financial year.

FIXED DEPOSITS

The Company has not accepted any deposits during the year.

DIRECTORS

Mr. B. C. Chordia and Mr. Devi Prasad Saboo retire by rotation and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

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

AUDITORS

M/s. Pradeep Singhi & Associates, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting. They have confirmed that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956. Members are requested to re-appoint them at the Annual General Meeting.

PERSONNEL

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, no employee is drawing remuneration in excess of the prescribed limits.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

RESEARCH & DEVELOPMENT

The Company is giving great emphasis to innovation in product and process technology and operational efficiencies. The company is going to set up another R&D department in the proposed project to develop and improve quality of yarns with different deniers & filaments. The enhanced quality so developed will perform well in the domestic as well as in international market. Successful efforts are being made to re-engineer the products & process to reduce cost and optimize material consumption.

CONSTITUTION OF AUDIT COMMITTEE

Pursuant to the provisions of Sections 292A of the Companies Act, 1956, the Board of Directors has Audit Committee comprising of three directors namely Shri Bhagchand Chordia, Shri Mangilal Lahoti and Shri Devi

CORPORATE GOVERNANCE

- i) The Company has complied with all the mandatory provisions of clause 49 of the Listing Agreement relating to the Corporate Governance.
- ii) Pursuant to Clause 49 of the listing agreement with Bombay Stock Exchange Limited, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made as a part of the Annual Report.
- iii) Your company is listed with Bombay Stock Exchange Limited.
- iv) The Management Discussion and Analysis Report forms part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and shareholders during the year under review. Your directors wish to place on record their deep sense of appreciation for devoted services of the Executives, Staff and workers of the Company for its success.

For and on behalf of the Board of Directors

Place : Surat
Date : 30-06-2008

SHANKARLAL SOMANI
Chairman

ANNEXURE-1**A. Conservation of Energy :**

Energy conservation is a high priority area for the Company. Our continued effort to reduce and optimize the use of energy consumption has shown positive results. Better controls are planned to achieve further reduction in energy consumption. During the year 2006-07, the Company has converted its coal based power plant into Gas base Genset power plant and thereby reduced per unit cost of energy.

FROM A**A. Power and Fuel Consumption :**

	<u>2007-08</u>	<u>2006-07</u>
1. Electricity	NIL	NIL
(a) Purchased		
- Units		
- Total Amount		
- Rate/Unit(Rs.)		
(b) Own generation		
(i) Through diesel generator in Units (KWH)	173860	325500
Liters of HSD Consumed	56454	76000
Unit per Ltr. of Diesel	3.08	4.28
(ii) Through steam turbine/generator		
Unit	3237814	10463018
Consumed	6031.26	20445.97
Unit per MT of Coal	536.84	511.74
(iii) Gas (Generated by Gas based Gen set)		
Quantity (in units KWH)	11403000	-
Gas Consumed (in SM 3)	3011724	-
Unit per KWH/SM 3	3.79	-
2. Furnace oil	NIL	NIL
(Quantity In Ltrs.)		
Total amount		
Average rate		
3. Others/internal generation	NIL	NIL
Quantity		
Total cost		
Cost/unit		

B. Consumption per unit of production (in tons)

Product : Polyester / Polypropylene Multifilament Yarn

	<u>Standard (if any)</u>	<u>2007-08</u>	<u>2006-07</u>
Electricity			
(a) Purchases	-		NIL
(b) Own Generation			
Through Diesel generator			
Steam Turbine)	-	1017.84	926.21

FROM B
(See Rule 2)**Form for disclosure of particulars with respect to Technology Absorption 1994-95.**

- Specific areas in which Research & Development Carried by the Company.
The Company has set up its full fledged Research & Development cell.
- Benefits derived : The quality and Colours have been improved and the working efficiency of the plant has also gone up.
- Future plan of action : Continuous research & development.
- Expenditure on R & D : Regular R & D centre running expenditure is being done by the company.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- Every conceivable effort has been made to absorb and adopts the Technology for the manufacture of POY / PPMF (Textile Grade) Yarn.
- The Company has been able to develop a cost effective substitute of Nylon & Other Synthetics Yarns.
- (a) Technology imported: Plant & Machinery for the Manufacture of PPMF (Textile Grade) Yarn.
(b) Year of Import :
(c) Has Technology been fully absorbed ? Yes.
(d) N. A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

		(Rs. in Lacs)
	2007-08	2006-07
[a] Foreign Exchange Earnings.	1354.61	717.52
[b] Foreign Exchange Outgo.	720.85	1008.92

CORPORATE GOVERNANCE REPORT**(As required under clause 49 of the listing agreement with Stock Exchange)**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable Companies to maximize shareholder's value by attracting financial and human capital and efficient performance. The Company believes that good corporate governance contemplates that corporate actions balance the interest of all shareholders and satisfy the tests of accountability and transparency.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Transparency and accountability leading to management reliability are the touchstone of the Corporate Governance at SUMEET INDUSTRIES LTD. The ultimate objective of the Corporate Governance at SUMEET INDUSTRIES LTD is to enhance shareholder's value in the long term. However, the Corporate Governance at Sumeet Industries Ltd is continuously making efforts to implement sound governance practices.

2. BOARD OF DIRECTORS

- (A) SUMEET INDUSTRIES LTD. is having 8 Directors on its Board consisting of 4 Executive and 4 Non-Executive Independent Directors with Executive Chairman. None of the directors on the Board is a member of more than 10 committees and chairman of more than 5 committee, across all the Companies in which he is director.

The category, composition, attendance of each Director at the Board Meeting, last Annual General Meeting and the number of other Directorship and Chairmanship/ Membership of Committees of each Director in various companies are given below:

Sr. No.	Name of Directors	Category	Attendance Board Meeting	Particulars Last AGM	No. of Other Directorships Committee Memberships/ Chairmanships		
					O.D.	C.M.	C.C.
1.	Shankarlal Somani	Executive/ Non-Independent	18	Yes	3		
2.	Rajkumar Somani	Executive/ Non-Independent	18	Yes	5		
3.	Sumeet Somani	Executive/ Non-Independent	18	Yes	3		
4.	Dinesh Sharan Khare	Executive/ Independent	16	Yes	-		
5.	Bhagchand Chordia	Non Executive/ Independent	18	Yes	2	3	3
6.	Vinod Kumar Ladia	Non Executive/ Independent	8	Yes	5		
7.	Mangilal Lahoti	Non Executive/ Independent	10	Yes	1		3
8.	Devi Prasad Saboo	Non Executive/ Independent	15	Yes	-		3

(O.D.) Directorship in other companies (C.M.) - Committee Membership (C.C.) - Committee Chairmanship

Note: Transaction of non executive with Company is paying Rs, 90,000/- p.a. as consultancy fees to Mr. B.C. Chordia.

(B) No. OF BOARD MEETINGS HELD AND DATES

During the Financial Year 2007-08, the Board met for 18 times.

The dates of the Board Meetings are

01.	10.04.2007	02.	11.04.2007	03.	13.04.2007	04.	28.04.2007	05.	04.05.2007
06.	04.07.2007	07.	17.07.2007	08.	01.08.2007	09.	10.08.2007	10.	18.08.2007
11.	01.10.2007	12.	16.10.2007	13.	25.10.2007	14.	05.12.2007	15.	17.12.2007
16.	21.01.2008	17.	17.02.2008	18.	27.03.2008				

3. AUDIT COMMITTEE

COMPOSITION, NAME OF MEMBERS AND CHAIRMAN

The Audit Committee of Sumeet Industries Ltd. has constituted as per requirement of Clause 49 of the Listing Agreement. It consists of three Non-Executive Directors. The Audit committee was reconstituted during the year 2006-07.

Composition of Audit Committee and attendance of Directors at the Audit Committee is shown below:

Sr. No.	Directors	Status in Committee	Category	No. of Meeting	
				Held	Attended
01.	B. C. Chordia	Chairman	Non Executive	4	4
02.	Mangilal Lahoti	Member	Non Executive	4	4
03.	Devi Prasad Saboo	Member	Non Executive	4	4

During the 2007-08 Audit Committee meeting met 4 times. The necessary quorum were present at the meeting. The date of meetings are as follows :-

01.	12.07.2007	02.	31.07.2007	03.	16.10.2007	04.	15.01.2008
-----	------------	-----	------------	-----	------------	-----	------------

The terms of the reference regarding role of the Audit committee are as under :-

- A) Review of the company's financial reporting process, the financial statements and financial / risk management policies.
- B) Ensuring the adequacy and compliance of the internal control system in the company.
- C) Review of internal audit reports.
- D) Discussion with the auditors periodically and review of quarterly, half yearly and annual financial statements before submission to the Board.
- E) Review of the statutory and internal auditors remuneration.
- F) Management discussion and analysis of financial condition and results of operation.
- G) Such other matters as stipulated from time to time as per listing agreement.

4. REMUNERATION COMMITTEE

The Company has a Remuneration Committee. Composition of Remuneration Committee and attendance of Directors at the Remuneration Committee is shown below:

Sr. No.	Directors	Status in Committee	Category	No. of Meeting	
				Held	Attended
01.	B. C. Chordia	Chairman	Non Executive	1	1
02.	Mangilal Lahoti	Member	Non Executive	1	1
03.	Devi Prasad Saboo	Member	Non Executive	1	1

The following are the details of the remuneration paid to the Chairman, Managing / Executive Director(s) in the financial year 2007-2008.

Sr. No.	Name of Directors	Salary Rs.	Perquisites Rs.
01.	Shankarlal Somani	1,50,000/-	-
02.	Rajkumar Somani	1,50,000/-	-
03.	Dinesh Sharan Khare	2,82,000/-	-
04.	Sumeet Somani	1,50,000/-	-

Besides above, the Company has not paid any sitting fees to the Non-Executive, Independent Directors. Remuneration Committee meeting held on 31.03.2008 during the year.

The terms of the reference regarding role of the Remuneration Committee are as under :-

- A) To frame company's policies for compensation and benefits for Executive Directors.
- B) To review HR Policies and initiatives.

5. INVESTOR'S GRIEVANCES COMMITTEE

The Company has an Investor's Grievances Committee, consisting of three Non-Executive Directors . The Committee is looking for the Redressal of Investors' complaints like Transfer of Shares, Issue of Duplicate/Split Shares, Non receipt of rights, bonus, split share certificates, Non-receipt of Balance Sheet /Dividends/Bonus Shares etc.

Composition of Investor Grievances Committee and attendance of the Directors at the Investor Grievances Committee is shown below:

Sr. No.	Directors	Status in Committee	Category	No. of Meeting	
				Held	Attended
01.	B. C. Chordia	Chairman	Non Executive	26	26
02.	Mangilal Lahoti	Member	Non Executive	26	21
03.	Devi Prasad Saboo	Member	Non Executive	26	23

The dates of the Investors Grievances Committee meeting held during the year are :

01.	16.04.2007	02.	27.04.2007	03.	15.05.2007	04.	31.05.2007	05.	04.06.2007
06.	15.06.2007	07.	30.06.2007	08.	13.07.2007	09.	16.07.2007	10.	31.07.2007
11.	16.08.2007	12.	31.08.2007	13.	14.09.2007	14.	29.09.2007	15.	15.10.2007
16.	31.10.2007	17.	15.11.2007	18.	30.11.2007	19.	15.12.2007	20.	31.12.2007
21.	15.01.2008	22.	31.01.2008	23.	15.02.2008	24.	29.02.2008	25.	15.03.2008
26.	31.03.2008								

Mr. Anil Kumar Jain, Company Secretary of the Company has been appointed as Compliance Officer of the Company.

The number of complaints/requests received from the shareholders during the last financial year and the number of pending complaints is given below:

Received during the year 2007-2008 109

Pending as on 31.03.2008 NIL

During the year, the Company has constituted a Committee of its Executives for approval of Share transfers, transmissions and transpositions. Generally, the Committee meets once or twice in a month. All the requests for share transfer etc. were processed and the related share certificates were dispatched within 15 days from the date of receipt.

Number of pending Shares Transfer as on 31.03.2008: Nil

6. GENERAL BODY MEETING

(A) Location and Time, where last three AGM held:

Sr. No.	AGM DATE	Location	Time
01.	29.09.2007	Bombay Market Hall, Umarwada, Surat	10.00 A.M.
02.	29.09.2006	Bombay Market Hall, Umarwada, Surat	10.00 A.M.
03.	30.09.2005	Bombay Market Hall, Umarwada, Surat	10.00 A.M.

7. DISCLOSURES

The transactions with the companies, where the Directors of the Company are interested were in the normal course of business and there were no materially significant related party transactions that have potential conflict with the interest of the Company at large. There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

8. MEANS OF COMMUNICATION

Half yearly results were not sent to each household of shareholders. However, Sumeet Industries Limited's quarterly/half yearly financial results were published in English and Gujarati news papers and were also sent to Stock Exchange. The Company has started its website in June, 2007 www.sumeetindustries.com, where the Investors can check Quarterly/Half yearly results and other details of the Company. All price sensitive information is made available at the earliest through press release and presentation made to media on specific occasions.

9. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2008 :

NO. OF SHARES	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF CAPITAL
1 to 500	26725	88.52	4263654	21.19
501 to 1000	1878	6.22	1428042	7.10
1001 to 2000	898	2.97	1280606	6.36
2001 to 3000	253	0.84	626342	3.11
3001 to 4000	116	0.38	401564	2.00
4001 to 5000	80	0.26	365862	1.82
5001 to 10000	118	0.39	833633	4.14
Above 10001	123	0.41	10923227	54.28
TOTAL	30191	100.00	20122930	100.00

10. MARKET PRICE DATA

The data on price of Equity shares of the company are as under :

High, Low & volume during each month in the last financial year and volume of Shares at BSE :-

Month	Share Price		BSE SENSEX		Volume
	High Price	Low Price	High	Low	
April 2007	20.35	14.40	14,383.72	12,425.52	7430488
May 2007	20.65	14.80	14,576.37	13,554.34	5252882
June 2007	21.40	15.80	14,683.36	13,946.99	2476681
July 2007	17.00	11.00	15,868.85	14,638.88	1655567
August 2007	12.75	9.75	15,542.40	13,779.88	563290
September 2007	16.55	10.90	17,361.47	15,323.05	1493405
October 2007	15.60	11.65	20,238.16	17,144.58	953082
November 2007	15.37	10.84	20,204.21	18,182.83	1207695
December 2007	20.59	13.60	20,498.11	18,886.40	2508798
January 2008	23.65	13.00	21,206.77	15,332.42	1894204
February 2008	17.25	12.70	18,895.34	16,457.74	731497
March 2008	15.00	9.43	17,227.56	14,677.24	847701

11. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting (Tentative)

Date : 29.09.2008, Monday

Time : 10.00 AM

Venue : Bombay Market Hall, Umarwada, Surat

- (ii) Financial Calendar (Tentative)
- Annual General Meeting : September, 2008
- Results for quarter ending June 30, 2008 : Second Fortnight of July, 2008
- Results for quarter ending Sept. 30, 2008 : Second Fortnight of October, 2008
- Results for quarter ending Dec. 31, 2008 : Second Fortnight of January 2009
- Results for quarter ending March 31, 2009 : Second Fortnight of April, 2009
- (iii) Date of Book Closure : From 23th September, 2008 to 27th September, 2008
(both days inclusive)
- (iv) Dividend payment Date : Not Applicable
- (v) Listing on Stock Exchange : Mumbai
- (vi) Registrar and Transfer Agent : Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (E), Mumbai - 400 072.

(vii) Share Transfer System :

Presently the share transfers which are received in physical forms are processed and the certificates returned within a period of 30 days from the date of receipt, subject to documents being valid and complete in all respect. The Company has as per SEBI guidelines offered the facility of transfer cum demate. Under the system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of transfer and the requesting him in case he wishes to demate the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on option letter, generate a demate request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, the Company dematerialize the shares. In case the transferee does not wish to dematerialize the shares, he need not exercise the option and the Company will dispatch the share certificates after 30 days from the date of such option letter.

The Company has appointed M/s. Big Share Services Pvt. Ltd. as their Registrar and Share Transfer Agent as per SEBI directives to have common Registrar for Physical as well as Electronic Registrar.

(viii) Distribution of Shareholding (as on 31.03.2008)

	% holding
Industrial Development Bank of India	-
Insurance Companies	-
Nationalized Banks	-
SBI and its Subsidiaries	-
Unit Trust of India	-
Private/Co-operative Banks	-
Other Bodies	16.50
Corporate Indian Promoters	26.28
General Public	57.22

(ix) Dematerialization of Shares and Liquidity :

The Company's shares are available for dematerialization on both the Depositories viz National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shares of the company are compulsorily to be delivered in the demat form on Stock Exchange by all investors. As on 31st March, 2008 about 80.78% of the issued capital have already been dematerialized. Shares of the company are listed at Mumbai Stock Exchange of the Country and being trading regularly. Demat ISIN number of the Equity Share of the company is INE235C01010.

- (x) Outstanding GDRs/ADRs/Warrants or any Convertible instruments: Nil
- (xi) Plant Location: Block No. 291- 292, VILL : Karanj , Tal- Mandvi, Dist- Surat (Gujarat) Pin: 394 110.
Company is manufacturer of Synthetic Yarns, Polyester Fabrics and Menthol Products.
Registered Office : 504, Trividh Chambers, Opp. Fire Station, Ring Road, Surat- 395 002 (Gujarat)
- (xii) Address for Correspondence:
Investor Correspondence: Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai- 400 072.

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

On compliance with the condition of Corporate Governance under Clause 49 of the Listing Agreement

To the members of SUMEET INDUSTRIES LIMITED, SURAT.

We have reviewed the implementation of Corporate Governance procedures by Sumeet Industries Limited during the year ended March 31, 2008 with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance as approved by the Board of Directors.

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

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

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders and Investor's Grievance Committee.

On the basis of our review and according to the information and explanation given to us, the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange have been complied with in all material respect by the Company.

For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

1. ECONOMIC OVERVIEW

The Textile Industry was the pioneer of industrialization in India and single largest industry in India . Indian economy has been consistently growing at about 8% to 9% in last couple of years and demand for textile products has been increasing at a faster pace. It occupies a unique place in the economy of the country by virtue of its contribution to the industrial output, employment generation and foreign exchange earnings. It enjoys a weight of 18% in the index of industrial production in the country. The industry's share in the Gross Domestic Product is over 7%. Its annual export earnings are over 35% of the aggregate foreign exchange earnings of the country. With rise in per capita income, spending has increased across all categories in regular textiles products and technical textiles products. Huge expansion and investment in this sector has also gained momentum in the last few years and is also experiencing rapid growth across different sub sectors.

2. INDUSTRY OVERVIEW

The Man-made Fibre Textile industry in India is vibrant and growing .The industry comprises fibre and filament yarn manufacturing units of cellulosic and non- cellulosic origin . The cellulosic fibre/yarn industry is under the administrative control of the Ministry of Textiles.

The fibers and filament yarns produced in India are comparable to the best in the world. Large investments have also been made in the spinning sector, which has led to the production of superior quality of varied denier & filament of yarns. The total man made fibre production increased by 9.5% during 2007-08 compared to the corresponding period of the previous year. The production of Polypropylene Staple Fibre and Polyester Staple Fibre is expected to increase by 11% and 10% and the production of Polypropylene and Polyester Filament Yarn is expected to increase by about 10% during 2007-08. The steady rising in exports witnessing due to shutting down of polyester manufacturing units in Korea , Thailand and United Kingdom etc indicating high growth potential in the Indian Manmade Fibre Industry.

Statement on Availability of Manmade Filament Yarn :

Item Name	Parameters	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2007-2008 (Apr)	2008-2009 (Apr)	% Var.
Viscose	Installed Capacity	75.20	78.10	79.70	79.70	79.70	79.70	79.70	Nil
Filament	Opening Stock	4.24	7.42	5.60	3.62	5.31	5.31	2.79	-47%
Yarn	Production	53.17	53.56	53.09	53.99	51.07	4.35	3.68	-15%
	Import	3.43	2.88	2.54	1.98	1.61	0.14	0.13	-7%
	Export	3.86	7.70	9.91	11.92	17.92	0.90	1.64	82%
	Availability	56.98	56.16	51.32	47.67	40.07	8.90	4.96	-44%
Nylon	Installed Capacity	24.00	24.00	24.00	32.00	32.00	32.00	32.00	Nil
Filament	Opening Stock	2.68	2.34	2.44	2.80	4.06	4.06	3.19	-21%
Yarn	Production	30.99	35.41	36.84	32.25	27.62	2.39	2.29	-4%
	Import	7.86	14.86	11.16	9.15	2.12	0.06	0.19	217%
	Export	12.18	7.01	5.01	1.83	1.90	0.17	0.15	-12%
	Availability	29.35	45.60	45.43	42.37	31.90	6.34	5.52	-13%
Polyester	Installed Capacity	1111.65	1217.35	1253.35	1924.10	1972.00	1932.24	1932.24	Nil
Filament	Opening Stock	67.64	51.66	33.27	23.06	48.23	48.23	44.98	-7%
Yarn	Production	1013.00	1003.63	1075.82	1270.87	1420.04	112.19	117.20	4%
	Import	93.84	114.70	92.65	91.34	84.28	3.97	7.53	90%
	Export	70.71	95.67	105.66	175.40	229.21	12.55	19.23	53%
	Availability	1103.77	1074.32	1096.08	1209.87	1323.34	151.84	150.48	-1%

Note : Values of Installed capacity and opening stock are taken as year ending month.

Source : O/o Textile Commissioner, Mumbai.

3. BUSINESS OVERVIEW

Sumeet is run by a conviction to make a mark in the Indian Polyester Industry with its total commitment to achieve customer satisfaction through continuous up gradations & innovations. The company is at present mainly engaged in producing Polyester Filament Yarn (POY) , Polypropylene Multifilament Yarn (PPMFY) , Texturised Yarn , Weaving fabrics and Menthol products.

Over the last 20 Years, the company has established its brand “ Sumilon “ with excellent customer base nationally and also internationally and intends to focus only on its core business. The Company has awarded “ SME 2 ” rating from CRISIL during the year under review.

In view of the increase in raw material (Pet chips) prices consequent upon the movement of crude oil prices, the company is in the process of setting up Continuous Poly Condensation Plant, under which POY will be produced directly from MEG and PTA. During the year the company has converted its captive coal based power plant in to Gas based Plant which ultimately further reduced its power cost. The company is also setting up another 4 MW Gas based Captive Power plant for its proposed project.

4. OUTLOOK

The company's prospects are strong and shows great potential. The company is fully confident for multiple growth in turnover and net profit in near future. After completion of the said project, the company's turnover will increase by more than 5 Times and the net profit will increase by more than 10 times.

Apart from substantial amount of investments is being made in R & D activities and Captive Power Plants, other initiative like de-bottlenecking, reduction in wastage , rationalization of manpower costs and optimum utilization of resources & cost reductions are likely to lead an improvement in the overall operating margin of the company.

5. STRATEGY

As a business Strategy, we believe in specialization in our core business segments and to become a vertically integrated player in the Polyester Industry to remain cost efficient & competitive in the market with its peer group. The Company has envisaged both organic and inorganic route of expansion and on the line of its objective it has leaped a big Expansion cum Backward Integration Project by way of setting up one fully imported C.P. Plant (Continuation Poly Condensation Plant) of 100000 Tons per annum.

The Company is also exploring the possibilities of expanding its capacity of producing Texurising yarns of different deniers by way of setting of more Texturised machineries in their next phase of forward integration cum expansion program.

We offer a strong technology based value proposition to our customers. Over the years, we have developed capabilities to customize and improve our product designs by absorbing, adapting and improving the acquired technology from both national and international suppliers. This coupled with company's strategy of producing varied denier and filament of Yarns will enable it to supply different quality of yarn to different class of manufacturers and to grow in a competitive market.

In each and every operation we innovate, learn, adapt and deliver Quality products with enhanced values to our customers.

6. OPERATIONS

The Company is marching towards becoming an integrated player in the man-made fibre Industries. During the year the company has embarked upon both expansion cum backward integration by setting up Pet Chips and POY manufacturing Plant and envisaging to plan for forward integration by enhancing its Texurising and Weaving capacity by setting up further new Texurising & Weaving machineries . During the year under review company has achieved net sales of Rs. 12850.83 Lacs , the highest sales the company ever made. The major contributor of sales was Polyester Yarn sales which consisted 85% of total turnover from domestic sales and 1.5% from export sales. Other contributors are Polyester fabrics consisted of 4% of turnover. Sales of Menthol & its allied products through export consisted 8.50% and domestic around 1%.

7. OPPORTUNITIES

The rising per capita income, lowering tariff rate, change in fashion & designs, rising in export of polyester yarns & fabrics have paved the way of textile industries to be marched in upward direction. Potential growth in domestic demand for Polyester fabrics / yarns happening due to increase in share of non- cotton fabrics in total fabric production on account of lower availability of cotton, reduction in the excise duty on non- cotton yarns etc.

8. THREAT, RISKS AND CONCERNS

The company is operating in an environment that is becoming more and more competitive. As it is moving in to the expansion mode, it is poised to exploit several new opportunities. The company seeks to ensure that the risks if undertakes are commensurate with returns.

8.1 ECONOMIC RISK

Domestic sales contribute to a major part of the revenue of the company so, the factors that may adversely affect the Indian economy and in turn company's business include rise in interest rate, inflation, change in tax structure, fiscal and monetary policies, scarcity of credits etc.

8.2 COMPETITION RISK

We face competition from existing players and potential entrants in the Indian Textile Industry. The Indian Textile Industry is highly competitive both in the Pet Chips segment and in the POY segment. Our company is in medium size as compared to the market leaders like Reliance Industries Limited. Domestic production is dominated by few organized players who have integrated facilities and technology and large economies of scale and the unorganized sector is virtually absent.

