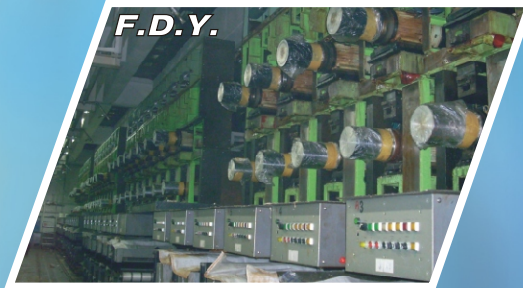


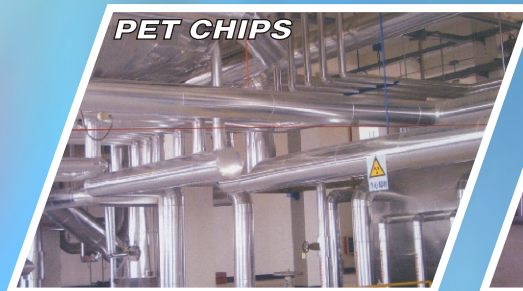
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## INDUSTRIES LIMITED

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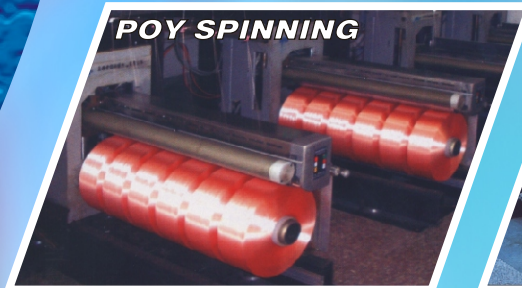
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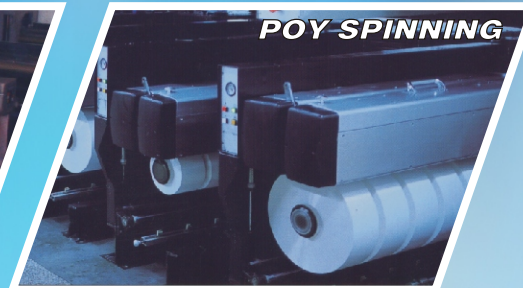
PET CHIPS



POY SPINNING



POY-SPINNING



TEXTURISING



**21<sup>st</sup>**

**ANNUAL REPORT**  
**2008 - 2009**

## FIVE YEARS OPERATING & FINANCIAL RECORD

### OPERATING RECORD

(Rs. in Lacs)

PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
Sales ( Net )	15778.68	12850.83	11249.13	8218.71	3489.95
Other Income	-21.31	-15.09	137.00	62.89	22.40
Export Incentive	69.03	82.07	0.00	0.00	50.48
Increase ( Decrease ) in Inventories	824.23	33.41	653.96	356.35	10.91
<b>Total</b>	<b>16650.63</b>	<b>12951.22</b>	<b>12040.09</b>	<b>8637.95</b>	<b>3573.74</b>
Purchase of Finished Goods	3011.22	0.00	25.75	289.60	321.75
Raw Material Consumed	10076.07	9843.14	9165.38	6341.78	1990.92
Staff Cost	108.38	101.55	74.41	55.85	68.38
Manufacturing Expenses	970.63	981.54	860.55	907.07	525.79
Admn. Exp & Selling & Dist.Exp.	1037.64	705.41	699.10 <sup>#</sup>	345.98	222.60
Interest & Depreciation	813.44	796.05	721.45	564.79	301.65
<b>Total</b>	<b>16017.38</b>	<b>12427.69</b>	<b>11546.64</b>	<b>8505.07</b>	<b>3431.09</b>
<b>Profit/(Loss) before Taxation</b>	<b>633.25</b>	<b>523.53</b>	<b>493.45</b>	<b>132.88</b>	<b>142.65</b>
Taxation	251.69	156.41	156.98	47.71	52.59
<b>Profit &amp; Loss after Taxation</b>	<b>381.56</b>	<b>367.12</b>	<b>336.47</b>	<b>85.17</b>	<b>90.06</b>
<b>Earning per Share ( EPS )</b>	<b>0.95</b>	<b>1.82</b>	<b>1.93</b>	<b>0.49</b>	<b>0.78</b>

### FINANCIAL RECORD

Share Capital	3999.52	2512.29 <sup>*</sup>	2239.93 <sup>*</sup>	2239.93 <sup>*</sup>	1660.00 <sup>*</sup>
Share Application Money	0.00	257.00	75.00	0.00	0.00
Reserve & Surplus	2191.72	911.71	538.94	437.09	932.23
Loan Funds **	14020.80	4807.32	4449.43	3931.86	3503.99
<b>Capital &amp; Funds Employed</b>	<b>20212.04</b>	<b>8488.32</b>	<b>7303.30</b>	<b>6608.88</b>	<b>6096.22</b>
Fixed Assets ( Gross )	8484.96	8665.06	8087.77	7650.92	6374.48
Depreciation	4270.51	4040.82	3657.20	3299.85	2965.97
Fixed Assets ( Net )	4214.45	4624.24	4430.57	4351.07	3408.51
Capital Work in progress	10995.74	127.56	14.80	267.65	926.63
Investments	107.20	155.81	126.10	103.49	105.31
Current Assets	6142.20	4851.86	3740.71	2433.45	2080.13
Current Liabilities & Provisions***	1276.77	1289.21	1008.88	546.78	424.36
Net Current Assets	4865.43	3562.65	2731.83	1886.67	1655.77
Misc. Exp. not written off	29.22	18.06	0.00	0.00	0.00
<b>Capital &amp; Funds Applied</b>	<b>20212.04</b>	<b>8488.32</b>	<b>7303.30</b>	<b>6608.88</b>	<b>6096.22</b>

<sup>#</sup> Inclusive of Extra Ordinary items

<sup>\*</sup> Includes Preference Share Capital of Rs.5.00 Crores

<sup>\*\*</sup> Includes Secured & Unsecured Loan

<sup>\*\*\*</sup> Includes Deffered Tax Liability



**TWENTY FIRST  
ANNUAL REPORT****BOARD OF DIRECTORS**

<b>Shri Shankarlal Somani</b>	Chairman
<b>Shri Raj Kumar Somani</b>	Managing Director
<b>Shri Sumeet Kumar Somani</b>	Director
<b>Shri Bhagchand Chordia</b>	Director
<b>Shri Dinesh Sharan Khare</b>	Director
<b>Shri Devi Prasad Saboo</b>	Director
<b>Shri Vinod Kumar Ladia</b>	Director
<b>Shri Mangilal Lahoti</b>	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  
Bank of India  
IDBI Bank Ltd.

**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.

**21ST ANNUAL GENERAL MEETING**

DATE : 29th September, 2009

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 21<sup>st</sup> Annual General Meeting of M/s. SUMEET INDUSTRIES LIMITED will be held at Bombay Market Hall, Umarwada, SURAT on Tuesday, 29<sup>th</sup> Day of September, 2009 at 10.00 A.M. to transact following businesses:

**ORDINARY BUSINESS:**

01. To consider and adopt the Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and Reports of Auditors and Directors thereon.
02. To appoint Director in place of Shri B.C. Chordia who retires by rotation and is eligible for Re-appointment.
03. To appoint Director in place of Shri Mangilal Lahoti who retires by rotation and is eligible for Re-appointment.
04. To appoint auditors and fix their remuneration.

**SPECIAL BUSINESS**

05. 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 re-appointment and terms of remuneration of Shri Shankarlal Somani as Chairman and Whole Time Director of the Company for a period of 5 ( Five ) years with effect from 01.12.2009, 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 Whole Time Director.”

06. 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 provision of sections 269, 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII, the consent of the company be and is hereby accorded to the increase in the remuneration of Mr. Raj Kumar Somani, Managing Director of the company from Rs. 25000/- ( Rs. Twenty Five Thousand ) per month to Rs. 2,00,000/- ( Rs. Two Lacs ) per month by way of salary with effect from 01.10.2009, other terms and conditions including perquisites remaining unchanged.”

07. 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 provision of sections 269, 198, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII, the consent of the company be and is hereby accorded to the increase in the remuneration of Mr. Sumeet Kumar Somani, Director of the company from Rs. 25000/- (Rs. Twenty Five Thousand ) per month to Rs. 2,00,000/- ( Rs. Two Lacs ) per month by way of salary with effect from 01.10.2009, other terms and conditions including perquisites remaining unchanged.”

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

**“RESOLVED THAT** pursuant to section 31, 95, 97 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby altered and reconstituted in to Equity Shares and Non-Convertible Redeemable Preference Shares of Rs. 40.00 Crores and 10 Crores respectively by cancellation of 50,00,000 ( Fifty Lacs ) Equity Shares of Rs.10/- each and simultaneously creating 50,00,000 ( Fifty Lacs ) 6% Non-convertible Redeemable Preference Shares of Rs. 10/- ( Ten ) each. Accordingly, new amended Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company will be read as below.”

- V. The Authorised Share Capital of the Company is Rs. 50,00,00,000/- ( Rs. Fifty Crores ) divided in to
1. 4,00,00,000 ( Four Crores ) Equity Shares of Rs. 10/- ( Rs. Ten ) each.
  2. 1,00,00,000 ( One Crore ) 6% Non- Convertible Redeemable Preference Shares of Rs. 10/- ( Rs. Ten ) each.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 31 read with Section 192A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the following para be inserted as Article 127A under the heading “Passing of Resolution by Postal Ballot”.

**Article: 127A “Passing of Resolution by Postal Ballot:”**

The Company do adopt the mode of passing resolutions by means of postal ballots and /or other ways as may be prescribed by the Central Government with respect to any business that can be transacted by the Company in the General Meeting and particularly resolutions relating to such business as the Central Government may by notification declare to be conducted only by postal ballot.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 31 of the Companies Act 1956, the following Article shall be inserted in the Articles of Association of the Company as Article No: 163A under the heading “Board/Committee meetings through Video / Tele conferencing”.