8.3 PRICE RISK

Crude oil and Petroleum products are globally traded commodities and therefore, the prices are influenced by the international market forces of demand- supply and other geo political uncertainties etc. The price of raw material and finished goods move in tandem with international prices, which in turn, have correlation with the prices of petrochemical products.

9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company's well defined organizational structure, documented policy guidelines and internal controls ensures efficiency of operations, compliance with internal policies & applicable laws and regulations and optimal use of company's resources. The company's internal audit department conducts regular audits of various operational and financial matters. The audit observations are periodically reviewed by the Audit Committee of the Board of Directors.

10. FINANCIAL PERFORMANCE

10.1 INCOME : The company recorded net income of Rs. 12951.22 Lacs as compared to Rs. 12040.08 Lacs for the previous year, a growth of 7.6 %.

10.2 EBIDTA : The Company's EBIDTA stood at Rs. 1319.58 Lacs against Rs. 1214.89 Lacs in previous year, an increase of 8.6%.

10.3 PAT : The Profit after Tax (PAT) increased from Rs. 336.46 Lacs to 367.12 Lacs, an increase of 9.1%.

11. HUMAN RESOURCES

The company has a well-drawn recruitment policy to attract and retain the best talent. The company is augmenting a performance based culture, where the best performers get recognized and rewarded by the management.

12. CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis (MDA) describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Several factors could make significant impact on the company's operation. These include geo political uncertainties affecting demand and supply and Government regulations, tax laws and other factors such as litigations and industrial relations.

Identified as having been approved by the Board
of Directors of Sumeet Industries Limited

Anil Kumar Jain
Company Secretary

Surat, 30th June, 2008

AUDITOR'S REPORT

**TO THE MEMBERS OF
SUMEET INDUSTRIES LIMITED, SURAT.**

We have audited the attached Balance Sheet of **SUMEET INDUSTRIES LIMITED, SURAT** as at **31st March, 2008** and also the Profit and Loss Account for the year ended and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

- (1) As required by the Companies (Auditor's Report) Orders 2004 issued by the company law Board in terms of section 227 (4A) of the companies Act, 1956, we annex hereto Annexure 'A' on the matters specified in paragraphs 4 and 5 of the said order.
- (2) Further to our comments in the Annexure 'A' referred to in paragraph (1) above, we report that:
 - (A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (B) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (C) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;
 - (D) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - (E) On the basis of written representations received from the directors, as on **31st March 2008** and taken on record by the Board of Directors, we report that none of the directors are disqualified as on **31st March, 2008** from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (F) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance sheet, of the state of affairs of the company as at **31st March 2008**,
 - (ii) In the case of the Profit and Loss account, of the profit of the company for the year ended on the date.

And

- (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

For, PRADEEP SINGHI & ASSOCIATES
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

As required by the companies (Auditor's Report) order, 2004 and according to the information and explanations given to us during the course of audit and on the basis of such checks as were considered appropriate, we report that;

ANNEXURE 'A' TO THE AUDITORS REPORT

(i) Fixed Assets :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the assets have been physically verified by the management in accordance with a phased program of verification, which in our opinion is reasonable, considering the size and nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- (c) The company has not disposed of the substantial part of fixed assets during the year which affect the going concern assumption.

(ii) Inventory :

- (a) As informed to us, the stock of finished goods, Work-in-Process, stores, spare-parts and raw materials have been physically verified by the management during the year at reasonable intervals except material lying with third parties, where confirmation are obtained.
- (b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company has maintained proper records of inventories. The discrepancies noticed on the verification of stocks as compare to book records were not material and these have been properly dealt with in the books of accounts.

(iii) Loans & Advances :

- (a) The company has taken unsecured loans from companies, Firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. There is seven Such Parties Covered u/s 301 of the companies Act. 1956. Total amount Credited is Rs. 5.14 Crore and Debited Rs. 4.23 Crore. The company has granted unsecured loans to companies, Firms or other parties mentioned under the register maintained u/s. 301 of the companies Act, 1956. There are two such Parties Covered u/s 301 of the Companies Act, 1956. Total amount Debited is Rs. 4.47 Crore and Credited is Rs. 1.44 Crore.
- (b) As per information and explanations given to us, the rate of interest is 6% P.A. on the loan taken by the company. Other terms and conditions, if applicable on loan taken are not prima facie prejudicial to the interest of the company.

As per information and explanations given to us, the rate of interest is 6% P.A. on the loan granted by the company wherever applicable. Other terms and conditions, if applicable on loan given are not prima facie prejudicial to the interest of the company.
- (c) The parties to whom advances in the nature of loans have been given are repaying the principle amounts as stipulated wherever applicable.
- (d) There is no overdue amount of loans taken or granted by the company.

(iv) Internal control procedure :

In our opinion and according to the information and explanations given to us, internal control procedures for the purchase of stores, Raw materials including components plant and machinery, equipment and other assets and for the sale of goods commensurate with the size of the company and nature of its business. During the course of our audit no major weaknesses has been noticed in the internal control.

(v) Transaction with Parties u/s 301 :

- (a) The transaction made in pursuance of contracts or arrangements that need to be entered in to the registered maintained u/s. 301 of the companies Act, 1956 have been recorded in register.
- (b) In our opinion and according to the information and explanations given to us , the transaction exceeding Rs.5 lacs each have been made at price, which are reasonable having regards to prevailing market price at the relevant time.

(vi) Public Deposits :

The company has accepted deposits which are exempted/ excluded from the provisions of section 58A of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975.

(vii) Internal Audit System :

In our opinion, the company has an internal audit system which commensurate with its size and nature of its business.

(viii) Cost Records :

We have broadly reviewed the Books of accounts maintained by the company as prescribed by the Central Government for maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detail examination of the accounts and records.

(ix) Statutory Dues :

(a) According to the records of the company, the company is Generally regular in depositing undisputed statutory dues including P.F. & E.S.I.C. Income-tax, wealth-tax, sales-tax, custom duty, excise duty, Cess and any other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which has remained outstanding as at **31st March, 2008** for a period more than six months from the date they became payable.

(b) According to information and explanation given to us, there is no disputed amounts payable in respect of such statutory dues.

(x) Accumulated/ Cash Losses :

The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding the financial year.

(xi) Default in Repayment of Dues to Banks / Financial Institution etc. :

The company has not defaulted in repayment of dues to the financial institution or Bank.

(xii) Granting of Loan & Advances :

The company has not granted Loan & Advances on the basis of securities by way of pledge of shares, debenture and other securities.

(xiii) Chit Fund / Nidhi / Mutual Fund :

The provisions of any Special Statute applicable to Chit Fund, Nidhi, Mutual Benefit Fund/ Societies are not applicable to the company.

(xiv) Dealing or Trading in Shares etc. :

As explained to us by the management, the company has purchased securities / shares of the Govt. and other companies for the short-term investment purpose. Dealing in shares is not a main activity of the company. The Shares/ Securities held by the company are in its own name.

(xv) Guarantee Given by the Company :

As explained to us by the management, the company has not given guarantee for loans taken by others from banks or financial institution.

(xvi) Utilization of Term Loans :

The Term Loans taken by the company were applied for the purpose for which it had been obtained.

(xvii) Application of Short Term Fund for Long Term Investment and vice versa :

On the basis of our examination of the cash flow statement, the funds raised on short term basis have not been used for long term investment and Vice Versa.

(xviii) Allotment of Bonus Shares :

The Company has issued Bonus Shares in the ratio of 1:10 to the existing shares holders during the year.

(xix) Creation of Securities for Debenture Issued :

The Company has not issued any Debenture during the year.

(xx) End Use of Money :

The company has not raised any money by way of public issues during the year.

(xxi) Fraud noticed or Reported :

As per information & explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For, **PRADEEP SINGHI & ASSOCIATES**

Chartered Accountants

PRADEEP KUMAR SINGHI

Proprietor

M. NO. 200/24612

Place : Surat

Date : 30-06-2008

AUDITED BALANCE SHEET AS AT 31st MARCH 2008

	Schd. No.	As At 31.03.08	As At 31.03.07
I. SOURCES OF FUNDS :			
SHARE HOLDER FUNDS:			
Share Capital	1	251,229,300	223,993,000
Share Application Money		25,700,000	7,500,000
Reserve And Surplus	2	91,171,285	53,893,809
		<u>368,100,585</u>	<u>285,386,809</u>
LOAN FUNDS :			
Secured Loans	3	428,029,460	394,412,201
Unsecured Loan	4	52,702,520	50,530,863
		<u>480,731,980</u>	<u>444,943,064</u>
Deferred Tax Liability (Refer Note No.8 On Schedule 20)		46,425,698	38,828,039
Total		<u><u>895,258,263</u></u>	<u><u>769,157,912</u></u>
II. APPLICATION OF FUNDS:			
FIXED ASSETS:	5		
Gross Block		866,506,511	808,776,711
Less : Depreciation		<u>404,082,116</u>	<u>365,719,923</u>
Net Block		462,424,395	443,056,788
Capital Work In Progress Including Advances		<u>12,755,602</u>	<u>1,479,630</u>
		<u>475,179,997</u>	<u>444,536,418</u>
INVESTMENTS	6	15,580,848	12,610,006
CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	7	274,880,502	229,884,266
(b) Sundry Debtors	8	88,070,562	57,755,002
(c) Cash & Bank Balance	9	16,123,295	2,561,397
(d) Loans & Advances	10	106,112,180	83,871,045
		<u>485,186,539</u>	<u>374,071,710</u>
Less : Current Liabilities & Provisions	11	82,495,255	62,060,222
Net Current Assets		<u>402,691,284</u>	<u>312,011,488</u>
MISC. EXPENDITURE :			
Preliminary Expenses		1,806,134	-
Total		<u><u>895,258,263</u></u>	<u><u>769,157,912</u></u>
NOTES FORMING PART OF THE ACCOUNTS	20		

As per our report of even date
For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat
Date : 30-06-2008

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2008

	Schd. No.	As At 31.03.08	As At 31.03.07
I. INCOME :			
Sales	12	1,285,082,617	1,124,913,189
Export Incentive		8,207,400	-
Other Income	13	(1,508,737)	13,699,993
Increase (Decrease) In Finished Goods & WIP Stocks		3,340,594	65,395,697
Total		1,295,121,874	1,204,008,879
II. EXPENDITURE:			
Purchase Of Finished Goods		-	2,574,844
Raw Material Consumed	14	984,313,812	916,538,139
Manufacturing And Other Expenses	15	98,153,583	86,055,098
Administrative & Other Expenses	16	62,612,642	58,774,622
Salary, Wages & Benefites to employees	17	10,155,678	7,441,205
Financial Charges	18	40,898,779	36,062,529
Selling & Distribution Expenses	19	7,928,284	9,758,282
Depreciation	5	38,705,965	36,082,234
Total		1,242,768,743	1,153,286,953
III. PROFIT BEFORE TAX (I - II)		52,353,130	50,721,926
Less : Extra ordinary expenses		-	1,376,844
Less: Prior period expenses		-	-
		52,353,130	49,345,082
IV. PROVISION FOR TAXATION			
Current Tax		8,431,729	5,636,339
Fringe Benefit Tax		200,000	183,815
MAT Credit		(588,651)	3,194,178
Deferred Tax		7,597,659	13,072,357
Profit After Tax		36,712,393	33,646,749
Less : Taxation Of Previous Year		-	112,410
Fringe Benefit Tax		6,001	-
Dividend Distribution Tax		25,490	-
STT Paid		101,803	-
IT Refundable		60,817	-
Add : Balance Brought Forward		45,185,757	35,001,618
		81,704,039	68,535,957
V. Appropriation			
Interim Dividend & Dist. Tax		-	19,840,350
6% Dividend & Dist. Tax		-	3,509,850
Excess Provi. of Taxation of earlier year		485,494	-
Transfer for capitalization for issue of Bonus shares		18,066,300	-
Transfer to general reserve		-	-
Balance Carried Forward To Balance Sheet		64,123,233	45,185,757
Earning Per Equity Share		1.82	1.93

NOTES FORMING PART OF THE ACCOUNTS

20

As per our report of even date
For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

For and on behalf of Board of Directors

Shankarlal Somani Chairman**Raj Kumar Somani** Managing Director**PRADEEP KUMAR SINGHI**