**Article: 163A “Board/Committee meetings through Video / Tele conferencing:”**

The Company shall have the power to hold the Board or Committee meetings through the means of Video conferencing and/or Tele conferencing subject to the applicable provisions, if any, of the Act and other regulatory provisions, if any, and all relevant Articles dealing with Board or Committee meetings shall be read *mutatis mutandis*”

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

**“RESOLVED THAT** pursuant to section 80, 81(1A) and other applicable provisions of the Companies Act , 1956 consent of the shareholders be and is hereby given to the Board of Directors to issue 1,00,00,000 ( one crore only ) 6% Non-Convertible Preference Shares of Rs.10/- each to the Directors and their relatives & associate concerns and Strategic investors that will be redeemed with in the period of 10 years from the date of issue of such Preference Shares.”

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

**“ RESOLVED THAT** pursuant to the provisions of section 293 (1) (d) of the Companies Act, 1956 the Company hereby approves and give consent to the Board of Directors for borrowings money from time to time in excess of paid up capital and free reserves, if any, provided however that the amount borrowed to be borrowed and out standing at any time shall not exceed the sum of Rs. 500,00,00,000 ( Rs. Five Hundred Crores only ) exclusive of the temporary loans obtained from the companies bankers in the ordinary course of business of the company.”

**Registered Office :**

504, Trividh Chambers,  
Opp. Fire Station,  
Ring Road, Surat - 395 002.

Place : Surat  
Date : 29.06.2009

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, 22<sup>nd</sup> September, 2009 to Saturday, 26<sup>th</sup> September, 2009 (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.

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 05**

Shri Shankarlal Somani is Chairman and Whole Time Director of the company since many years, his term of office as Whole Time Director expires on 30.11.2009. The Board of Directors of the Company recommends to re-appoint Shri Shankarlal Somani as Chairman and Whole Time Director of the Company for a further period of 5 (Five) years w.e.f. 01.12.2009 on the following terms and conditions.

**REMUNERATION & PERQUISITES**

1. Salary : Shri Shankarlal Somani shall be paid a monthly salary of Rs. 2,00,000/- (Rs. Two Lacs Only) inclusive of dearness and all other allowances.
2. Perquisites : In addition to the above salary, Shri Shankarlal Somani shall also be provided the following perquisites.

**CATEGORY A**

- |                                 |   |
|---------------------------------|---|
| i) Housing                      | : a) the Company shall provide owned/leased free furnished accommodation<br>b) Where the Company does not provide accommodation to the Whole Time Director, House Rent Allowance may be paid by the Company @60% of the basic salary.<br>c) The expenditure incurred by the Company on gas, electricity, water and furnishing will be valued as per the income tax, Rules, 1962 and shall be subject to a ceiling of 10% of the salary. |
| ii) Medical reimbursement       | : Expenses incurred for self and family subject a ceiling of one month salary per year or three months salary in a period of three years.   |
| iii) Leave Travel Concession    | : For self and family once in year in accordance with the rules of the Company.   |
| iv) Club Fees                   | : Club Fees subject to maximum of two clubs, admission and life membership fees not being allowed.  |
| v) Personal Accident Insurance: | For an amount the annual premium of which does not exceed Rs. 1,00,000/-.   |

**CATEGORY B**

- i) Contribution to provident fund, superannuation funds or annuity fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- ii) Leave as per Company's rules, Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

**CATEGORY C**

- i) Free use of company's car with driver on Company's business and telephone at residence will not be considered as perquisites.
- ii) Personal long distance calls and use of car for private purpose shall be billed by the Company.
- iii) Reimbursement of entertainment expenses, traveling and all other expenses, actually and properly incurred for the purpose of company's business.
- iv) No sitting fees shall paid for attending the meeting of the Board of Directors of Committee thereof.

Notwithstanding any thing contained herein above, Shri Shankarlal Somani 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 01.12.2009 to 30.11.2014.

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

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

The Board recommends the resolution for adoption.

**Item No. 06**

Shri Raj Kumar Somani, Mg. Director of the company has been reappointed as Managing Director of the company with effect from 01.10.2008 for a period of 5 years in the last Annual General Meeting held on 29.09.2008. The Board of Directors of the company recommends to increase the salary of Mr. Raj Kumar Somani from Rs. 25000/- P.M. to Rs. 2,00,000/- P.M. other terms and conditions including perquisites will remain unchanged

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.

**Item No. 07**

Shri Sumeet Kumar Somani, Director of the company has been appointed as Whole Time Director of the company with effect from 01.10.2005 for a period of 5 years in the Annual General Meeting held on 30.09.2005. The Board of Directors of the company recommends to increase the salary of Mr. Sumeet Kumar Somani from Rs. 25000/- P.M. to Rs. 2,00,000/- P.M. other terms and conditions including perquisites will remain unchanged.

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

The Board recommends the resolution for adoption.

**Item No. 08**

The company has un-issued Authorised Share Capital in the form of Equity Shares. Your company is in urgent need of funds to complete its expansion project of new POY/FDY lines. To complete the need of fund's requirement, management decided to opt for issue of Non-convertible Preference Shares as faster route to bring required funds in the company instead of Equity Capital. Hence it is necessary to reconstitute the Authorised Capital by creating Redeemable Non-convertible Preference Shares. Such reconstruction in the Authorised Capital needs approval of the shareholders hence necessary resolution is placed in the notice for your kind approval.

No Director is directly or indirectly interested in the resolution.

Board recommends the resolution for adoption.

**Item No. 09**

Section 192A of the Companies Act 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, requires a listed company to pass certain resolutions through postal ballot in case of such business as the Central Government may by notification prescribe and in the case of other business, the company may get any resolution passed by means of postal ballot, instead of transacting the business in the General Meeting of the company.

Presently, the Articles of Association of the Company do not have the provision relating to voting through postal ballot and in order to bring the Article in line with the Companies Act, 1956 a new Article No 127A is proposed to be inserted in the Articles of Association of the Company.

A copy of the existing Articles of Association of the Company together with a copy of the proposed amendment will be open for inspection by Members at the Registered Office of the Company between 11 A.M. and 1.00 P.M. on all days, except Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof.

**Item No. 10**

The Information Technology (IT) Act 2000 recognizes communications in digital or electronic means as permissible under the IT Act. It is felt desirable to add a new Article 163A in the Articles of Association of the Company to facilitate to conduct of Board/Committee meetings through Video and /or Tele conferencing, so that when the necessary amendments etc. to the Companies Act 1956 take place, the Company could hold its Board / Committee meetings through Video and /or Tele conferencing. The Board commends the Special Resolution for favorable consideration by the Members.

None of the Directors of the Company is concerned or interested in the said Resolution.

A copy of the existing Articles of Association of the Company together with a copy of the proposed amendment will be open for inspection by Members at the Registered Office of the Company between 11 A.M. and 1.00 P.M. on all days, except Sundays and holidays until the date of the Annual General Meeting or any adjournment thereof.

**Item No. 11**

Your company is in the process of implementation of expansion cum backward integration project of Pet-Chips, POY & FDY. To complete the projects in schedule time, company is in need of urgent funds. Considering the current procedural requirements of capital market condition and trends, it is practically not possible to satisfy the immediate fund requirements of the company. So, management has decided to allot 6% Non-Convertible Redeemable Preference Shares to the Directors and their relatives & associate concerns and Strategic investors that will be redeemed within the period of 10 years.

Directors and their associate concern have given their consent to subscribe for the Non-Convertible Preference Shares to support the implementation of projects under process of completion without any financial hurdle.

Directors of the company are interested in the resolution. Necessary resolution is placed in the notice for your kind approval.

**Item No. 12**

Your company has successfully completed its backward integration project of polymerization plant for manufacturing Pet Chips. Now the company is exploring the possibilities of further expansions in POY manufacturing facilities directly from MEG and PTA and forward integration project for manufacturing Texturised Yarns & FDY Yarns of varied deniers. Current borrowing powers of the Board of directors are Rs. 200.00 Crores. So, necessary resolution is placed in the notice enhancing borrowing powers of the Board of Directors from existing Rs. 200.00 Crores to Rs. 500.00 Crores.

No Director is directly or indirectly interested in the resolution.

The Board recommends the resolution for adoption.

**Registered Office :**

504, Trividh Chambers,  
Opp. Fire Station,  
Ring Road, Surat - 395 002.  
Place : Surat  
Date : 29.06.2009

By order of the Board Directors

Sd/-  
**Shankarlal Somani**  
Chairman



**DIRECTORS' REPORT**

To The Members,

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report and Audited Statements of Accounts for the year ended 31st March, 2009. The year was an eventful year for Indian economy. It suffered mainly on account of high and volatile crude oil prices, steep depreciation of Indian rupee against dollar and lastly but not the least, general slow down of major economies of the world. Your Company also got impacted due to these factors by way of high raw material and energy costs and foreign currency exchange loss. Despite these adversities, your Company has been able to earn net profit of Rs. 381.56 Crores due to efficient usage of raw material, energy conservation, quality of its finished products, overhead cost cutting and better management of working capital.

**FINANCIAL RESULTS :**

	31-03-09	(Rs. in lacs) 31-03-08
Gross profit before interest & Depreciation	<b>1446.68</b>	1319.58
Less: Interest	<b>487.57</b>	408.99
Depreciation	<b>325.86</b>	387.06
Profit before Tax	<b>633.25</b>	523.53
Less : Provision for Taxation		
Current Tax	<b>159.28</b>	86.32
Deferred Tax	<b>92.42</b>	70.09
Profit after Tax	<b>381.56</b>	367.12
Balance transfer to General Reserve	-	-
Balance transfer to Balance sheet	<b>1020.95</b>	641.23

**OPERATIONS**

Your company has posted a satisfactory performance for the year under review. The company has produced 13550.032 Tons of Polyester /Polypropylene Multifilament Yarn achieving 105% capacity utilization and dispatched 17094.188 Tons of P.P. / Poly yarns. The Company has manufactured 42.45 Lacs Mtrs of Polyester Fabrics achieving 121% capacity utilization and dispatched 40.74 Lacs Mtrs of Polyester Fabrics. The company has also produced 180.251 Tons of Menthol and its allied products.

Income from operation of the company has increased by 28.56% from Rs. 129.51 Crores to Rs. 166.51 Crores and Net Profit After Tax has increased by 4% from Rs. 3.67 Crores to Rs. 3.82 Crores in comparison to last year.

Being the proposed project's expansion is in progress and to part finance the same 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. Developing exports market has been a key area of focus for the company. The company has exported Polyester Yarn of Rs. 30.46 Lacs and Menthol Products of Rs. 1089.14 Lacs during the financial year under review consisting around 7 % of total sales made by the company.