Proprietor

M. NO. 200/24612

Place : Surat

Date : 30-06-2008

Place : Surat

Date : 30-06-2008

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Schd. No.	As At 31.03.08	As At 31.03.07
<u>SHARE CAPITAL :</u>	1		
AUTHORISED			
4,50,00,000 Equity Shares of Rs.10/- Each & 50,00,000 (FIFTY LACS) 6% Non Convertible Preference shares of Rs. 10/- Each		500,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP			
2,01,22,930 Equity Shares of Rs.10/- Each fully paid up (Out of which 76,05,930 Shares are issued for consideration other than Cash)		201,229,300	173,993,000
50,00,000 (FIFTY LACS) 6% Non Convertible Preference shares of Rs.10/- Each		50,000,000	50,000,000
		251,229,300	223,993,000
<u>RESERVE & SURPLUS :</u>	2		
General Reserve		6,208,052	6,208,052
Capital Reserve		2,500,000	2,500,000
Share Premium Account		18,340,000	-
Balance in Profit & Loss Account		64,123,233	45,185,757
		91,171,285	53,893,809
<u>SECURED LOAN :</u>	3		
(1) Bank of Baroda Cash Credit		68,976,558	93,245,253
(2) Bank of Baroda Packing Credit (PCFC)		3,420,466	-
(3) Bank of Baroda (FCNR Working capital Loan)		163,089,431	95,414,000
(4) Bank of Baroda (Term Loan Rs.470.94 lacs in FCNR and Rs. 201.89 lacs in rupees)*		54,418,422	67,282,859
(5) Vehicle Loan*		1,762,091	2,505,139
(6) ECB From BOB NEW YORK *		99,297,000	135,964,950
(7) Term Loan (GBPP)		37,065,492	-
*(Including Installments of Rs.476 Lacs for term loan falling due Within One Year)			
Total		428,029,460	394,412,201
<u>NOTES :</u>			
(1) Working Capital borrowings (Item 1 to 3 above) are secured by way of hypothecation of all stock of raw materials, stock in process, finished goods and book debts.			
(2) Term Loan (Item No. 4 & 6) is secured by way of hypothecation of Machineries and hypothecation of stock as collateral security.			
(3) Vehicle loan (Item No. 5) are secured by hypothecation of vehicles.			
(4) All the above facilities (Item No. 1 to 4 & 6) are further secured by mortgage of immovable properties of the company. These facilities are collaterally secured by the personal guarantees of some of the directors of the company.			
<u>UNSECURED LOAN :</u>			
Agency Deposits		8,509,396	8,384,396
Loan From Corporate Bodies		42,753,330	35,159,675
Loan From Directors		1,439,794	6,986,792
	4	52,702,520	50,530,863

SCHEDULE - 5 : FIXED ASSETS**Schedules To And Forming Part Of Accounts**

		GROSS BLOCK			DEPRECIATION				NET BLOCK		
Sr. No.	Particulars	As At 01.04.2007	Addition	Deletion	As At 31.03.2008	As At 01.04.2007	For the Year	Adjustment	As At 31.03.2008	As At 31.03.2008	As At 31.03.2007
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	74,674,174	3,309,712	-	77,983,886	32,476,445	4,353,426	-	36,829,871	41,154,015	42,197,729
3	Plant & Machinery	705,737,556	52,589,296	-	758,326,852	316,939,963	31,920,665	-	348,860,628	409,466,224	388,797,593
4	Furniture, Fixture & Equipments	8,073,465	720,712	-	8,794,177	6,398,203	456,808	-	6,855,011	1,939,166	1,675,262
5	Vehicle	17,903,521	1,504,925	363,105	19,045,341	9,873,572	1,975,066	312,032	11,536,606	7,508,735	8,029,949
TOTAL		808,744,971	58,124,645	363,105	866,506,511	365,688,183	38,705,965	312,032	404,082,116	462,424,395	443,056,788
PREVIOUS YEAR		765,091,845	44,065,736	412,610	808,744,971	329,984,603	36,082,234	378,654	365,688,183	443,056,788	435,107,242

Schd.
No.

6

**As At
31.03.08****As At
31.03.07****INVESTMENTS (AT COST)****(A) Other Than Trade - Quoted :-**

500	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Rajasthan Petro Synthetics Ltd.	16,250	16,250
125	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Tata Iron & Steel Co. Ltd.	22,405	14,905
113	Convertible Preference Shares of Rs.100/- each of M/s. Tata Iron & Steel Co. Ltd.	11,300	-
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Paras Petrofils Ltd.	1,000	1,000
700	Fully Paid-up Equity Shres of Rs. 10/- Each of M/s. Chandra Synthetics Ltd.	5,075	5,075
400	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Haryana Petrochemicals Ltd.	6,200	6,200
5000	Fully Paid-up Equity Shares of Rs. 1/- each of M/s. Paras Petro Chemicals Ltd.	17,000	17,000
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Parasrampur Ind. Ltd.	1,050	1,050
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Rajasthan Syntex Ltd.	2,025	2,025
1000	Fully Paid-up Equity Shares of Rs. 2/- each of M/s Zee Telefilms Ltd.	-	260,778
100000	Fully Paid-up Equity Shares of Rs. 1/- each of M/s. Alka Spinners Ltd.	-	148,180
20000	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Questfin Ltd.	137,543	137,543
70000	Fully Paid-up Equity Shares of Rs. 10/- each of Bindal Agro Limited (Oswal Chemical)	2,380,800	-
15000	Fully Paid-up Equity Shares of Rs. 10/- each of NTPC Limited	980,200	-

Investment in Mutual Fund

2,000,000
5,580,8482,000,000
2,610,006

	Schd. No.	As At 31.03.08	As At 31.03.07
(B) Other Than Trade - Unquoted			
160000 Fully Paid-up Equity Shares of NRs. 100/- each of M/s. Somani Industries Nepal Pvt. Ltd.		10,000,000	10,000,000
		<u>15,580,848</u>	<u>12,610,006</u>
Aggregate Book Value Of Investments			
Unquoted Cost		10,000,000	10,000,000
Quoted Cost		5,580,848	2,610,006
Market Value *		5,691,742	2,485,368

* To The Extent Available

Note : Quoted investments for which quotation are not available have been included in market value at the face value.

The following Shares and Bonds purchases and sold during the year.

Name of the Company	Nos. Of Shares	Purchase Cost
NTPC Ltd.	10,000	1,981,980
TISCO Ltd.	1,000	908,082
Zee Telefilms Ltd.	2,000	593,800
Reliance Industries Ltd.	600	1,671,504
Reliance Petroleum Ltd.	34,300	6,362,743
Centurian Bank of Punjab	87,683	4,422,386
Reliance Communication Ltd.	4,175	2,420,329
Bindal Agro Ltd.	260,275	9,255,135
Bank of India	12,000	3,158,654

	Schd. No.	As At 31.03.08	As At 31.03.07
INVENTORIES :	7		
(As Taken, Valued, And Certified By The Management)			
Stores & Spares, Packing Material & LDO		58,115,360	61,511,584
Raw Material		76,297,868	31,246,002
Finished Goods		31,407,931	31,443,044
Work In Progress		109,059,343	105,683,636
Total		<u>274,880,502</u>	<u>229,884,266</u>

	Schd. No.	As At 31.03.08	As At 31.03.07
SUNDRY DEBTORS :	8		
(Unsecured Considered Good)			
(a) Over Six Months		-	-
(b) Other Debts		88,070,562	57,755,002
Total		<u>88,070,562</u>	<u>57,755,002</u>

	Schd. No.	As At 31.03.08	As At 31.03.07
CASH AND BANK BALANCES :	9		
Cash in Hand		59,081	123,428
Balances With Scheduled Banks In Current Accounts		6,418,020	2,437,969
In Fixed Deposit Accounts / Margin Account		9,646,194	-
Total		<u>16,123,295</u>	<u>2,561,397</u>

Note : Fixed deposits aggregating Rs. 53,86,342 (P. Y. Nil) lodged with bank as margin money for the issue of guarantees and letter of credits.

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	Schd. No.	As At 31.03.08	As At 31.03.07
LOANS & ADVANCES :			
Advances (Recoverable In Cash or In Kind or for value to be received)	10	41,051,445	20,467,053
T.D.S. Receivable & Advace Income Tax		379,661	211,662
Advance Income Tax		1,329,575	5,000,000
Advance FBT		70,000	130,471
Advance To Staff		738,169	768,543
Prepaid Expenses		1,127,475	1,155,963
Export Incentive Receivable		6,545,896	-
Modvat Receivable		37,344,848	46,980,490
Vat Receivable		-	385,517
TUF Subsidy Receivable		1,019,494	-
MAT Credit		3,782,829	3,194,178
Balance With Excise Dept. (PLA)		8,763	8,763
Sundry Deposits		12,714,025	5,568,405
Total		106,112,180	83,871,045
CURRENT LIABILITIES & PROVISIONS :	11		
A) CURRENT LIABILITIES			
Sundry Creditors :			
For Goods & Expenses		65,343,172	44,089,620
Other Liabilities & TDS Payable		4,799,371	6,255,961
Advance Received from customer		2,386,336	798,685
Unpaid Dividend		1,334,647	5,095,802
B) PROVISION			
Prov. For Fringe Benefit Tax		200,000	183,815
Prov. For Taxation		8,431,729	5,636,339
Total		82,495,255	62,060,222
SCHEDULES TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNTS			
SALES :	12		
Yarn Sales		1,168,357,365	1,095,180,072
Export Sales		22,059,190	79,384,882
Fabric Sales		57,793,650	28,106,278
Menthol Product Sales		129,165,264	10,702,570
Wastage Sales (net)		2,430,578	1,787,942
Total		1,379,806,047	1,215,161,744
Less : Excise Duty		94,723,430	90,248,555
Net Sales		1,285,082,617	1,124,913,189
OTHER INCOME :	13		
Dividend Received		368,650	303,359
Brokerage and Commision		1,955,445	1,314,997
Profit / Loss on Trading in Shares & Commodities, Commodities & F & O		(9,956,379)	1,656,376
Profit on Sale of Fixed Assets		265,427	49,044
MISC. Income		67,042	150
Exchange Difference		4,134,859	1,393,171
Claim Received		-	8,225,884
Interest Received :			
On Fixed Deposit		1,656,219	757,012
Others		-	-
Total		(1,508,737)	13,699,993
RAW MATERIAL CONSUMED :	14		
Opening Stock		31,246,002	17,182,665
Add : Purchase (Net)		1,029,365,678	930,601,476
		1,060,611,680	947,784,141
Less : Closing Stock		76,297,868	31,246,002
Total		984,313,812	916,538,139

	Schd. No.	As At 31.03.08	As At 31.03.07
<u>MANUFACTURING EXPENSES :</u>	15		
Power & Fuel		69,125,303	57,130,119
Labour & Security Expenses		238,092	228,407
Packing Materials		18,266,118	21,757,807
Stores and Spares		7,441,903	4,158,791
Freight and Octroi		1,454,927	1,494,636
Repairs to Plant & Machineries		1,237,909	953,734
Repairs to Factory Building		91,608	164,265
Factory Expenses		206,492	80,250
Job Charges		91,231	87,089
Total		98,153,583	86,055,098
<u>ADMINISTRATIVE & OTHER EXPENSES :</u>	16		
Rent, Rates And Taxes		46,039,622	42,144,986
Postage, Telegram and Telephone Expenses		926,233	1,053,337
Printing and Stationary		630,852	624,770
Insurance Expenses		2,884,557	3,078,953
Electricity Expenses		238,900	183,855
Legal & Professional Expenses		1,043,301	1,077,402
Travelling and Conveyance		489,825	473,159
Vehicles Expenses		8,586,452	8,894,961
Director's Remuneration		450,000	540,000
Auditor's Remuneration		325,844	285,712
Membership and Subscription		78,033	20,314
Donation		702	32,075
Other Repairs		223,087	179,916
Office and General Expenses		179,854	185,182
Preliminary & Pre-operative Expenses		515,380	-
Total		62,612,642	58,774,622
<u>SALARY , WAGES AND BENEFIT TO EMPLOYEES :</u>	17		
Wages, Salaries & Bonus Cont. To P.F. & F.P. F.		9,969,696	7,277,355
Welfare and Other Expenses		185,982	163,850
Total		10,155,678	7,441,205
<u>FINANCIAL CHARGES :</u>	18		
Interest To :			
Banks & Financial Institution		39,237,446	32,927,140
Bank Charges & Guarantee Commision		1,661,333	2,386,564
Others		-	748,825
Total		40,898,779	36,062,529
<u>SELLING & DISTRIBUTION EXPENSES :</u>	19		
Commission, Brokerage & Discount		3,235,011	2,333,479
Carriage Outward & Shipment Charges		3,086,940	6,746,958
Sales Promotion		1,606,333	677,845
Total		7,928,284	9,758,282

SCHEDULE 20 : NOTES ON ACCOUNTS**(1) Significant Accounting Policies :**

Significant accounting policies adopted in the preparation and presentation of the accounts are based on accounting principal set out in Accounting Standard (AS) issued by ICAI as enumerated below :

- (a) **Basis of Accounting (AS 1) :** The financial statements are prepared under historical cost convention on an accrual basis. The company follows mercantile system of accounting and recognize income & expenditure on accrual basis.
- (b) **Fixed Assets (AS 10) :** Fixed Assets are stated at cost of acquisition (net of cenvat) or construction less accumulated depreciation. Cost comprises of purchase price and all other attributable cost bringing the asset to its working condition for its intended use.
- (c) **Depreciation (AS 6) :** Depreciation is provided on fixed assets (except land) on written down value method at the rates specified in schedule XIV to the companies Act, 1956 except on trucks, addition in the vehicle from 01.04.2003, cater pillar, D.G. Sets, one Himson Texturising machine and all additions in plant & machinery from 01.04.2002, where depreciation has been provided on straight line methods as per schedule XIV to the Companies Act, 1956.
- (d) **Investments (AS 13) :** Investments are stated at cost. Investment in shares and securities are considered as long term and valued at cost . No provision for shortfall in value at the end of the year is provided for.
- (e) **Investment in Subsidiary Company (AS 23) :** The company has made an investment of Rs. One Crore in wowned holly subsidiary company named M/s. Somani Industries (Nepal) Pvt. Limited. At present, the company has stopped all of its business activities in Nepal due to political unrest.
- (f) **Foreign Currency Transactions (AS 11) :** In the case of liabilities in respect of foreign currency loans obtained for acquisition of fixed assets, the variation in the liabilities arising out of exchange rates at the year end and the resultant net gains and losses are adjusted in the profit and loss account. Loss on foreign currency derivatives transactions are included in determining the net profit for the year

Sales in foreign currencies are accounted at the rate prevailing on the date of purchase of bills by the collecting bank. Current assets in foreign currencies as at the balance sheet date (not covered above) are reconverted at the rate prevailing at the year end and the resultant net gains and losses are adjusted in the profit and loss account.