**DEPOSITORY SYSTEM**

As members are aware, the company's shares are compulsorily tradable in electronic form. As on March 31, 2009, almost 90.58% of the Company's total paid-up capital representing 3,62,28,933 shares were in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization on either of the Depositories.

**FINANCE AND INVESTMENT****RIGHT ISSUE**

During the year under review, the company has successfully completed its Right Issue of 2,01,22,930 Equity Shares of Rs. 10/-each at a premium of Rs. 5/- each( Issue Price of Rs. 15/- per Shares ) made on 1:1 basis. The Issue was subscribed 1.001 times and the company has collected Rs. 2980.83 Lacs as a subscription amount from its Right Issue.

**BANK BORROWINGS**

The Company was successful in mobilizing resources from Banks during the year under review for its backward integration cum expansion project. The Bank of Baroda and Bank of India have sanctioned Foreign Currency Term Loan of USD 20mn (ECB Loan) on club deal basis for Expansion Cum Backward Integration Project. The working capital requirements are met through borrowings from consortium of Bank of Baroda and IDBI Bank and in view the new projects coming on stream in the current year and need to carry large stocks of certain raw materials from time to time, the company has increased its fund /non-fund based working capital facilities from Rs. 28.00 Crores to 56.00 Crores. We actively managed our short term liquidity to generate reasonable returns by investing surplus funds while preserving the safety of capital.

**CONTINUOUS POLYMERIZATION PLANT ( CP )**

The company has successfully commissioned fully imported C.P. Plant (Continuous Polymerization Plant) of 100000 Tons per annum capacity under technical guidance of M/s. Huitong Chemical Engineering Technique Co. Limited, China and commercial production likely is to be started in the first week of July'09.

Another Ten Lines of Polyester POY / FDY Spinning Plant with annual installed capacity of 48300 Tons per annum under expansion project is under progress and likely to be on stream in the month of October, 2009. Under this project POY / FDY will be produced directly from MEG and PTA which will reduce cost substantially and 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.

These projects will enhance the scale of operations and improve the cost competitiveness of company's product. The full benefits of the new project will accrue in the year 2009-10.

**GAS BASED POWER PLANT**

The Company has successfully commissioned 6 MW Gas based Genset Captive Power Plant thereby enhancing the capacity of captive power generation by 8.5 MW at the company's plant at Karanj, Surat.

**SUBSIDIARY COMPANIES**

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

**FIXED DEPOSITS**

The Company has not accepted any deposits during the year.

**DIRECTORS**

Mr. B.C. Chordia and Mr. Mangilal Lahoti 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.

#### **COST ACCOUNTING RECORDS**

The Company has maintained cost accounting records in respect of manufacture of Partially Oriented Yarn, Polypropylene Multifilament Yarn, Weaving fabrics and Menthol as required.

#### **PERSONNEL**

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the company. 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.

#### **RISK MANAGEMENT**

Risk Management is the systematic process of understanding, measuring, controlling and communicating organization's risk exposures while achieving its objectives. The Board of Directors regularly review risks and threats and takes suitable steps to safeguard interest of the Company.

#### **INSURANCE**

All the properties of the Company including buildings, plant and machinery and stocks have been adequately insured.

#### **FOREIGN EXCHANGE TRANSACTIONS**

In order to hedge the company's exposure to foreign exchange and interest rate, the company entered into forward contracts. In 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 have been capitalized during the year as per Companies (Accounting Standard) Amendment Rules, 2009.

#### **ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Company has commissioned 6 MW Gas Based Captive Power Plant and thereby increasing its total captive capacity to 8.5 MW, as a result of which substantial saving in energy costs will be accrued. Further this will also resulted to the company in utilizing stable power supply leading to higher production efficiency.

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 "A" forming part of this report.

**RESEARCH & DEVELOPMENT**

The Company is giving great emphasis to innovation in product and process technology and operational efficiencies. For its newly commissioned Continuous Polymerization Plant ( CP ), the company has set up a fully equipped well designed lab for testing of MEG and PTA and developing better quality of Pet chips and yarns with different deniers and 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.

The product lines of the plant are designed to change product with minimum changeover losses and thus meet customer requirement even for small quantities. Further with commissioning of expansion project of POY and FDY, we will be able to produce POY of varied denier range fine to coarse.

**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 Prasad Saboo.

**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 and a Management Discussion and Analysis Statement 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.

**CONSOLIDATED FINANCIAL STATEMENTS**

Your directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered with the Stock Exchange and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India , in this regard.

**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.

On behalf of the Board of Directors

Place : Surat  
Date : 29-06-2009

SHANKARLAL SOMANI  
Chairman



**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****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. In the year 2007-08, the Company has converted its coal based power plant into Gas Base Genset Power Plant and thereby reduced per unit cost of energy. During the year company has successfully commissioned 6 MW Gas Based Captive Power Plant.

**a) Energy Conservation measures taken by the Company : -**

1. Reduction in compressed air consumption in the spinning / winding machines.
2. Optimization of air handling units to reduce air flow and cooling load.
3. Improvement in steam generation capacity from the waste heat recovery boilers.
4. Improvement in insulation of steam piping.
5. PLC based loading and unloading controls on air compressors.
6. Installation of new capacitor to improve power factor.
7. Optimum use of compressor by way of Inverter Control System & regular check for air leakages.
8. Use of energy efficient tube lights. Introduced Compact Fluorescent Lamp at the building & offices of new project site.
9. Replacements of conventional pump with energy efficient pump in the water treatment plant.
10. Use of LCD/ TFT monitors with auto switch in offices.
11. Monitoring closely high energy consuming equipment.

**b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy**

- 1) Use of energy saving type of lighting arrangements (LED based, metal halide etc in the plant).
- 2) New centrifugal compressor in place of reciprocating compressors.
- 3) Design and development for reformed gas boiler.
- 4) Development of innovative equipment for security equipment deployment system.
- 5) Optimization of Air Conditioning System.
- 6) Cooling tower ID fans were replaced with high flow energy efficient fans.
- 7) Replaced old small size oil type compressors with large size oil free compressors.

**c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods**

- 1) The measures taken have resulted in savings in cost of production by way of reduction in consumption of electricity and fuel oils with reduction in process time.
- 2) By using Gas Based Captive Power Plant, the company has saved around Rs.1.48 Crores in its energy cost.

**d) Total energy consumption and energy consumption per unit of production as per prescribed Form -A given hereunder**

**FROM A**

**A. Power and Fuel Consumption :**

	<u>2008-09</u>	<u>2007-08</u>
1. Electricity :	<b>NIL</b>	<b>NIL</b>
(a) Purchased		
- Units		
- Total Amount		
- Rate/Unit(Rs.)		
(b) Own generation		
(i) Through diesel generator in Units (KWH)	<b>413040</b>	173860
Liters of HSD Consumed	<b>122682</b>	56454
Unit per Ltr. of Diesel	<b>3.37</b>	3.08
(ii) Through steam turbine/generator		
Unit	-	3237814
Consumed	-	6031.26
Unit per MT of Coal	-	536.84
(iii) Gas ( Generated by Gas based Gen set )		
Quantity (in units KWH )	<b>14624130</b>	11403000
Gas Consumed ( in SM 3 )	<b>3835629</b>	3011724
Unit per KWH/SM 3	<b>3.81</b>	3.79
2. Gas :		
Quantity (in units)	<b>3835427</b>	2998814
Total amount	<b>44611147</b>	33019256
Average rate	<b>11.63</b>	11.01
3. Furnace Oil :	<b>N.A</b>	<b>N.A.</b>
Quantity (in Ltrs.)		
Total amount		
Average rate		
4. Diesel :		
Quantity (in Ltrs.)	<b>138031</b>	12040
Total cost	<b>5099044</b>	429057
Cost/unit	<b>36.94</b>	<b>35.64</b>

**B. Consumption per unit of production (in tons)**

**Product :** Polyester/Polypropylene Multi Filament Yarn & Fabrics

	<u>Standard (if any)</u>	<u>2008-09</u>	<u>2007-08</u>
Electricity			
(a) Purchases	-	<b>NIL</b>	<b>NIL</b>
(b) Own Generation	-	<b>1106.32</b>	1017.84
(Through Gas based			
Genset & Diesel Generator)			

**FROM B**

(See Rule 2)

**Form for disclosure of particulars with respect to Technology Absorption 1994-95.****I. Research and Development ( R & D )****1. Specific areas in which R & D carried out by the company**

- a) Replacement of imported spin finish oil by indigenous spin finish oil.
- b) Development of new products.
- c) Development and indigenisation of spares through local vendors.
- d) Installation of suitable devices on spinning machine to reduce waste.
- e) Modification in textile spinning machines for production of speciality yarn.
- f) Production of POY / FDY directly from MEG and PTA.
- g) Raw & Soft water blending ratio increased by maintaining cooling tower limiting parameter and hence reduction in soft water generation.
- h) Specific studies on the plant related problems, waste generated / effluent control.

**2. Benefit derived as a result of the above R & D**

- a) Cost of final product will be reduced for the customer by producing POY directly from MEG & PTA instead of Chips.
- b) Value added products are developing.
- c) Productivity enhancement of spinning machines and yarn processing machines i.e Texturising & TFO.
- d) Better process control and cost reduction.

**3. Future plan of action:**

- a) Development of new products and processes.
- b) Up gradation of new variants of existing products.
- c) Energy optimization for process plants.

**4. Expenditure on R & D / product development**

Capital and Recurring expenditure is incurred by the company regularly.

**II. Technology absorption, adaptation and innovation****1. Efforts made towards technology absorption, adoption and innovation :**

- a) Conversion of Coal Based Power Plant in to Gas Based Power Plant.
- b) Thermic flued heater for waste heat recovery system.
- c) Setting up plant for manufacturing POY / FDY directly from MEG and PTA.

**2. Benefits derived as a result of above efforts**

- a) Improvement in product output, quality and reduction in wastage.
- b) Improvement in yarn stripping process.
- c) Flexibility of fuel use in boiler.
- d) Reduction in overall cost of the final product.