(g) Inventories (AS 2) :

- (a) Stores & Spares and fuel Oil : At Cost.
- (b) Raw Material : At Cost.
- (c) Goods in Transit (Raw Mat.) : At Cost.
- (c) Work-in-Progress : At Cost + Procurement charges
- (d) Finished Goods : At Cost or Net Realizable values whichever is lower.
- (e) Wastage : At Net Realizable Value

Cost of inventories is ascertained on the "First-in-First-Out" basis.

- (h) **Retirement Benefits (AS 15) :** Provision for gratuity has been made in the accounts, only in case of those employees who have become eligible for the retirement benefits. Leave encashment, LTA, Medical Assistance are accounted as and when paid. The Company is a member of recognized Provident Fund scheme established by the regional Government of Gujarat. The Company is contributing 12% of Salary & Wages of eligible employees under the scheme every month. The amount of contribution is being deposited each and every month well within the time under the rules of EPF Scheme.
- (i) **Excise duty :** The liability of excise duty amounting to Rs. 17,12,764 /- has been provided for the goods manufactured but not cleared as on 31.3.2008, the effect of which on profit and loss account of the year is Nil.
- (j) **Revenue Recognition (AS 9) :** Expenses and incomes, not specifically referred to otherwise consider payable and receivable respectively are accounted for on accrual basis.

Sales : Sales include packing and forwarding charges, octroi & sales-tax but excludes excise duty wherever applicable and a sale of goods is recognized on transfer of property of goods as per agreed terms.

Export Sales : These are accounted at the exchange rate prevailing on the date of purchasing of bills by the collecting bank. These are gross of commission and include freight wherever applicable as per the terms of the sales contract.

(k) Cenvat on Inputs : The purchase cost of raw materials is shown net of excise duty and utilized amount of cenvat on raw material consumed has been credited to Excise Expenses Account.

(l) Borrowing cost (AS 16) : Borrowing costs that are directly attributable to the acquisition or construction of fixed assets are capitalized as a part of the cost of asset. Other borrowing costs are recognized as an expense in the period in which they are accrued / incurred.

(m) Income Tax (AS 22) : Tax expenses for the year, comprising current tax and deferred tax is included in determining the net profit for the year. Deferred tax asset and liabilities are recognized for the future tax consequences of temporary difference between the carrying value of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets are recognised subject to management's judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary difference are expected to be reviewed or settled.

(n) Segment Accounting (AS 17) : The requirement of segment reporting is not applicable to the company both in respect of geographical segment and product wise segment.

(o) Quantity discount, Rate difference, Rebate and interest are accounted as and when settled. It is general practice prevailing in this type of industry.

(2) Advances include Rs. 302.73 lacs to companies in which directors are interested.

(3) Contingent Liabilities (AS 29) :

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3249.72 lacs against which advance of Rs. 37.00 lacs given (Previous year Rs.128.53 Advance Rs. 35.74 lacs).

(b) Export sale bills raised on overseas buyers purchased by company's banker outstanding Rs. 75.81 lacs. (Previous year Rs 67.46 lacs.).

(c) Letter of credit outstanding Rs. 337.00 lacs as on 31.03.2008. (Previous year Rs. 250.48 Lacs)

(d) Excise matter in respect of which company has filled an appeal with Excise Tribunal Rs. 52.97 lacs (Previous year Rs. 29.40Lacs)

	Current year Rs.	Previous year Rs.
(4) Payment to Auditors :		
As Auditors : (Including Service Tax)	1,85,000	1,85,000
As Advisor or in any other capacity in respect of :		
Company Law matter	Nil	Nil
Taxation matter	15,000	15,000
Others	Nil	Nil
(5) Managerial Remuneration :		
Salary	4,50,000	5,40,000
Perquisite	Nil	Nil
(6) Earnings Per share : (AS 20)		
Net profit attributable to share holder	3,67,12,393	3,36,46,749
Number of equity share	2,01,22,930	1,73,99,300
Earning per share of Rs. 10/- each	1.82	1.93

(7) Related Party Transaction : (AS 18)

As per AS-18 issued by the Institute of Chartered Accountants of India, the company's related parties in terms of AS-18 are disclosed below :

(Rs. in ' 000)

Name of the related parties	Nature of Relationship	Nature of transactions	Amounts
Key management Personnel :			
Shankarlal Somani	Chairman	Loan outstanding (Cr.) as on 31st March, 2008	310
		Remuneration	150
Rajkumar Somani	Managing Director	Loan outstanding (Cr.) as on 31st March, 2008	150
		Remuneration	150
Mahesh Kumar	Relative of Key Management Personal	Loan outstanding (Cr.) as on 31st March, 2008	120
Sumeet Somani	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) as on 31st March, 2008	860
		Interest Paid	11
		Remuneration	150
Dinesh Khare	Director	Remuneration	282
Vibha Khare	Relative of Director	Salary	270
Somani Industries Nepal Pvt. Ltd.	100% Subsidiary Company	Loan Outstanding (Cr.) as on 31 st March, 2008	6672
Somani Overseas (P) Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.)	360
Betex India Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Dr.) Interest Received	25363 192
Bajrang Processors Pvt Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Dr.) Interest Received	4911 278
Ambaji Syntex Pvt. Limited	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	588 17

(Rs. in ' 000)

(8) Deferred Tax (AS 22) :

(a) The movement of deferred tax account is as follows :

Opening Balance	38828
Provision for current year deferred tax liability (Net)	7598
Total	46426

(b) Deferred tax asset and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.

The following amounts are shown in the balance sheets.

Deferred Tax liabilities	44811
Deferred Tax Assets	1615
Total	46426

(C) Breakup of deferred tax assets / liabilities and reconciliation of current year deferred tax change :

Deferred tax liabilities :

	Opening	Charged/Credited to P & L	(Rs. in ' 000) Closing
Tax impact of difference between carrying amount of fixed asset in the financial statements and the income tax return	39430	5381	44811

Deferred Tax Assets

Tax impact of expenses charged in the financial statements but allowable as deduction in future years under income tax.

Provision for gratuity	266	12	278
Provision for Bonus	68	17	85
Carry forward of DEPRECIATION	-	-	-
Loss From Speculative Business	2479	-2478	-
Foreign Exchange Difference	-2211	232	-1979
MAT Credit c/f	-	-	-
Total (B)	602	-2217	-1615
Net Deferred Tax liability (A-B)	38828	7598	42426

Pursuant to Accounting Standards (AS) 22 - Accounting for taxes on income, the impact of deferred tax liability of Rs. 7598 for the year-ended 31.3.08 has been debited to Profit and Loss account.

(9) Additional Information's :

Pursuant to provisions of paragraphs 3 and 4 in Part II of Schedule VI to the companies Act, 1956.

(Rs. in ' 000)

A. Capacity :	Units	2007-2008	2006-2007
a) Polypropylene/Polyester POY			
i) Licensed Capacity *	TPA	-	-
ii) Installed Capacity **	TPA	12900	12900
b) Twisted			
i) Installed Capacity **	TPA	2500	2500
c) Texturised	TPA	3300	3300
d) Draw twisted	TPA	700	700
e) Weaving Unit (Fabrics)	Mtrs	3500000	3500000
f) Menthol Product	TPA		
--- Distilling		720	720
--- Freezing		120	-

* Not Applicable in terms of Government of India's Notification No. S.O. 477(E) dated 25.7.1991.

** As Certified by the management, being a technical matter.

(Rs. in ' 000)

B. Production :	Units	2007-2008	2006-2007
Polyester/Polypropylene Multifilament Yarn	Kgs.	14555063	14486069
Polyester Fabrics	Mtrs.	4122261	2161867
Menthol Product	Kgs.	255344	17488

(Rs. in ' 000)

C. Turnover :	Unit	2007-2008		2006-2007	
		Quantity	Value Rs.	Quantity	Value Rs.
PP/POLY Yarn (Including Export)	Kgs.	14656893	1097406	14623091	1086333
Wastage	Kgs.	405274	2430	298044	1788
Fabrics Local	Mtrs.	Nil	Nil	Nil	Nil
Weaving Unit (Fabrics)	Mtrs.	3985237	57794	2003091	28106
Menthol Product	Kgs.	255344	129165	17488	10703
Total			1286795		1126930

(Rs. in ' 000)

D. Raw Materials Consumed :	Unit	2007-2008		2006-2007	
		Quantity	Value Rs.	Quantity	Value Rs.
Poly / PP Chips*	Kgs.	15025865	810570	15090145	845523
Master Batch*	Kgs.	59581	12792	58920	9158
Spin Finish / Yarn Oil	Mtrs.	92715	8805	86275	7703
Polyester Yarn	Mtrs.	314975	36362	356555	32773
Menthol Product	Kgs.	259194	116734	42840	21381
Total		15752330	985263		916539

* Excluding increase in stock of compounding chips of Rs. 949/- (Previous years increase in stock Rs. 1823/-)

(Rs. in ' 000)

E. Purchase :	Unit	2007-2008		2006-2007	
		Quantity	Value Rs.	Quantity	Value Rs.
P. P. Yarn	Kgs.	-	-	-	-
Polyester Fabrics	Mtrs.	-	-	113840	2575
Poly Yarn	Kgs.	-	-	-	-
Total		-	-	113840	2575

(Rs. in ' 000)

F. Finished Stock :	Unit	2007-2008		2006-2007	
		Quantity	Value Rs.	Quantity	Value Rs.
a) Opening Stock :					
PPMFY*	Kgs.	316210	26459	426666	40254
Polyester Fabrics	Mtrs.	272617	4956	Nil	Nil
b) Closing Stock :					
PPMFY*	Kgs.	248860	22322	316210	26459
Polyester Fabrics	Mtrs.	409641	7373	272617	4956
* Including texturised and twisted Yarn and wastage stock					

(Rs. in ' 000)

G. Value of Raw Materials Consumed :	2007-2008		2006-2007	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported*	26949	2.74	75448	8.00
Indigenous	957365	97.26	841090	92.00
Total	984314	100.00	916538	100.00
* Including Purchase from Nepal in Indian currency.				

(Rs. in ' 000)

H. Value of Stores & Spares Consumed :	2007-2008		2006-2007	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported*	390	94.76	231	5.00
Indigenous	7052	25.24	3928	95.00
Total	7442	100.00	4159	100.00

(Rs. in ' 000)

I. Expenditure in Foreign Currencies on account of (on Accrual Basis) :	2007-2008	2006-2007
Interest	22313	24282
Commission to selling Agent	0	0
Foreign Traveling	0	0
Overseas Banking Charges	72	189

(Rs. in ' 000)

J. C.I.F. Value of import :	2007-2008	2006-2007
i) Raw Material	24015	75448
ii) Stores and Spares	312	166
iii) Capital Goods	25373	807

(Rs. in ' 000)

K. Earnings in Foreign Currency (FOB Value of Exports) :	2007-2008	2006-2007
Fabrics	-	-
Yarn	20200	71752
Menthol	115261	-

(10) Figures of previous year have been regrouped and / or recast wherever necessary.

(11) There are no sundry creditors due to small-scale industrial undertakings to whom the company owe a sum exceeding Rs. 1 lacs, which is outstanding for more than 30 days for the year, ended **31st March 2008**. This disclosure is on the basis of information available with the company regarding the status of suppliers.

(12) Part IV of schedule VI to the companies Act is as per Annexure "A".

(13) Cash Flow statement is as per Annexure "B"

(14) **Signature** to schedules "1" to "20"

As per our report of even date
For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat
Date : 30-06-2008

Annexure "A" to the Notes to accounts**I. Registration Details**

Registration No.

11049

State Code

04

Balance Sheet Date

3	1	0	3	2	0	0	8
Date		Month		Year			

II. Capital raised during the year (Amount in Rs. Lacs)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

181

Private Placement

92

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Lacs)

Total Liabilities

8952

Total Assets

8952

Sources of Funds

Paid-up Capital

2769

Reserves & Surplus

912

Secured Loans

4280

Unsecured Loans

527

Deferred Tax Liability

464

Application of Funds

Net Fixed Assets

4752

I Investments

156

Net Current Assets

4026

Misc. Expenditure

18

Accumulated Losses

NIL

IV. Performance of Company (Amount in Rs. Lacs)

Turnover

12951

Total Expenditure

12428

Profit/Loss Before Tax

523

Profit/Loss after Tax

367

Earning Per Share in Rs.

1.82

Dividend %

NIL

V. Generic Names of Three Principal Products/Serviced of the company (As per monetary terms)**Product Description****Item Code No. (ITC Code)**

P.P & Poly POY / Texturised / Twisted Yarn

54023900

Menthol Product

33012590

As per our report of even date

For, **PRADEEP SINGHI & ASSOCIATES**

Chartered Accountants

PRADEEP KUMAR SINGHI

Proprietor

M. NO. 200/24612

Place : Surat

Date : 30-06-2008

For and on behalf of Board of Directors

Shankarlal Somani Chairman**Raj Kumar Somani** Managing Director

Place : Surat

Date : 30-06-2008

Annexure B
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08		2006-07	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Extraordinary Items		52353130		49345082
Adjustment For :				
Depreciation	38705965		36082234	
Interest Income	-1656219		-757012	
Dividend Income	-368650		-303359	
Miscellaneous expenditure written off	0		0	
Profit / Loss on Sale of Fixed Assets	-265427		-49044	
Profit / Loss on Sale of Investments	9956379		-1656376	
Interest Paid	39237446		33675965	
		85609494		66992408
Operating Profit before Working Capital Changes		137962624		116337490
Adjustment For :				
Trade & Other Receivables	-52556695		-43425656	
Inventories	-44996236		-89349942	
Trade Payables and Other Liabilities	20435033	77117898	33137950	-99637648
Cash Generated From Operations		-60844726		16699842
Interest Paid	-39237446		-33675965	
Provision For Taxation	-8043078		-2625976	
Previous Year Taxation	291383	46989141	-112410	-36414351
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		13855585		-19714509
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Income Form sale of investments:				
Interest Income	1656219		757012	
Dividend Income	368650		303359	
Purchases of Fixed Assets	-69400617		-18780142	
Sale of Fixed Assets	316500		83000	
Purchase / Sale of Investment	-12927221		-604402	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		- 79986469		-18241173
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase in borrowings	12330909		54519399	
Increase in Term Loan	23458007		-2762336	
Increase in share capital	27370000		7500000	
Share Premium Received	18340000		-	
Dividend Payments	-		-23350200	
Preliminary Expenses W/off	-1806134		-	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		79692782		35906863
Net Increase in Cash & Cash equivalents (A+B+C)		13561898		-2048819
Cash and Cash equivalents as on 1 st April, 2007		2561397		4610216
Cash and Cash equivalents as on 31 st March, 2008		16123295		2561397

Note: Figures in negative (-) indicate cash outflows.

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat

Date : 30-06-2008

AUDITORS REPORT :

We have examined the above cash flow statement of the SUMEET INDUSTRIES LIMITED for the year ended 31st March, 2008. The Statement has been prepared by the company in accordance with the requirements of listing Agreement clause 32 With Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report dated 30/06/2008 to the members of the company.

Place : Surat

Date : 30-06-2008

For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Auditors Report on consolidated financial statements

Auditors Reports to the Board of directors of Sumeet Industries Ltd on the consolidated financial statements of Sumeet Industries Ltd. and its subsidiary.

We have examined the attached consolidated balance sheet of Sumeet Industries Ltd. and its subsidiary as at 31st March 2008, the consolidated profit and loss account and the consolidated cash flow statement for the year then ended.

These financial statements are the responsibility of the company's Management. Our responsibility is to express an opinion on these financial statement based on our audit. We conducted out audit in accordance with generally accepted auditing standards in India. These standard require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement. We believe that our audit provide a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary whose financial statement reflect total assets of Rs.116.42 Lacs (P.Y. Rs.116.53) in Nepal currency as at 31st March 2008 and total loss of Rs. 0.11 Lacs (P.Y. Rs.17.40 Lacs) in Nepal Currency for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting standard (AS) 21 consolidated financial statement, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Sumeet Industries Ltd. and its subsidiary included in the consolidated financial statements.

On the basis of the information's and explanations given to us and on consideration of separate audit reports on individual audited financial statements of Sumeet Industries Ltd. and its subsidiary we are of opinion that;

- (a) The consolidated Balance sheet gives as true and fair view of the consolidated state of affairs of Sumeet Industries Ltd. and its subsidiary as at 31st March, 2008 and,
- (b) The consolidated profit & loss Account gives a true and fair view of the consolidated results of operation of Sumeet Industries Ltd. and its subsidiary for the year then ended.
- (c) The consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flow of the company and its subsidiary for the year then ended.

For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2008

	Schd. No.	As At 31.03.08	As At 31.03.07
I. SOURCES OF FUNDS :			
SHARE HOLDER FUNDS :			
Share Capital	1	251,229,300	223,993,000
Share Application Money		25,700,000	7,500,000
Reserve And Surplus	2	88,447,543	51,177,176
		<u>365,376,843</u>	<u>282,670,176</u>
LOAN FUNDS:			
Secured Loans	3	428,029,460	394,412,201
Unsecured Loan	4	46,030,065	43,858,408
		<u>474,059,525</u>	<u>438,270,609</u>
Deferred Tax Liability (Refer Note No.8 On Schedule 20)		46,425,698	38,828,039
Total		<u><u>885,862,066</u></u>	<u><u>759,768,824</u></u>
II. APPLICATION OF FUNDS :			
FIXED ASSETS :	5		
Gross Block		866,506,511	808,776,711
Less : Depreciation		404,082,116	365,719,923
Net Block		<u>462,424,395</u>	<u>443,056,788</u>
Capital Work In Progress Including Advances		12,755,602	1,479,630
		<u>475,179,997</u>	<u>444,536,418</u>
INVESTMENTS	6	5,580,848	2,610,006
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	274,880,502	229,884,266
(b) Sundry Debtors	8	88,070,562	57,755,002
(c) Cash & Bank Balance	9	16,342,027	2,787,238
(d) Loans & Advances	10	106,505,275	84,264,140
		<u>485,798,366</u>	<u>374,690,646</u>
Less : Current Liabilities & Provisions	11	82,503,279	62,068,246
Net Current Assets		<u>403,295,087</u>	<u>312,622,400</u>
MISC. EXPENDITURE :			
Preliminary Expenses		1,806,134	-
Total		<u><u>885,862,066</u></u>	<u><u>759,768,824</u></u>
NOTES FORMING PART OF THE ACCOUNTS	20		

As per our report of even date
For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 30-06-2008

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat
Date : 30-06-2008

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2008

	Schd. No.	As At 31.03.08	As At 31.03.07
I. INCOME :			
Sales	12	1,285,082,617	1,124,913,189
Export Incentive		8,207,400	-
Other Income	13	(1,508,737)	13,699,993
Increase (Decrease) In Finished Goods & WIP Stocks		3,340,594	65,395,697
Total		1,295,121,874	1,204,008,879
II. EXPENDITURE :			
Purchase Of Finished Goods		-	2,574,844
Raw Material Consumed	14	984,313,812	916,538,139
Manufacturing And Other Expenses	15	98,153,583	86,055,098
Administrative & Other Expenses	16	62,616,001	59,854,858
Salary, Wages & Benefites to employees	17	10,159,428	7,448,705
Financial Charges	18	40,898,779	36,062,529
Selling & Distribution Expenses	19	7,928,284	9,758,282
Depreciation	5	38,705,965	36,082,234
Total		1,242,775,852	1,154,374,689
III. PROFIT BEFORE TAX (I - II)		52,346,021	49,634,190
Less : Extra ordinary expenses		-	1,376,844
Less : Prior period expenses		-	-
		52,346,021	48,257,346
IV. PROVISION FOR TAXATION			
Current Tax		8,431,729	5,636,339
Fringe Benefit Tax		200,000	183,815
MAT Credit		(588,651)	(3,194,178)
Deferred Tax		7,597,659	13,072,357
Profit After Tax		36,705,284	32,559,013
Less : Taxation Of Previous Year		-	112,410
Fringe Benefit Tax		6,001	-
Dividend Distribution Tax		25,490	-
STT Paid		101,803	-
IT Refundable		60,817	-
Add : Balance Brought Forward		42,469,124	33,372,721
		78,980,297	65,819,324
V.			
Appropriation			
Interim Dividend & Dist. Tax		-	19,840,350
6% Dividend & Dist. Tax		-	3,509,850
Excess Provi. of Taxation of earlier year		485,494	-
Transfer for capitalisation for issue of Bonus shares		18,066,300	-
Transfer to general reserve		-	-
Balance Carried Forward To Balance Sheet		61,399,491	42,469,124
Earning Per Equity Share		1.82	1.87
NOTES FORMING PART OF THE ACCOUNTS	20		

As per our report of even date
For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI

Proprietor

M. NO. 200/24612

Place : Surat

Date : 30-06-2008

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat

Date : 30-06-2008

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (CONSOLIDATED)

	Schd. No.	As At 31.03.08	As At 31.03.07
SHARE CAPITAL :			
AUTHORISED	1		
4,50,00,000 Equity Shares of Rs.10/- each & 50,00,000 (FIFTY LACS) 6% Non Convertible Preference shares of Rs. 10/- Each		500,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP			
2,01,22,930 Equity Shares of Rs.10/- each fully paid up (Out of which 76,05,930 Shares are issued for consideration other than Cash)		201,229,300	173,993,000
		-	-
		-	-
50,00,000 (FIFTY LACS) 6% Non Convertible Preference shares of Rs.10/- Each		50,000,000	50,000,000
Total		251,229,300	223,993,000
RESERVE & SURPLUS :	2		
General Reserve		6,208,052	6,208,052
Capital Reserve		2,500,000	2,500,000
Share Premium Account		18,340,000	-
Balance in Profit & Loss Account		61,399,491	42,469,124
Total		88,447,543	51,177,176
SECURED LOAN :	3		
(1) Bank Of Baroda Cash Credit		68,976,558	93,245,253
(2) Bank Of Baroda Packing Credit (PCFC)		3,420,466	-
(3) Bank Of Baroda (FCNR Working capital Loan)		163,089,431	95,414,000
(4) Bank Of Baroda (Term Loan Rs.470.94 lacs in FCNR and Rs. 201.89 lacs in rupees)*		54,418,422	67,282,859
		-	-
(5) Vehicle Loan*		1,762,091	2,505,139
(6) ECB From BOB NEW YORK *		99,297,000	135,964,950
(7) Term Loan (GBPP)		37,065,492	-
*(Including Installments of Rs. 476.00 Lacs for term loan falling due Within One Year)			
Total		428,029,460	394,412,201
NOTES :			
(1) Working Capital borrowings (Item 1 to 3 above) are secured by way of hypothecation of all stock of raw materials, stock in process, finished goods and book debts.			
(2) Term Loan (Item No. 4 & 6) is secured by way of hypothecation of Machineries and hypothecation of stock as collateral security.			
(3) Vehicle loan (Item No. 5) are secured by hypothecation of vehicles.			
(4) All the above facilities (Item No. 1 to 4 & 6) are further secured by mortgage of immovable properties of the company. These facilities are collaterally secured by the personal guarantees of some of the directors of the company.			
UNSECURED LOAN :	4		
Agency Deposits		8,509,396	8,384,396
Loan From Corporate Bodies		36,080,875	28,487,220
Loan From Directors		1,439,794	6,986,792
Total		46,030,065	43,858,408

SCHEDULE - 5 : FIXED ASSETS**Schedules To And Forming Part Of Accounts**

		GROSS BLOCK			DEPRECIATION				NET BLOCK		
Sr. No.	Particulars	As At 01.04.2007	Addition	Deletion	As At 31.03.2008	As At 01.04.2007	For the Year	Adjustment	As At 31.03.2008	As At 31.03.2008	As At 31.03.2007
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	74,674,174	3,309,712	-	77,983,886	32,476,445	4,353,426	-	36,829,871	41,154,015	42,197,729
3	Plant & Machinery	705,737,556	52,589,296	-	758,326,852	316,939,963	31,920,665	-	348,860,628	409,466,224	388,797,593
4	Furniture, Fixture & Equipments	8,073,465	720,712	-	8,794,177	6,398,203	456,808	-	6,855,011	1,939,166	1,675,262
5	Vehicle	17,903,521	1,504,925	363,105	19,045,341	9,873,572	1,975,066	312,032	11,536,606	7,508,735	8,029,949
TOTAL		808,744,971	58,124,645	363,105	866,506,511	365,688,183	38,705,965	312,032	404,082,116	462,424,395	443,056,788
PREVIOUS YEAR		765,091,845	44,065,736	412,610	808,744,971	329,984,603	36,082,234	378,654	365,688,183	443,056,788	435,107,242

Schd.
No.