**3. Information regarding technology imported during the last five year**

Technology Imported	Year of Import	Status
Plant & Machinery for manufacturing POY	2005	Absorbed
Waterjet Looms for manufacturing Fabrics	2005	Absorbed
Gas Based Genset Power Plant	2007	Absorbed
Continuous Polymerization Plant (CP)	2008	Unabsorbed

**C) FOREIGN EXCHANGE EARNING AND OUTGO****I. Activities relating to exports, Initiatives taken to increase export markets for products and services and export plans**

1. The export marketing activities are being consolidated to maintain the share of exports in total production. Newer markets are being explored.
2. Constant endeavor is being made to establish the products in specific overseas regional markets and to accomplish the same, individuals with knowledge and experience of these markets are being appointed to service the customers.

**II. Total Foreign Exchange used and earned**

	<b>(Rs. in Lacs)</b>	
	<b><u>2008-09</u></b>	<b><u>2007-08</u></b>
[a] Foreign Exchange Earnings	<b>987.24</b>	1354.61
[b] Foreign Exchange Outgo	<b>7975.84</b>	720.85

**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	25	Yes	3	-	-
2.	Rajkumar Somani	Executive/ Non-Independent	25	Yes	5	-	-
3.	Sumeet Somani	Executive/ Non-Independent	25	Yes	7	-	-
4.	Dinesh Sharan Khare	Executive/ Independent	23	Yes	-	-	-
5.	Bhagchand Chordia	Non Executive/ Independent	25	Yes	2	3	3
6.	Vinod Kumar Ladia	Non Executive/ Independent	19	Yes	5	-	-
7.	Mangilal Lahoti	Non Executive/ Independent	21	Yes	2	3	-
8.	Devi Prasad Saboo	Non Executive/ Independent	22	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 Year 2008-09, the Board met for 25 times.

The Dates of the Board Meetings are :

01.	15/04/2008	02.	05/05/2008	03.	15/05/2008	04.	13/06/2008	05.	30/06/2008
06.	10/07/2008	07.	24/07/2008	08.	29/07/2008	09.	08/08/2008	10.	18/08/2008
11.	25/08/2008	12.	06/09/2008	13.	22/09/2008	14.	13/10/2008	15.	22/10/2008
16.	24/10/2008	17.	19/11/2008	18.	03/12/2008	19.	12/12/2008	20.	17/01/2009
21.	21/01/2009	22.	30/01/2009	23.	20/02/2009	24.	12/03/2009	25.	25/03/2009

### 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 2008-09 Audit Committee meeting met 4 times. The necessary quorum were present at the meeting. The date of meetings are as follows :-

01.	27/06/08	02.	26/07/08	03.	22/10/08	04.	27/01/09
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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 auditor's remuneration.
- F) Management discussion and analysis of financial condition and results of operation.
- G) Such other matters as stipulated from time to time by the 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 2008-2009.

Sr. No.	Name of Directors	Salary (in Rs.)	Perquisites (in Rs.)
01.	Shri Shankarlal Somani	2,50,000	-
02.	Shri Raj Kumar Somani	1,50,000	-
03.	Shri Dinesh Sharan Khare	3,06,000	-
04.	Shri Sumeet Kumar 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 31.03.2009 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 /Dividend/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	27	27
02.	Mangilal Lahoti	Member	Non Executive	27	23
03.	Devi Prasad Saboo	Member	Non Executive	27	25

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

01.	15/04/08	02.	30/04/08	03.	15/05/08	04.	31/05/08	05.	30/06/08	06.	30/06/08
07.	15/07/08	08.	01/08/08	09.	08/08/08	10.	14/08/08	11.	29/08/08	12.	29/08/08
13.	05/09/08	14.	12/09/08	15.	19/09/08	16.	26/09/08	17.	15/10/08	18.	15/10/08
19.	29/10/08	20.	15/11/08	21.	29/11/08	22.	15/12/08	23.	30/01/09	24.	30/01/09
25.	16/02/09	26.	16/03/09	27.	31/03/09						

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 2008-2009                      42

Pending as on 31.03.2009                                      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 31.03.2009 : Nil

## 6. GENERAL BODY MEETING

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

Sr. No.	AGM DATE	Location	Time
01.	29/09/2008	Bombay Market Hall, Umarwada, Surat	10.00 A.M.
02.	29/09/2007	Bombay Market Hall, Umarwada, Surat	10.00 A.M.
03.	29/09/2006	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 and shareholders can also check the same and other details of the Company on [www.sumeetindustries.com](http://www.sumeetindustries.com). 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 31<sup>st</sup> MARCH, 2009 :

NO. OF SHARES	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF CAPITAL
1 to 5000	26204	88.32	4228028	10.57
5001 to 10000	1870	6.30	1429596	3.57
10001 to 20000	883	2.98	1276951	3.19
20001 to 30000	258	0.87	642724	1.61
30001 to 40000	122	0.41	426381	1.07
40001 to 50000	82	0.27	376147	0.94
50001 to 100000	121	0.41	832441	2.08
100001 to 999999999	130	0.44	30782892	76.97
<b>TOTAL</b>	<b>29670</b>	<b>100.00</b>	<b>39995160</b>	<b>100.00</b>

## 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 2008	14.85	10.55	17,480.74	15,297.96	401865
May 2008	14.84	12.01	17,735.70	16,196.02	592144
June 2008	12.89	8.66	16,632.72	13,405.54	258594
July 2008	10.55	7.25	15,130.09	12,514.02	209124
August 2008	10.70	8.02	15,579.78	14,002.43	178000
September 2008	10.15	6.07	15,107.01	12,153.55	311382
October 2008	7.64	4.20	13,203.86	7,697.39	1812382
November 2008	6.15	4.05	10,945.41	8,316.39	89592
December 2008	10.05	3.72	10,188.54	8,467.43	324748
January 2009	7.22	5.25	10,469.72	8,631.60	104644
February 2009	6.39	5.00	9,724.87	8,619.22	101223
March 2009	6.50	5.22	10,127.09	8,047.17	115675

## 11. GENERAL SHAREHOLDER INFORMATION

(i) Annual General Meeting (Tentative)

Date : 29/09/2009, Tuesday

Time : 10:00 AM

Venue : Bombay Market Hall, Umarwada, Surat



(ii) Financial Calendar (Tentative)

Annual General Meeting	: September, 2009
Results for quarter ending June 30, 2009	: Second Fortnight of July, 2009
Results for quarter ending Sept. 30, 2009	: Second Fortnight of October, 2009
Results for quarter ending Dec. 31, 2009	: Second Fortnight of January, 2009
Results for quarter ending March 31, 2010	: Second Fortnight of April, 2010

(iii) Date of Book Closure : From 22<sup>nd</sup> September, 2009 to 26<sup>th</sup> September, 2009  
(both days inclusive)

(iv) Dividend payment Date : Not Applicable

(v) Listing on Stock Exchange : Mumbai

(vi) The Script of the Company is not highly traded hence information related to Code, Market Price Data, Performance in Comparison to broad based indices are not given.

(vii) Registrar and Share Transfer Agent : Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (E), Mumbai - 400 072

(viii) 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 offered the facility of transfer cum demat as per SEBI guidelines. 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 demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on option letter, generate a demat 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. Bigshare 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. "Registrar & Transfer Agent M/s Bigshare Services Private Limited recently launched Gen-Next Investor Module i'Boss the most advanced tool to interact with shareholders. Please login into i'Boss [[www.bigshareonline.com](http://www.bigshareonline.com)] and help them to serve you better."

(ix) Distribution of Shareholding (As on 31.03.2009)

	% holding
Industrial Development Bank of India	-
Insurance Companies	-
Nationalized Banks	-
SBI and its Subsidiaries	-
Unit Trust of India	-
Private/Co-operative Banks	-
Other Bodies	8.82
Corporate Indian Promoters	61.61
General Public	29.57

(x) 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 31<sup>st</sup> March, 2009 about 90.58% of the issued capital have already been dematerialized. Shares of the company are listed at Bombay Stock Exchange Limited and being trading regularly. Demat ISIN number of the Equity Share of the company is INE235C01010.

(xi) Outstanding GDRs/ADRs/ Warrants or any Convertible instruments : NIL

(xii) Plant Location: Block No. 289, 291-292, VILL : Karanj, Tal- Mandvi, Dist- Surat (Gujarat) PIN : 394 110.  
Registered Office : 504, Trividh Chambers, Opp. Fire Station, Ring Road, Surat- 395 002 (Gujarat)  
Company is manufacturer of PET Chips, Synthetic Yarns, Polyester Fabrics and Menthol Products.

(xiii) 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 Caluse 49 of the Listing Agreement)

To,  
The Members of  
**SUMEET INDUSTRIES LIMITED**  
Surat.

We have examined the compliance of condition of Corporate Governance by SUMEET INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have to state that no investors grievances is pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to the Investor's Grievance Committee.

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

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

**PRADEEP KUMAR SINGHI**  
Proprietor  
M. NO. 200/24612

Place : Surat  
Date : 29-06-2009

**MANAGEMENT DISCUSSION AND ANALYSIS ( MDA )****1. ECONOMIC OVERVIEW**

After witnessing a robust average growth of around 8.9% during 2003-04 through 2007-08, the Indian economy experienced a growth deceleration in 2008-09 primarily on account of a synchronized global slowdown. The year 2008-09 will counted in history as the year of unprecedented global economic slow down in terms of both severity and reach. Emerging market economies including India suffered primarily due to diminishing export demand and constrained external financing conditions. For India, the growth slowdown was more pronounced in the second half of 2008-09, largely due to the adverse impact of the global economic crisis. The Reserve Bank of India (RBI) in its Annual Monetary Policy for 2009-10 has projected India's GDP growth for 2008-09 in the range of 6.5% to 6.7% as per table given below.

**Real GDP Growth ( % )**

Activity	Financial Year		Quarterly Growth Rates ( Y-O-Y ) : 2008-09			
	2007-08	2008-09	(Apr-june)	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)
Agriculture	4.9	1.6	3.0	2.7	(-)0.8	2.7
Industry	7.4	2.6	5.1	4.8	1.6	(-)0.5
Services	10.8	9.4	10.0	9.8	9.5	8.4
Overall GDP	9.0	6.7	7.8	7.7	5.8	5.8

Source : Central Statistical Organization ( CSO )

Macro economic fundamentals continue to inspire confidence of the industry players and are likely to support the investment momentum in the economy.