6

**As At
31.03.08****As At
31.03.07****INVESTMENTS (AT COST)****(A) Other Than Trade - Quoted :-**

500	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Rajasthan Petro Synthetics Ltd.	16,250	16,250
125	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Tata Iron & Steel Co. Ltd.	22,405	14,905
113	Convertible Preference Shares of Rs. 100/- each of M/s. Tata Iron & Steel Co. Ltd.	11,300	-
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Paras Petrofils Ltd.	1,000	1,000
700	Fully Paid-up Equity Shares of Rs. 10/- Each of M/s. Chandra Synthetics Ltd.	5,075	5,075
400	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Haryana Petrochemicals Ltd.	6,200	6,200
5000	Fully Paid-up Equity Shares of Rs. 1/- each of M/s. Paras Petro Chemicals Ltd.	17,000	17,000
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Parasrampur Ind. Ltd.	1,050	1,050
100	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Rajasthan Syntex Ltd.	2,025	2,025
1000	Fully Paid-up Equity Shares of Rs. 2/- each of M/s. Zee Telefilms Ltd.	-	260,778
100000	Fully Paid-up Equity Shares of Rs. 1/- each of M/s. Alka Spinners Ltd.	-	148,180
20000	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Questfin Ltd.	137,543	137,543
70000	Fully Paid-up Equity Shares of Rs. 10/- each of Bindal Agro Limited (Oswal Chemical)	2,380,800	-
15000	Fully Paid-up Equity Shares of Rs. 10/- each of NTPC Limited	980,200	-

Investment in Mutual Fund

2,000,000
5,580,8482,000,000
2,610,006

	Schd. No.	As At 31.03.08	As At 31.03.07
(B) Other Then Trade - Unquoted			
Aggregate Book Value Of Investments		-	-
Unquoted Cost		5,580,848	2,610,006
Quoted Cost		5,691,742	2,485,368
Market Value *			

* To The Extent Available

Note : Quoted investments for which quotation are not available have been included in market value at the face value.

The following Shares and Bonds purchases and sold during the year.

Name of the Company	Nos. Of Shares	Purchase Cost
NTPC Ltd.	10,000	1,981,980
TISCO Ltd.	1,000	908,082
Zee Telefilms Ltd.	2,000	593,800
Reliance Industries Ltd.	600	1,671,504
Reliance Petroleum Ltd.	34,300	6,362,743
Centurian Bank of Punjab	87,683	4,422,386
Reliance Communication Ltd.	4,175	2,420,329
Bindal Agro Ltd.	260,275	9,255,135
Bank of India	12,000	3,158,654

	Schd. No.	As At 31.03.08	As At 31.03.07
INVENTORIES :	7		
(As Taken, Valued, And Certified By The Management)			
Stores & Spares, Packing Material & LDO		58,115,360	61,511,584
Raw Material		76,297,868	31,246,002
Finished Goods		31,407,931	31,443,044
Work In Progress		109,059,343	105,683,636
Total		274,880,502	229,884,266

	Schd. No.	As At 31.03.08	As At 31.03.07
SUNDRY DEBTORS :	8		
(Unsecured Considered Good)			
(a) Over Six Months		-	-
(b) Other Debts		88,070,562	57,755,002
Total		88,070,562	57,755,002

	Schd. No.	As At 31.03.08	As At 31.03.07
CASH AND BANK BALANCES :	9		
Cash in Hand		251,552	323,009
Balances With Scheduled Banks In Current Accounts		6,444,281	2,464,229
In Fixed Deposit Accounts / Margin Account		9,646,194	-
Total		16,342,027	2,787,238

Note : Fixed deposits aggregating Rs. 53,86,342 (P. Y. Nil) lodged with bank as margin money for the issue of guarantees and letter of credits.

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	Schd. No.	As At 31.03.08	As At 31.03.07
LOANS & ADVANCES :			
Advances (Recoverable In Cash or In Kind or for value to be received)	10	41,340,501	20,756,109
T.D.S. Receivable & Advace Income Tax		471,200	303,201
Advance Income Tax		1,329,575	5,000,000
Advance FBT		70,000	130,471
Advance To Staff		738,169	768,543
Prepaid Expenses		1,127,475	1,155,963
Export Incentive Receivable		6,545,896	-
Modvat Receivable		37,344,848	46,980,490
Vat Receivable		-	385,517
TUF Subsidy Receivable		1,019,494	-
MAT Credit		3,782,829	3,194,178
Balance With Excise Dept. (PLA)		8,763	8,763
Sundry Deposits		12,726,525	5,580,905
Total		106,505,275	84,264,140
CURRENT LIABILITIES & PROVISIONS :	11		
A) CURRENT LIABILITIES			
Sundry Creditors :			
For Goods & Expenses		65,343,172	44,089,620
Other Liabilities & TDS Payable		4,807,395	6,263,985
Advance Received from customer		2,386,336	798,685
Unpaid Dividend		1,334,647	5,095,802
B) PROVISION			
Prov. For Fringe Benefit Tax		200,000.00	183,815
Prov. For Taxation		8,431,729.00	5,636,339
Total		82,503,279	62,068,246
SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNTS (CONSOLIDATED)			
SALES :	12		
Yarn Sales		1,168,357,365	1,095,180,072
Export Sales		22,059,190	79,384,882
Fabric Sales		57,793,650	28,106,278
Menthol Product Sales		129,165,264	10,702,570
Wastage Sales (net)		2,430,578	1,787,942
Total		1,379,806,047	1,215,161,744
Less : Excise Duty		94,723,430	90,248,555
Net Sales		1,285,082,617	1,124,913,189
OTHER INCOME :	13		
Dividend Received		368,650	303,359
Brokerage and Commision		1,955,445	1,314,997
Profit / Loss on Trading in Shares & Commodities, Commodities & F & O		(9,956,379)	1,656,376
Profit on Sale of Fixed Assets		265,427	49,044
MISC. Income		67,042	150
Exchange Difference		4,134,859	1,393,171
Claim Received		-	8,225,884
Interest Received :			
On Fixed Deposit		1,656,219	757,012
Others		-	-
Total		(1,508,737)	13,699,993
RAW MATERIAL CONSUMED :	14		
Opening Stock		31,246,002	17,182,665
Add : Purchase (Net)		1,029,365,678	930,601,476
		1,060,611,680	947,784,141
Less : Closing Stock		76,297,868	31,246,002
Total		984,313,812	916,538,139

	Schd. No.	As At 31.03.08	As At 31.03.07
<u>MANUFACTURING EXPENSES :</u>	15		
Power & Fuel		69,125,303	57,130,119
Labour & Security Expenses		238,092	228,407
Packing Materials		18,266,118	21,757,807
Stores and Spares		7,441,903	4,158,791
Freight and Octroi		1,454,927	1,494,636
Repairs to Plant & Machineries		1,237,909	953,734
Repairs to Factory Building		91,608	164,265
Factory Expenses		206,492	80,250
Job Charges		91,231	87,089
Total		98,153,583	86,055,098
<u>ADMINISTRATIVE & OTHER EXPENSES :</u>	16		
Rent, Rates And Taxes		46,039,622	43,213,272
Postage, Telegram and Telephone Expenses		926,233	1,053,337
Printing and Stationary		630,852	624,770
Insurance Expenses		2,884,557	3,078,953
Electricity Expenses		238,900	183,855
Legal & Professional Expenses		1,043,301	1,077,402
Travelling and Conveyance		489,825	473,159
Vehicles Expenses		8,586,452	8,894,961
Director's Remuneration		450,000	540,000
Auditor's Remuneration		328,969	288,837
Membership and Subscription		78,033	20,314
Donation		702	32,075
Other Repairs		223,087	179,916
Office and General Expenses		180,088	194,007
Preliminary & Pre-operative Expenses		515,380	-
Total		62,616,001	59,854,858
<u>SALARY , WAGES AND BENEFIT TO EMPLOYEES :</u>	17		
Wages, Salaries & Bonus Cont. To P.F. & F.P. F.		9,969,696	7,277,355
Welfare And Other Expenses		189,732	171,350
Total		10,159,428	7,448,705
<u>FINANCIAL CHARGES :</u>	18		
Interest To :			
Banks & Financial Institution		39,237,446	32,927,140
Bank Charges & Guarantee Commision		1,661,333	2,386,564
Others		-	748,825
Total		40,898,779	36,062,529
<u>SELLING & DISTRIBUTION EXPENSES :</u>	19		
Commission, Brokerage & Discount		3,235,011	2,333,479
Carriage Outward & Shipment Charges		3,086,940	6,746,958
Sales Promotion		1,606,333	677,845
Total		7,928,284	9,758,282

SCHEDULE 20 : NOTES ON ACCOUNTS

Significant Accounting policies and notes to the consolidated financial statements.

(1) Significant Accounting policies :-

Significant Accounting policies adopted in the preparation and presentation of the consolidated financial statement are as below :

- a. **Basis of accounting** : The financial statement are Prepared under historical cost convention on an accrual basis. Financial Statement of a foreign subsidiary company prepared in accordance with the Accounting Standard of that country have in recast for the purpose of consolidation with indian parents.
- b. **Fixed Assets** : Fixed Assets are stated at cost of acquisition (net of Modvat) or construction less accumulated depreciation. Cost comprises of purchase price and all other attributable cost for bringing the asset to its working condition for its intended use.
- c. **Depreciation** : Depreciation is provided on fixed assets (except land) on written down value method at the rates specified in schedule XIV to the companies Act, 1956 except on trucks, addition in the vehicle from 01.04.2003, cater pillar, D.G. Sets, one Himson Texturising machine and all additions in plant & machinery from 01.04.2002, where depreciation has been provided on straight line methods as per schedule XIV to the companies Act, 1956.
- d. **Consolidation of Accounts** : These accounts comprise a consolidation of the accounts of Sumeet Industries Ltd. and its subsidiary Somani Industries (Nepal) Pvt. Ltd. which have been prepared in accordance with the requirements of Accounting Standard (AS 21) and consolidation of accounts of the subsidiary company have been done on the basis of financial statements prepared in accordance with Indian GAAP.

All Inter Company transactions, balances, unrealised surpluses and deficits on transactions have been eliminated.

- e. **Goodwill / Capital Reserve** : Since the Somani Industries (Nepal) Pvt. Ltd. has been incorporated by issuing 1,60,000 share at face value of Rs. 100 per share so there is no Goodwill or Capital Reserve.

f. Inventories :

- (a) Stores & Spares and fuel Oil : At Cost.
- (b) Raw Material : At Cost.
- (c) Goods in Transit (Raw Mat.) : At Cost.
- (d) Work-in-Progress : At Cost plus procurement charges
- (e) Finished Goods : At Cost or Net Realisable value which ever is lower.
- (f) Wastage : At Net Realisable Value
- (g) Cost of inventories is ascertained on the "First-in-First-Out" basis.

- g. **Income Tax** : Tax expenses for the year, comprising current tax and deferred tax is included in deterring the net profit for the year. Deferred tax asset and liabilities are recognized for the future tax consequences of temporary difference between the carrying value of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets are recognised subject to management's judgement that realization is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary difference are expected to be reviewed or settled. This Accounting Standard 22 Accounting for Taxes on Income is not applicable to Subsidiary company.

- h. **Segment Accounting** : The Accounting Standard 17 Segment Accounting is not applicable to Subsidiary company.

- i. **Minority Interest** : Since the company holding 100% share in subsidiary company there is no Minority Interest.

j. Earnings Per share :

Net profit attributable to share holder	36705284	32559013
Number of equity share	20122930	17399300
Earning per share of Rs 10 each	1.82	1.87

- k. Cash Flow statement is as per Annexure "A"

- l. Signature to schedules "1" to "20"

Annexure A
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

	2007-08		2006-07	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and Extraordinary Items		52346021		48257348
Adjustment For :				
Depreciation	38705965		36082234	
Interest Income	-1656219		-757012	
Dividend Income	-368650		-303359	
Miscellaneous expenditure written off	0		0	
Profit / Loss on Sale of Fixed Assets	-265427		-49044	
Profit / Loss on Sale of Investments	9956379		-1656376	
Interest Paid	39237446		33675965	
		85609494		66992408
Operating Profit before Working Capital Changes		137962624		115249756
Adjustment For :				
Trade & Other Receivables	-52556695		-42077965	
Inventories	-44996236		-89349942	
Trade Payables and Other Liabilities	20435033	77117898	33145974	-98981933
Cash Generated From Operations		-60844726		16967823
Interest Paid	-39237446		-33675965	
Provision For Taxation	-8043078		-2625976	
Previous Year Taxation	291383	46989141	-112410	-36414351
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		13855585		-19446528
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Income Form sale of investments:				
Interest Income	1656219		757012	
Dividend Income	368650		303359	
Purchases of Fixed Assets	-69400617		-18780142	
Sale of Fixed Assets	316500		83000	
Purchase / Sale of Investment	-12927221		-604402	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		- 79986469		-18241173
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase in borrowings	12330909		54449868	
Increase in Term Loan	23458007		-2762336	
Increase in share capital	27370000		7500000	
Share Premium Received	18340000		-	
Dividend Payments	-		-23350200	
Preliminary Expenses W/off	-1806134		-	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		13554789		35837332
Net Increase in Cash & Cash equivalents (A+B+C)		16342027		-1850372
Cash and Cash equivalents as on 1 st April, 2007		2787238		4637610
Cash and Cash equivalents as on 31 st March, 2008		16123295		2787238

Note: Figures in negative (-) indicate cash outflows.

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Place : Surat

Date : 30-06-2008

AUDITORS REPORT :

We have examined the above cash flow statement of the SUMEET INDUSTRIES LIMITED for the year ended 31st March, 2008. The Statement has been prepared by the company in accordance with the requirements of listing Agreement clause 32 With Bombay Stock Exchange and is based on and is in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report dated 30/06/2008 to the members of the company.

Place : Surat

Date : 30-06-2008

For, **PRADEEP SINGHI & ASSOCIATES**
Chartered Accountants

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

SOMANI INDUSTRIES (NEPAL) PVT. LTD.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SOMANI INDUSTRIES (NEPAL) PVT. LTD.

We have audited the attached Balance Sheet of M/s Somani Industries (Nepal) Pvt. Ltd. as on 31st March, 2008 and Profit & Loss Account of the company for the year ended on that date from the books, records and other documents as maintained by the Company and report that :-

In our opinion.

- a) We have obtained information and the explanation required for the purpose of our audit .
- b) The Balance Sheet, Profit and Loss Account are presented as required under the Company Act, 2053 and conform to the accounts maintained by the company.
- c) The Accounts and records of the company have been maintained in accordance with the law.
- d) To the best of our information and according to the explanation given to us and read with the attached Notes on Accounts, the Financial Statements give true & fair view, in the case of Balance Sheet, the financial position of the company as at 31st March, 2008 and in the case of Profit and Loss Account and Cash Flow Statement, the operational result and cash flow for the period ended on that date.
- e) To the best of our information and according to the explanation given to us, the Board of Directors or the representative or any employee of the company has not acted contrary to the provisions of the law relating to accounts, nor caused direct loss or damage to the company or misappropriated the funds of the company.

For, **J.P. Khandelwal & Co.**
Chartered Accountants

Place : BIRGUNJ (NEPAL)
Date : 25-06-2008

J. P. Khandelwal
Proprietor

SOMANI INDUSTRIES (NEPAL) PVT. LTD.**BALANCE SHEET AS AT 31st MARCH, 2008**

Sr. No.	PARTICULARS	SCHEDULE	AMOUNT (NRS) AS ON 31.03.08	AMOUNT (NRS) AS ON 31.03.07
I. SOURCES OF FUND				
1 Shareholders' Fund				
	a) Share Capital	A	16,000,000.00	16,000,000.00
	b) Reserve & Surplus	B	-	-
2 Loans Fund				
	a) Unsecured Loan	C	-	-
	Total		16,000,000.00	16,000,000.00
II. APPLICATION OF FUND				
1 Fixed Assets				
		D	-	-
2 Current Assets, Loans & Advances				
	a) Closing Stock	E	-	-
	b) Sundry Debtors	F	-	-
	c) Cash & Bank Balance	G	349,971.00	361,346.00
	d) Loans & Advances	H	11,304,881.00	11,304,881.00
	e) L/C Margin		-	-
	Total Current Assets		11,654,852.00	11,666,227.00
	Less : Current Liabilities & Provisions	I	12,839.00	12,839.00
	Net Current Assets		11,642,013.00	11,653,388.00
3 Miscellaneous Expenditure				
	(To the Extent not Written off or adjusted)		-	-
4 Profit & Loss A/c. : (Net Loss)				
			4,357,987.00	4,346,612.00
	Total		16,000,000.00	16,000,000.00

As per our Report of even date attached

For, **J.P. Khandelwal & Co.**

Chartered Accountants

Accountant

Director

Director

J. P. Khandelwal
Proprietor

Place : BIRGUNJ (NEPAL)

Date : 25-06-2008

SOMANI INDUSTRIES (NEPAL) PVT. LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Sr. No.	PARTICULARS	SCHEDULE	AMOUNT (NRS) AS ON 31.03.08	AMOUNT (NRS) AS ON 31.03.07
I. INCOME				
	a) Sales of Goods	J	-	-
	Less : Cost of sales	K	-	-
	b) Other Income	K1	-	-
	Total		-	-
II. EXPENDITURE				
	a) Manufacturing Expenses	L	-	-
	b) Administrative Expenses	M	11,375.00	1,740,378.00
	c) Selling & Distribution Expenses	N	-	-
	d) Financial Expenses	O	-	-
	e) Depericiation		-	-
	Total		11,375.00	1,740,378.00
	Net Profit (Loss) before Income Tax (I)- (II)		(11,375.00)	(1,740,378.00)
	Income Tax		-	-
	Net Profit (Loss)		(11,375.00)	(1,740,378.00)
	Previous Year Profit (Loss) Balance		(4,346,612.00)	(2,606,234.00)
	Balance Transferred to Balance Sheet		(4,357,987.00)	(4,346,612.00)

As per our Report of even date attached
For, **J.P. Khandelwal & Co.**
Chartered Accountants

Accountant

Director

Director

J. P. Khandelwal
Proprietor

Place : BIRGUNJ (NEPAL)

Date : 25-06-2008

SOMANI INDUSTRIES (NEPAL) PVT. LTD.
SCHEDULE FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT
(FOR THE YEAR ENDED 31st MARCH, 2008)

Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.08	AMOUNT (NRS) AS ON 31.03.07
A	<u>SHARE CAPITAL :</u>		
	Authorised Share Capital		
	867000 Equity Share of Rs.100 each	86,700,000.00	86,700,000.00
	Issued & Subscribed share Capital		
	280000 Equity Share of Rs.100 each	28,000,000.00	28,000,000.00
	Paid-up Share Capital		
	160000 Equity Share of Rs.100 each	16,000,000.00	16,000,000.00
	Total	16,000,000.00	16,000,000.00
B	<u>RESERVE & SURPLUS :</u>		
	Balance B/F	-	-
	Net Profit for the year	-	-
	Total	-	-
C	<u>UNSECURED LOAN :</u>		
	From Directors	-	-
	Total	-	-
D	<u>FIXED ASSETS :</u>		
	Gross Block	-	-
	Depreciation	-	-
	Net Block	-	-
	Total	-	-
E	<u>CLOSING STOCK :</u>		
	Raw Material	-	-
	Packing Material	-	-
	Finished goods	-	-
	Total	-	-
F	<u>DEBTORS (For) :</u>		
	Domestic Sales	-	-
	Export Sales	-	-
	Total	-	-
G	<u>CASH & BANK BALANCE :</u>		
	Cash in Hand	307,954.00	319,329.00
	Cash at Bank :-		
	Nepal SBI Bank Ltd- Kathmandu	13,221.00	13,221.00
	Nepal SBI Bank Ltd-Birgunj	28,796.00	28,796.00
	Cheque in transit	-	-
	Total	349,971.00	361,346.00
H	<u>DEPOSITS, LOANS & ADVANCES :</u>		
	Loan to Parties (inc. Sumeet Ind. Ltd.)	10,675,929.00	10,675,929.00
	Security Deposit	-	-
	VAT Receivable	462,489.00	462,489.00
	Bank Guarantees	-	-
	Deposit (Dept. of Industries)	20,000.00	20,000.00
	Other Advances	-	-
	Local Development Tax	-	-
	Advance Income tax & Special tax	146,463.00	146,463.68
	Total	11,304,881.00	11,304,881.00
I	<u>CURRENT LIABILITIES & PROVISIONS :</u>		
	Sundry Creditors	-	-
	Audit Fees Payble	5,000.00	5,000.00
	Tax Deducted at Sources	7,839.00	7,839.00
	Interest Payble	-	-
	Office Rent Payable	-	-
	Total	12,839.00	12,839.00

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Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.08	AMOUNT (NRS) AS ON 31.03.07
J	<u>SALES OF THE GOODS :</u>		
	Export Sales	-	-
	Domestic Sales	-	-
	Wastage & Scrap Sales	-	-
	Raw Material Sales	-	-
	Total	-	-
K	<u>COST OF SALES :</u>		
	Raw Material Consumed :-		
	Opening Stock of Raw Material	-	-
	Add : Cost of Raw Material Purchase (POY)	-	-
	Less : Closing Stock of Raw Material	-	-
	Add : Opening Stock of Finished Goods	-	-
	Less : Closing Stock of Finished Goods	-	-
	Total	-	-
K1	<u>OTHER INCOME :</u>		
	Profit on sale of Machinery	-	-
	Misc. Income (Sales From Scrap etc.)	-	-
	Interest on Loan From Parties	-	-
	Total	-	-
L	<u>MANUFACTURING EXPENSES :</u>		
	Preliminary Exps (Written off)	-	-
	Packing Material Consumed	-	-
	Stores Consumable	-	-
	Local Development Tax on Raw Material	-	-
	Electricity Exps.	-	-
	Freight & Octroi	-	-
	Clearing & Commission	-	-
	Loading & Unloading Exps.	-	-
	Insurance Exps.	-	-
	Power & Fuel	-	-
	Labour Charges	-	-
	Inward Transportation	-	-
	Repairing & Maintenance of M/c	-	-
	Total	-	-
M	<u>ADMINISTRATIVE EXPENSES :</u>		
	Salary & Allowance	-	-
	Travelling Expenses	-	-
	Printing & Stationary	-	-
	Office Exps.	-	-
	Consultancy Charges	-	-
	Legal Exps.	-	-
	Director's Sitting Fees	-	-
	Director's Remuneration	-	-
	Audit Fees	5,000.00	5,000.00
	Postage & Telegrams	-	-
	Subscription & Donation	-	-
	Staff Welfare	6,000.00	12,000.00
	General Exps.	375.00	14,121.00
	Repairing & Maintenance Exps.	-	-
	Local Development Tax Receivable W/Off.	-	1,698,254.00
	VAT Penalty	-	11,003.00
	Total	11,375.00	1,740,378.00

Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.08	AMOUNT (NRS) AS ON 31.03.07
N	<u>SELLING & DISTRIBUTION EXPESSES :</u>		
	Advertisement	-	-
	Certificate of Origine Charges	-	-
	Custom duty on Export	-	-
	Forwarding & Commission	-	-
	Transportation	-	-
	Total	-	-
O	<u>FINANCIAL CHARGES :</u>		
	Bank Charges	-	-
	Interest on Unsecured Loan	-	-
	TOTAL	-	-

As per our Report of even date attached
For, **J.P. Khandelwal & Co.**
Chartered Accountants

Accountant

Director

Director

J. P. Khandelwal
Proprietor

Place : BIRGUNJ (NEPAL)

Date : 25-06-2008

SCHEDULE : P

Annexed to and forming part of Balance Sheet as at 31st March, 2008.

A) NOTES TO ACCOUNTS :-**1. Accounting Conversion :**

The accounts have been prepared in accordance with historical Cost convention.

2. Fixed Assets and Depreciation :

All the Fixed Assets has been sold and there is no Fixed Assets at the end of the year.

3. Inventories :

No inventory at the end of the year.

B) BALANCE SHEET AND PROFIT & LOSS ACCOUNT :-

As there was no business activity during the year as such surplus fund lying with the company has given to holding company as advance and no interest charged on that advance.

As per our Report of even date attached
For, **J.P. Khandelwal & Co.**
Chartered Accountants

Accountant

Director

Director

J. P. Khandelwal
Proprietor

Place : BIRGUNJ (NEPAL)

Date : 25-06-2008

SUMEET INDUSTRIES LIMITED

504, Trividh Chambers, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat-2 (Guj.) India.

ATTENDANCE SLIP

ANNUAL GENERAL MEETING - 29.09.2008

Regd. Folio No. No. of Shares held

I certify that I am a registered shareholder/Proxy for the registered shareholder of the Company.

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company at Conference Hall, Bombay Market, Umarwada, Surat - 395 010 on Monday, 29th September, 2008

Member's/Proxy's Name in Block Letters_____
Signature of Member / Proxy

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

SUMEET INDUSTRIES LIMITED

504, Trividh Chambers, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat-2 (Guj.) India.

PROXY FORM

ANNUAL GENERAL MEETING - 29.09.2008

Regd. Folio No. No. of Shares held

I/We _____
of _____ in the District
of _____ being a member/members of
the above named Company hereby appoint _____
or failing to him/her _____
of _____ in the District of _____
as my/our proxy to vote for me/our behalf at the 20th ANNUAL GENERAL MEETING of the company to be held on
Monday, 29th day of September, 2008 at 10.00 A.M. any adjournment(s) thereof.

Signed this _____ day of _____ 2008.

Signature _____

Affix 1 Rupee Revenue Stamp

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited the Registered office of the Company, not less than 48 hours before the meeting.

BOOK-POST

To,

If Undelivered please return to :

SUMEET INDUSTRIES LIMITED

504, Trividh Chambers,
5th Floor, Opp. Fire Brigade Station,
Ring Road, Surat-2 (Guj.) India.