**2. INDUSTRY OVERVIEW****2.1 Global Scenario**

Globally, manmade fibers account for over 60% of fibre consumption. Textile capacities specially in the manmade fibre industry is becoming increasing uncompetitive in Taiwan, Japan and Korea so major capacities have shifted to China and India in the quota-free regime.

In the current global scenario, polyester consumption growth is being driven by Asia in general and China and India in particular because the advantages of relatively abundant raw material supplies and low wage costs, increasing technological capabilities, capacities to service large volume orders and competitive pricing. Thus over a period of time, the textile manufacturing is going to be dominated by the Asian Countries. Global polyester capacity addition during 2007 was 3.3 million tonnes, of which 2.2 million tonnes was commissioned in China.

**2.2 Domestic Scenario**

India has a rich heritage in textiles and single largest industry in India. The Textile Industry is the second largest employer after agriculture account for 13.50%.

The Government, in an effort to give a fillip to investments in downstream textile industry has extended Textile Up-gradation Fund Scheme (TUFS) till March 31, 2012. The "Scheme for Integrated Textile Parks" ( SITP ) was launched in 2005 to provide the industry world class infrastructure facilities for setting up their textile units.

Textile production covering man-made fibre, filament yarn and spun yarn showed a minor setback in 2008-09. Man-made fibre production recorded a fall of about 14% and filament yarn production recorded a fall of about 6% during 2008 - 09. But, Polyester witnessed exciting demand growth in the domestic market at 17% over the year. The Polyester filament yarn Industry has shown a growth of 9.81% and the industry has nearly 40 active players with a built-in production capacity of nearly 2 million tones per annum.

In fact, the real impetus to the sector came with the dereservation of small scale sector, rationalization of duties, implementation of the scheme for Integrated Textile Park and a renewed focus on Technology Upgradation Fund Scheme Under TUFS , bank' s finance are being available at rate comparable to global rates.

**Statement on Availability of Man-made Filament Yarns :**

**(In Mn. Kg.)**

Item Name	Parameters	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2008-2009 (Apr)	2009-2010 (Apr)	% Var.
Viscose	Installed Capacity	78.10	79.70	79.70	79.70	80.10	79.70	79.70	Nil
Filament	Opening Stock	7.42	5.60	3.62	5.31	2.79	2.79	1.72	-38%
Yarn	Production	53.56	53.09	53.99	51.07	42.42	3.68	3.63	-1%
	Import	2.88	2.54	1.98	2.79	4.83	0.47	0.42	-11%
	Export	7.70	9.91	11.92	14.58	4.72	0.48	0.36	-25%
	Availability	56.16	51.32	47.67	44.59	45.32	6.46	5.41	-16%
Nylon	Installed Capacity	24.00	24.00	32.00	32.00	32.00	32.00	32.00	Nil
Filament	Opening Stock	2.34	2.44	2.80	4.06	3.19	3.19	1.71	-46%
Yarn	Production	35.41	36.84	32.25	27.62	28.07	2.29	2.32	1%
	Import	14.86	11.16	9.15	2.57	3.71	0.07	0.24	243%
	Export	7.01	5.01	1.83	2.35	2.92	0.54	0.16	-70%
	Availability	45.60	45.43	42.37	31.90	32.05	5.01	4.11	-18%
Polyester	Installed Capacity	1217.35	1253.35	1924.10	1972.00	2013.49	2013.49	2013.49	Nil
Filament	Opening Stock	51.66	33.27	23.06	48.23	44.87	44.87	20.42	-54%
Yarn	Production	1003.63	1075.82	1270.87	1420.04	1330.26	114.72	120.15	5%
	Import	114.70	92.65	91.34	85.79	71.41	6.56	5.03	-23%
	Export	95.67	105.66	175.40	228.58	90.05	10.49	5.69	-46%
	Availability	1074.32	1096.08	1209.87	1325.48	1356.49	155.66	139.91	-10%

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

Source : O/o Textile Commissioner, Mumbai.

### 3. BUSINESS OVERVIEW

“Sumeet” a diversified conglomerate, run with a conviction to make its presence in the Indian Polyester Industry an emerging integrated player as eco friendly supplier of superior quality of Yarns, Polyester fabrics, Menthol products ensuring total customer satisfaction through continuous up gradation & innovation synergizing the advantages of value added product mix.

Sumeet has five major divisions : - C.P., Polyester, Polypropylene, Weaving and Menthol. The Company is marching towards establishing its presence in entire Polyester Fabrics Value Chain. (Manufacturing Pet Chips and POY & FDY directly from MEG and PTA, Twisting & Texturising, Weaving and Dyeing & Printing through its group concerns will enable the company to offer premium products at extremely competitive price and boost its profitability margin and market share.

The Company has successfully commissioned its backward integration cum expansion project of Continuous Polymerization Plant of 100000 TPA and the commercial production likely to commence in the first week of July'09. The company has also commissioned 6 MW Gas based Genset power plant for its proposed project.

The company is at present exporting Polyester & Menthol products to South Africa, Bangladesh, Egypt, Saudi Arabia, China, Singapore etc. and also making necessary efforts to establish a foothold in foreign markets for marketing Pet Chips.

### 4. FINANCIAL OVERVIEW

Your company expects to generate good growth in terms of sale and profit during the current year and aims to retain as an emerging player in the Pet Chips and POY production. With falling raw material prices and improving export prospects due to the depreciated rupee the company is very hopeful for the future.

**4.1 Income :** The company recorded net income of Rs. 16650.63 Lacs as compared to 12951.22 Lacs for the previous year, reflecting a growth of 28.50% over the previous year.

**4.2 Consumption of Raw Material :** Consumption of raw material increased by 2.36% from Rs. 9843.14 Lac to 10076.07 Lacs. This was mainly due to higher raw material prices.

**4.3 Employee Cost :** Employee cost was marginally increased from Rs. 101.56 Lacs to 108.38 Lacs.

**4.4 Interest Cost :** Interest costs were increased by 19.21% from Rs. 408.99 Lacs to Rs. 487.58 Lacs due to increase in working capital limits. During the year Rs. 96.14 Lacs of interest was capitalized.



**4.5 Depreciation :** Depreciation was lower by Rs. 61.20 Lacs at Rs. 325.86 Lacs against Rs. 387.06 Lacs in the previous year due to sale of machinery of Coal based power plant.

**4.6 EBIDTA :** The Company's EBIDTA stood at Rs. 1448.51 Lacs against Rs. 1319.58 Lacs in previous year reflecting an increase of 9.77%

**4.7 PAT :** The profit after tax (PAT) increased from Rs. 367.12 Lacs to Rs. 381.55 Lacs, an increase of 4%.

## 5. OUTLOOK

The company's prospects are strong and shows great potential. Near term outlook is fairly good due to successful commissioning of Continuous Polymerization Plant (CP) as the full benefits of new project will accrue in the current year. But, any major swings in crude oil and petrochemical prices can impact the profit margin of the industry.

Apart from substantial amount of investments is being made in R & D activities and Captive Power Plants, increase in scale of operation, 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.

## 6. 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 is also exploring the possibilities of expanding its capacity of producing of Texturising 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.

## 7. OPERATIONS

At operational level, the company has improved its performance with reference to reduction in waste, efficient use of raw material, energy conservation and better quality of its finished products. During the year under review growth in income from operation has been witnessed to increase by 28.50%. Consequently, profit before depreciation, interest, exceptional items and tax was higher at around 10%. The major contributor of sales was Polyester Yarn sales which consisted 88.50% of total turnover. Other contributors are Polyester fabrics consisted of 4.50% of turnover. Sales of Menthol & its allied products through export consisted 7%.

## 8. INFORMATION TECHNOLOGY

Modern Information Technology system plays a pivotal role in all business operations of the Company. The Company has implemented ERP Platforms across all its divisions and office covering entire value chain making online real time basis data recording and retrieving. The Company is using following modules Finance & Costing Modules, Sales & Distribution Modules, Material Management System & Production & Planning.

The review of reports, statements, reconciliation and other information required by the management are well documented in application system to provide reasonable assurance regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

## 9. OPPORTUNITIES AND STRENGTHS :

The rising per capita income, growth in GDP, 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. Present raw-material prices may help in boosting demand. Increasing use of synthetics yarns in new areas of fashion fabrics and furnishing fabrics will provide further push to the growth of this industry.

Opportunity also exists for introduction of Technical Yarns, for which there is huge market world over. In India, the production of Technical Textiles is less than 5% whereas the world average is nearly 30%.

The newly commissioned continuous polymerization plant having capacity of 100000 TPA will bring a major breakthrough in the overall turnover and profitability of the company in the current year.

**10. THREAT, RISKS AND CONCERNS**

The objective of risk management frame work is to identify events that may affect the company, and manage risk in order to provide reasonable assurance regarding achieving the company's objective. 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.

**10.1 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. Overcapacity in the POY and Chip industry can affect margins.

**10.2 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. Low price imports of Polyester yarns from China may also affect the profitability of the firm.

**10.3 STRATEGIC RISK**

Strategic plans for the company's business take in to account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. The annual plans that are drawn up consider the risks that are likely to impact the Company's objectives in that year, and the counter-measures put in place. All major new project proposals include a view on risks and counter-measures, at the time of evaluation

**10.4 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.

**10.5 LIQUIDITY RISK**

Liquidity risk, i.e. the risk of not being able to fulfill current or future payment obligations because of unavailability of adequate cash, is efficiently managed in the company. Sufficient current assets are held to meet all of the Company's short-term payment obligations as and when they fall due, thereby ensuring solvency at all times. Payment obligations result both from operating cash flows and from changes in current financial liabilities and are included in liquidity planning.

**10.6 MARKET RISK**

Market risks relate to the possibility that the fair value or future cash flows of a financial instrument could fluctuate due to variations in market prices. Market risks include currency risk and interest-rate risk. Sensitivity analysis is used to understand risk exposures that may exist and allow our management to take the necessary steps to address such risks. In addition, we use market information and analytics to manage our risk exposure and mitigate the limitations of our sensitivity analysis, if any.

**11. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The company's well defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensures efficiency of operations, compliance with internal policies & applicable laws and regulations and optimal use of company's resources.

The Company using Enterprise Resources Planning package ( ERP ) supported by in-built controls that ensure reliable and timely financial reporting.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The company has strong Management Information System which is an integral part of control mechanism. Internal audit also checks the internal controls for its effectiveness and necessary changes arising out of inadequacies, if any, are incorporated in to the system with an objective of matching its process and controls with global best practices.

**12. SAFETY, HEALTH AND ENVIRONMENT CONTROLS (EHS)**

In keeping with the environment-conscious tenor of the times, your company has taken effective steps in creating an aesthetic, environment-friendly industrial habitat in its factory units, mobilizing support and generating interest among staff and labour for maintaining hygienic and green surroundings. Our gas based Genset capital power plant projects is undergoing validation in the process of getting registered with the UN to be eligible to sell carbon credits.

The Company is aware of its responsibilities as a good corporate citizen, in health, safety and environmental management. To achieve the environment, health & safety visions, various objectives have been set forth. These are as follows :-

- Compliance with environment, health & safety laws and regular assessment of the compliance of operations against the requirement.
- Ensuring safety related practices to enable employees and others to eliminate work related injury and illness.
- Operating of business in an environmentally and socially responsible manner
- Training and counseling of employees, contractors, sub-contractors and transporters to ensure effects of environment, health and safety.
- Training and motivating employees to understand their EHS responsibilities and to participate actively in EHS programme.
- Imparting fire fighting training to personnel.

**13. HUMAN RESOURCES**

The company firmly believes that success of any organization largely depends upon availability of human assets within the organization as it is one of the most valuable assets.

**Recruitment Policy**

The company has a well drawn recruitment policy to attract and retain the best talent.

**Performance Appraisal System**

A competency based performance appraisal system has been devised and implemented the same across the organization. The best performers get recognized and rewarded by the management with the objective of motivating them for further improved performance.

**Labour Relations**

On the labour front, during the year, there were no incidents of labour unrest or stoppage of work on account of labour issues and relationship with them continues to be cordial.

**14. 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, 29<sup>th</sup> June, 2009

**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 **31<sup>st</sup> March, 2009** 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 **31<sup>st</sup> March 2009** and taken on record by the Board of Directors, we report that none of the directors are disqualified as on **31<sup>st</sup> March, 2009** 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 **31<sup>st</sup> March 2009**,
    - (ii) In the case of the Profit and Loss account, of the profit of the company for the year ended on that 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 : 29-06-2009

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 AUDITOR'S 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 programme 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 Eight Such Parties Covered u/s 301 of the Companies Act. 1956. Total amount Credited is Rs. 17.26 Crore and Debited Rs. 10.79 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 One such Parties Covered u/s 301 of the Companies Act. 1956. Total amount Debited is Rs. 8.11 Crore and Credited is Rs. 6.52 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 **31<sup>st</sup> March, 2009** 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 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 not issued any Bonus Shares 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 raised Rs.2980.83 Lacs as subscription money by way of Right Issue during the year under review.

**(xxi) Fraud noticed or Reported :**

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

For, **PRADEEP SINGHI & ASSOCIATES**

Chartered Accountants

Place : Surat

Date : 29-06-2009

**PRADEEP KUMAR SINGHI**

Proprietor

M. NO. 200/24612

**AUDITED BALANCE SHEET AS AT 31st MARCH 2009**

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>I. SOURCES OF FUNDS :</b>			
SHARE HOLDER FUNDS:			
Share Capital	1	399,951,600	251,229,300
Share Application Money		-	25,700,000
Reserve And Surplus	2	219,172,405	91,171,285
		<u>619,124,005</u>	<u>368,100,585</u>
<b>LOAN FUNDS :</b>			
Secured Loans	3	1,298,174,411	428,029,460
Unsecured Loan	4	103,906,101	52,702,520
		<u>1,402,080,512</u>	<u>480,731,980</u>
Deferred Tax Liability (Refer Note No.8 On Schedule 21)		53,126,988	46,425,698
<b>Total</b>		<u><u>2,074,331,505</u></u>	<u><u>895,258,263</u></u>
<b>II. APPLICATION OF FUNDS:</b>			
FIXED ASSETS:	5		
Gross Block		848,496,017	866,506,511
Less : Depreciation		<u>427,051,175</u>	<u>404,082,116</u>
Net Block		<u>421,444,842</u>	<u>462,424,395</u>
Capital Work In Progress Including Advances		<u>1,099,574,465</u>	<u>12,755,602</u>
		<u>1,521,019,307</u>	<u>475,179,997</u>
<b>INVESTMENTS</b>	6	10,719,848	15,580,848
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
(a) Inventories	7	391,626,483	274,880,502
(b) Sundry Debtors	8	63,452,411	88,070,562
(c) Cash & Bank Balance	9	40,448,788	16,123,295
(d) Loans & Advances	10	118,692,857	106,112,180
		<u>614,220,539</u>	<u>485,186,539</u>
Less : Current Liabilities & Provisions	11	<u>74,550,878</u>	<u>82,495,255</u>
Net Current Assets		<u>539,669,661</u>	<u>402,691,284</u>
<b>MISC. EXPENDITURE :</b>	12		
Preliminary Expenses		2,922,689	1,806,134
		<u>2,922,689</u>	<u>1,806,134</u>
<b>Total</b>		<u><u>2,074,331,505</u></u>	<u><u>895,258,263</u></u>
NOTES FORMING PART OF THE ACCOUNTS	21		

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

**PRADEEP KUMAR SINGHI**  
Proprietor  
M. NO. 200/24612

Place : Surat  
Date : 29-06-2009

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat  
Date : 29-06-2009

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2009**

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>I. INCOME :</b>			
Sales	13	1,577,868,575	1,285,082,617
Export Incentive		6,902,867	8,207,400
Other Income	14	(2,131,247)	(1,508,737)
Increase (Decrease) In Finished Goods & WIP Stocks		82,422,828	3,340,594
<b>Total</b>		<b>1,665,063,023</b>	<b>1,295,121,874</b>
<b>II. EXPENDITURE:</b>			
Purchase of Finished Goods		301,122,123	-
Raw Material Consumed	15	1,007,607,111	984,313,812
Manufacturing and Other Expenses	16	97,063,029	98,153,583
Administrative & Other Expenses	17	94,910,342	62,612,642
Salary, Wages & Benefites to employees	18	10,838,083	10,155,678
Financial Charges	19	48,757,770	40,898,779
Selling & Distribution Expenses	20	8,671,265	7,928,284
Depreciation	5	32,585,785	38,705,965
<b>Total</b>		<b>1,601,555,508</b>	<b>1,242,768,743</b>
<b>III. PROFIT BEFORE TAX (I - II)</b>		<b>63,507,515</b>	<b>52,353,130</b>
<b>Add :</b> Claim Received		<b>92,000</b>	<b>-</b>
<b>Less:</b> Prior period expenses		<b>274,152</b>	<b>-</b>
		<b>63,325,363</b>	<b>52,353,130</b>
<b>IV. PROVISION FOR TAXATION</b>			
Current Tax		15,728,004	8,431,729
Fringe Benefit Tax		200,000	200,000
MAT Credit		2,540,383	(588,651)
Deferred Tax		6,701,290	7,597,659
Profit After Tax		38,155,686	36,712,393
<b>Less :</b> Taxation Of Previous Year		<b>184,286</b>	<b>-</b>
Fringe Benefit Tax		-	6,001
Dividend Distribution Tax		-	25,490
STT Paid		-	101,803
IT Refundable		-	60,817
<b>Add :</b> Balance Brought Forward		<b>64,123,233</b>	<b>45,185,757</b>
		<b>102,094,633</b>	<b>81,704,039</b>
<b>V. Appropriation</b>			
Excess Provi. of Taxation of earlier year		-	485,494
Transfer for capitalization for issue of Bonus shares		-	18,066,300
Balance Carried Forward To Balance Sheet		<b>102,094,633</b>	<b>64,123,233</b>
Earning Per Equity Share (EPS)		<b>0.95</b>	<b>1.82</b>

NOTES FORMING PART OF THE ACCOUNTS

21

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 : 29-06-2009

Place : Surat

Date : 29-06-2009

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

	Sched. No.	As At 31.03.09	As At 31.03.08
<b>SHARE CAPITAL :</b>	1		
<b>AUTHORISED</b>			
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	500,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
3,99,95,160 Equity Shares of Rs.10/- each fully paid up ( Out of which 76,05,930 Shares are issued for consideration other than Cash )		399,951,600	201,229,300
50,00,000 (FIFTY LACS) 6% Non-Convertible Preference shares of Rs. 10/- Each		-	50,000,000
		<u>399,951,600</u>	<u>251,229,300</u>
<b>RESERVE &amp; SURPLUS :</b>	2		
General Reserve		6,208,052	6,208,052
Balance of Profit & Loss Account		102,094,633	64,123,233
		<u>108,302,685</u>	<u>70,331,285</u>
Less: Adjustment of Exchange Difference as per AS 11 (Notification no. G.S.R. 225(E))		9,331,430	-
		<u>98,971,255</u>	<u>70,331,285</u>
Capital Reserve		2,500,000	2,500,000
Share Premium Account		117,701,150	18,340,000
		<u>219,172,405</u>	<u>91,171,285</u>
<b>SECURED LOAN :</b>	3		
(1) Bank Of Baroda Cash Credit		52,470,820	68,976,558
(2) Bank Of Baroda Packing Credit (PCFC)		50,903,398	3,420,466
(3) Bank Of Baroda (FCNR Working capital Loan)		164,475,071	163,089,431
(4) IDBI Bank Ltd. Cash Credit		62,699,236	-
(5) Bank Of Baroda (in FCNR -B)		28,699,588	54,418,422
(6) Vehicle Loan*		2,126,140	1,762,091
(7)ECB From BOB NEW YORK *		92,056,800	99,297,000
(8) Term Loan ( GBPP )		31,499,772	37,065,492
(9) Term Loan ( WJL )		12,113,656	-
(10) ECB Loan ( BOB & BOI )		789,871,943	-
(11) HDFC (Term Loan)		308,737	-
(12) Life Insurance Corpn. of India		10,949,250	-
*(Including Installments of Rs.476 Lacs for term loan falling due Within One Year)			
<b>Total</b>		<u>1,298,174,411</u>	<u>428,029,460</u>

**NOTES :**

- Working Capital borrowings (Item 1 to 4 above) are secured by first pari passue charge on all current assets of the company and 2nd pari passue charge on fixed Assets of the company.
- Term Loan (Item No. 5, 7, 8 & 9,10 ) is secured by first charge on all Fixed Assets of the Company and 2nd pari passue charge on all Current Assets of The Company.
- Vehicle loan (Item No. 6) are secured by hypothecation of vehicles.
- All the above facilities (Item No. 1 to 5 & 7 to 10) are further secured by Personal Guarantee Shri Shanker Lal Somani, Shri Raj Kumar Somani, Shri Sumeet Somani, Smt. Ganga Devi Somani and Corporate Guarantee of Sitaram Prints Pvt. Ltd. and Mortgage of Fixed Assets of M/s. Sitaram Prints Pvt. Ltd. and Residence Bungalow of Shri Shankerlal Somani and Smt. Ganga Devi Somani.



## UNSECURED LOAN :

Agency Deposits  
Loan From Corporate Bodies  
Loan From Directors

Schd. No.	As At 31.03.09	As At 31.03.08
4	1,869,396	8,509,396
	102,018,632	42,753,330
	18,073	1,439,794
	<b>103,906,101</b>	<b>52,702,520</b>

## SCHEDULE - 5 : FIXED ASSETS

### Schedules To And Forming Part Of Accounts

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
		As At 01.04.2008	Addition	Deletion	As At 31.03.2009	As At 01.04.2008	For the Year	Adjustment	As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	77,983,886	199,785	-	78,183,671	36,829,871	4,102,901	-	40,932,772	37,250,899	41,154,015
3	Plant & Machinery	758,326,852	2,558,872	23,126,290	737,759,434	348,860,628	26,209,568	9,092,154	365,978,042	371,781,392	409,466,224
4	Furniture, Fixture & Equipments	8,794,177	449,731	-	9,243,908	6,855,011	443,451	-	7,298,462	1,945,446	1,939,166
5	Vehicle	19,045,341	3,155,853	1,248,445	20,952,749	11,536,606	1,829,865	524,572	12,841,899	8,110,850	7,508,735
TOTAL		866,506,511	6,364,241	24,374,735	848,496,017	404,082,116	32,585,785	9,616,726	427,051,175	421,444,842	462,424,395
PREVIOUS YEAR		808,744,971	58,124,645	363,105	866,506,511	365,688,183	38,705,965	3,120,32	404,082,116	462,424,395	443,056,788

Schd. No.	As At 31.03.09	As At 31.03.08
6		

## 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
151	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Tata Iron & Steel Co. Ltd.	22,405	22,405
113	Convertible Preference Shares of Rs.100/- each of M/s. Tata Iron & Steel Co. Ltd.	11,300	11,300
1000	Fully Paid-up Equity Shares of Rs. 1/- 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. Shree Rajasthan Syntex Ltd.	2,025	2,025
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
10000	Fully Paid-up Equity Shares of Rs. 10/- each of NTPC Limited	-	980,200
Investment in Mutual Fund		500,000	2,000,000
		<b>719,848</b>	<b>5,580,848</b>

	Schd. No.	As At 31.03.09	As At 31.03.08
(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
		<b>10,719,848</b>	<b>15,580,848</b>
Aggregate Book Value Of Investments			
Unquoted Cost		10,000,000	10,000,000
Quoted Cost		782,305	5,580,848
Market Value *		765,446	5,691,742

\* 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 purchased and sold during the year.

Name of the Company	Nos. Of Shares	Purchase Cost
Ashok Leyland Ltd.	20,000	801,000
Bank of Baroda	11,028	3,252,849
Bank of India	11,325	2,937,453
Bharti Airtel Ltd.	5,000	4,046,621
BINDAL AGRO (Oswal Chem & Fert)	70,311	2,723,588
Centurian Bank of Punjab	5,000	212,100
Feddes Lloyd Corp. Ltd.	11,000	563,697
ITC Ltd.	35,621	7,367,166
Neyveli Lignite Corp. Ltd.	5,000	651,120
NTPC Ltd.	8,000	1,523,575
Reliance Communication Ltd.	19,000	10,082,133
Reliance Petroleum Ltd.	29,000	5,363,495

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>INVENTORIES :</b>	7		
(As Taken, Valued, And Certified By The Management)			
Stores & Spares, Packing Material & LDO		74,794,974	58,115,360
Raw Material		93,941,408	76,297,868
Finished Goods		28,094,697	31,407,931
Work In Progress		194,795,404	109,059,343
<b>Total</b>		<b>391,626,483</b>	<b>274,880,502</b>

<b>SUNDRY DEBTORS :</b>	8		
(Unsecured Considered Good)			
(a) Over Six Months		-	-
(b) Other Debts		63,452,411	88,070,562
<b>Total</b>		<b>63,452,411</b>	<b>88,070,562</b>

<b>CASH AND BANK BALANCES :</b>	9		
Cash on Hand		157,310	59,081
Balances With Scheduled Banks In Current Accounts		39,904,689	6,418,020
In Fixed Deposit Accounts / Margin Account		386,789	9,646,194
<b>Total</b>		<b>40,448,788</b>	<b>16,123,295</b>

Note : Fixed deposits aggregating **Rs. 3,86,789** (P. Y. 53,86,342) lodged with bank as margin money for the issue of guarantees and letter of credits.

	Schd. No.	As At 31.03.09	As At 31.03.08
<b><u>LOANS &amp; ADVANCES :</u></b>	10		
Advances (Recoverable in Cash or in Kind or for value to be received)		49,420,870	41,051,445
T.D.S. Receivable & Advance Income Tax		935,502	379,661
Advance Income Tax		-	1,329,575
Advance Income Tax ( A.Y. 2009-10 )		1,000,000	-
Advance FBT		100,000	70,000
Advance To Staff		594,276	738,169
Prepaid Expenses		1,126,341	1,127,475
Export Incentive Receivable		3,726,527	6,545,896
Modvat Receivable		51,879,598	37,344,848
TUF Subsidy Receivable		1,128,579	1,019,494
MAT Credit		-	3,782,829
Balance With Excise Dept. (PLA)		8,763	8,763
Sundry Deposits		8,772,401	12,714,025
<b>Total</b>		<b>118,692,857</b>	<b>106,112,180</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS :</u></b>	11		
<b>A) CURRENT LIABILITIES</b>			
Sundry Creditors :			
For Goods & Expenses		52,096,239	65,343,172
Other Liabilities & TDS Payable		5,188,617	4,799,371
Advance Received from Customer		18,915	2,386,336
Unpaid Dividend		1,319,103	1,334,647
<b>B) PROVISION</b>			
Prov. For Fringe Benefit Tax		200,000	200,000
Prov. For Taxation		15,728,004	8,431,729
<b>Total</b>		<b>74,550,878</b>	<b>82,495,255</b>
<b><u>PRELIMINARY EXPENSES</u></b>	12		
Opening Balance		3,653,361	1806134
Less: Write off		730,672	-
		<b>2,922,689</b>	<b>1,806,134</b>
<b><u>SCHEDULES TO AND FORMING PART OF THE PROFIT &amp; LOSS ACCOUNTS</u></b>			
<b><u>SALES :</u></b>	13		
Yarn Sales ( Domestic )		1,467,929,301	1,168,357,365
Yarn Sales ( Export )		3,046,251	22,059,190
Fabric Sales		72,436,263	57,793,650
Menthol Product Sales (Export/Deemed Export)		108,914,458	129,165,264
Wastage Sales (Net)		1,808,224	2,430,578
		<b>1,654,134,497</b>	<b>1,379,806,047</b>
Less : Excise Duty		76,265,922	94,723,430
Net Sales		<b>1,577,868,575</b>	<b>1,285,082,617</b>
<b><u>OTHER INCOME :</u></b>	14		
Dividend Received		2,462	368,650
Brokerage and Commission		1,343,756	1,955,445
Profit / Loss on Trading in Shares & Commodities		(1,757,079)	(9,956,379)
Profit/Loss on Sale of Fixed Assets		(6,085,322)	265,427
Misc. Income		139,187	67,042
Exchange Difference		-	4,134,859
Claim Received		80,851	-
<b>Interest Received</b>			
On Fixed Deposit		4,144,898	1,656,219
Others		-	-
<b>Total</b>		<b>(2,131,247)</b>	<b>(1,508,737)</b>
<b><u>RAW MATERIAL CONSUMED :</u></b>	15		
Opening Stock		76,297,868	31,246,002
Add : Purchase (Net)		1,025,250,651	1,029,365,678
		<b>1,101,548,519</b>	<b>1,060,611,680</b>
Less : Closing Stock		93,941,408	76,297,868
<b>Total</b>		<b>1,007,607,111</b>	<b>984,313,812</b>

	Schd. No.	As At 31.03.09	As At 31.03.08
<b><u>MANUFACTURING EXPENSES :</u></b>	16		
Power & Fuel		64,235,840	69,125,303
Labour & Security Expenses		322,795	238,092
Packing Materials		19,385,645	18,266,118
Stores and Spares		9,467,914	7,441,903
Freight and Octroi		1,568,658	1,454,927
Repairs to Plant & Machineries		1,760,151	1,237,909
Repairs to Factory Building		125,883	91,608
Factory Expenses		119,515	206,492
Job Charges		76,628	91,231
<b>Total</b>		<b>97,063,029</b>	<b>98,153,583</b>
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES :</u></b>	17		
Rent, Rates And Taxes		60,899,230	46,039,622
Postage, Telegram and Telephone Expenses		705,098	926,233
Printing and Stationary		554,887	630,852
Insurance Expenses		2,530,489	2,884,557
Electricity Expenses		279,787	238,900
Legal & Professional Expenses		2,008,751	1,043,301
Loss on Foreign Exchange		15,017,440	-
Travelling and Conveyance		554,755	489,825
Vehicles Expenses		9,896,630	8,586,452
Director's Remuneration		550,000	450,000
Auditor's Remuneration		351,966	325,844
Membership and Subscription		78,679	78,033
Donation		652	702
Other Repairs		249,140	223,087
Office and General Expenses		502,166	179,854
Preliminary & Pre-operative Expenses		730,672	515,380
<b>Total</b>		<b>94,910,342</b>	<b>62,612,642</b>
<b><u>SALARY , WAGES AND BENEFIT TO EMPLOYEES :</u></b>	18		
Wages, Salaries & Bonus Cont. To P.F. & F.P. F.		10,469,334	9,969,696
Welfare and Other Expenses		368,749	185,982
<b>Total</b>		<b>10,838,083</b>	<b>10,155,678</b>
<b><u>FINANCIAL CHARGES :</u></b>	19		
Interest To :			
Banks & Financial Institution		46,544,978	39,237,466
Bank Charges & Guarantee Commision		2,212,792	16,613,333
<b>Total</b>		<b>48,757,770</b>	<b>40,898,779</b>
<b><u>SELLING &amp; DISTRIBUTION EXPENSES :</u></b>	20		
Commission, Brokerage & Discount		4,848,024	3,235,011
Carriage Outward & Shipment Charges		1,411,929	3,086,940
Sales Promotion		2,411,312	1,606,333
<b>Total</b>		<b>8,671,265</b>	<b>7,928,284</b>

**SCHEDULE 21 : 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 recognizes 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. An effect of Notification No. G.S.R. 225(E) to AS 11 of Companies (Accounting Standard) Amendment Rules, 2009 has been given to the carrying amount of Fixed Asset with corresponding effect to General Reserve and balance of Profit & Loss account.
- (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 wholly 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) 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.
- (g) 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.



- (h) **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 are capitalised w.e.f. F.Y. 2007-08, as per Notification No. G.S.R. 225(E) of Companies (Accounting Standard )Amendment Rules, 2009.

**Working of Exchange Difference as per Notification NO. G.S. R. 225(E)**

Effect on Capital Asset	Amount (Rs.)
Increase in Capital Asset (P&M) (Note A)	31,100,110
Decrease in Capital Asset (P&M) (Note B)	(9,331,430)
<b>Net Increase in Capital Asset (P&amp;M)</b>	<b>21,768,680</b>

Effect on Reserves	Amount (Rs.)
General Reserve	6,208,052
Balance of Profit & Loss Account	100,246,808
	106,454,860
Less : Adjustment of Exchange Difference as per AS 11 (Note B) (Notification no. G.S.R. 225(E))	9,331,430
<b>Reserves as on 31-03-2009</b>	<b>97,123,430</b>

**Note A :**

Particulars	Amount (Rs.)
Exchange Gain/(Loss) on FCNR TL	
F.Y. 2008-09	22,753,500
F.Y. 2008-09	8,346,610
Increase in Capital Asset(P&M)	31,100,110

**Note B :**

Particulars	F. Y. 2007-08	
	Existing Treatment	As per AS - 11
WDV as on 01/04/2007	327,996,483	327,996,483
Less : Exchange difference of F.Y. 2007-08	-	9,673,950
	327,996,483	318,322,533
Less : Depreciation @ 5.28%		
Depreciation on WDV	17,318,214	16,975,694
Carrying Amount post - depreciation as on 31-03-2008	310,678,269	301,346,839
<b>Effect on Capital Asset</b>		<b>(9,331,430)</b>

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. Loss on foreign currency derivatives transactions are included in determining the net profit for the year.

- (i) **Excise duty** : The liability of excise duty amounting to Rs. 4,04,558/- has been provided for the goods manufactured but not cleared as on 31.3.2009, 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 invoice. 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. 474.21 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. 289.98 Lacs against which advance of Rs. 84.30 Lacs given (Previous year Rs. 3249.72 Lacs Advance Rs. 37.00 Lacs).
- (b) Export sale bills raised on overseas buyers purchased by company's banker outstanding Rs 80.61 Lacs. (Previous year Rs 75.81 Lacs.).
- (c) Letter of credit outstanding Rs. 3185.00 Lacs as on 31.03.2009. (Previous year Rs. 337.00 Lacs)

	<b>Current year Rs.</b>	<b>Previous year Rs.</b>
<b>(4) Payment to Auditors :</b>		
As Auditors :	<b>1,85,000</b>	1,85,000
As Advisor or in any other capacity in respect of :		
Company Law matter	<b>Nil</b>	Nil
Taxation matter	<b>15,000</b>	15,000
Others	<b>Nil</b>	Nil
<b>(5) Managerial Remuneration :</b>		
Salary	<b>5,50,000</b>	4,50,000
Perquisite	<b>Nil</b>	Nil
<b>(6) Earnings Per share ( AS 20 ) :</b>		
Net profit attributable to share holder	<b>3,81,55,686</b>	3,67,12,393
Number of equity shares	<b>3,99,95,160</b>	2,01,22,930
Earning per share of Rs 10 each	<b>0.95</b>	1.82

**(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 Key management Personnel	Nature of Relationship	Nature of transactions Amounts
Shankarlal Somani	Chairman	Loan outstanding (Cr.) 3
		Remuneration 250
		Interest 3
Rajkumar Somani	Managing Director	Remuneration 150
Sumeet Somani	Relative of key Management Personal (Director)	Loan Outstanding (Cr.) 15
		Interest Paid 16
		Remuneration 150
Dinesh Khare	Director	Salary 306
Vibha Khare	Relative of Director	Salary 285
Somani Industries Nepal Pvt. Ltd.	100% Subsidiary Company	Loan Outstanding (Cr.) 6672
Somani Overseas (P) Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 78
		Interest Paid 11
Betex India Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Dr.) 47421
		Interest Recd 1459
Bajrang Processors Pvt Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 22
		Interest Recd. 87
Ambaji Syntex Pvt. Limited	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 13
		Interest Paid 17
National Poly Yarn (P) Limited	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 71705
		Interest Paid 6
Sanya Fashion	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 20
		Interest Paid 23
Sitaram Prints Pvt Ltd	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) 7
		Interest Paid 10

**(8) Deferred Tax ( AS 22 ) :**

(Rs. in ' 000)

The movement of deferred tax account is as follows:

Opening Balance	46426
Provision for current year deferred tax liability (Net)	6701
Total	53127

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	53613
Deferred Tax Assets	486
Balance of DTL	53127

Breakup of deferred tax assets / liabilities and reconciliation of current year deferred tax change:  
Deferred tax liabilities: (Rs. in '000)

	Opening	Charged/Credited to P & L	Closing
Tax impact of difference between carrying amount of fixed asset in the financial statements and the income tax return (A)	44811	8802	53613

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

Provision for gratuity	278	3	282
Provision for Bonus	85	119	204
MAT Credit c/f	(1979)	1979	-
Total (B)	(1615)	2101	486
Net Deferred Tax liability (A-B)	46426	6701	53127

Pursuant to Accounting Standards (AS) 22 - Accounting for taxes on income, the impact of deferred tax liability of Rs. 67,01,290 for the year ended 31.03.09 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)

<b>A. Capacity :</b>		<b>Units</b>	<b>2008-2009</b>	<b>2007-2008</b>
a) Polypropylene/Polyester POY				
i) Licensed Capacity	*	TPA		
ii) Installed Capacity	**	TPA	<b>12900</b>	12900
b) Twisted				
i) Installed Capacity	**	TPA	<b>2500</b>	2500
c) Texturised	**	TPA	<b>3300</b>	3300
d) Draw twisted	**	TPA	<b>700</b>	700
e) Weaving Unit (Fabrics)	**	Mtrs	<b>3500000</b>	3500000
f) Menthol Product	**	TPA		
Distilling			<b>720</b>	720
Freezing			<b>120</b>	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>B. Production :</b>		<b>Units</b>	<b>2008-2009</b>	<b>2007-2008</b>
Polyester/Polypropylene Multifilament Yarn		Kgs.	<b>13550032</b>	14555063
Polyester Fabrics		Mtrs.	<b>4245379</b>	4122261
Menthol Product		Kgs.	<b>180251</b>	255344

(Rs. in ' 000)

C. Turnover :	Unit	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
PP/POLY Yarn (Including Export)	Kgs.	17094188	1394710	14656893	1097406
Wastage	Kgs.	301493	1808	405274	2430
Fabrics Local	Mtrs.	-	-	Nil	Nil
Weaving Unit ( Fabrics )	Mtrs.	4074442	72436	3985237	57794
Menthol Product	Kgs.	180251	108914	255344	129165
<b>Total</b>			<b>1577868</b>		<b>1286795</b>

(Rs. in ' 000)

D. Raw Materials Consumed :	Unit	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
Poly / PP Chips*	Kgs.	14101517	813794	15025865	810570
Master Batch*	Kgs.	58816	10018	59581	12792
Spin Finish /Yarn Oil	Kgs.	84135	10226	92715	8805
Polyester Yarn	Kgs.	320740	35735	314975	36362
Menthol Product	Kgs.	212995	142285	259194	116734
Gum	Kgs.	112000	1891		
<b>Total</b>			<b>1013949</b>		<b>985263</b>

\* Excluding increase in stock of compounding chips of Rs. 6342/- (Previous years increase in stock Rs. 949/-)

(Rs. in ' 000)

E. Purchase :	Unit	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
P. P. Yarn	Kgs.	-	-	-	-
Polyester Fabrics	Mtrs.	-	-	-	-
Poly Yarn	Kgs.	3411264	301122	-	-
<b>Total</b>			<b>301122</b>		

(Rs. in ' 000)

F. Finished Stock :	Unit	2008-2009		2007-2008	
		Quantity	Value Rs.	Quantity	Value Rs.
a) Opening Stock :					
PPMFY*	Kgs.	248860	24034	316210	26459
Polyester Fabrics	Mtrs.	409641	7373	272617	4956
b) Closing Stock :					
PPMFY*	Kgs.	149512	10833	248860	24034
Polyester Fabrics	Mtrs.	58578	16837	409641	7373
Menthol	Kgs.	500	425	-	-

\* Including texturised and twisted yarn and wastage stock

(Rs. in ' 000)

G. Value of Raw Materials Consumed :	2008-2009		2007-2008	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	129740	12.88	26949	2.74
Indigenous	877867	87.12	957365	97.26
<b>Total</b>	<b>1007607</b>	<b>100.00</b>	<b>984314</b>	<b>100.00</b>



(Rs. in ' 000)

H. Value of Stores & Spares Consumed :	2008-2009		2007-2008	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	899	9.49	390	5.24
Indigenous	8569	90.51	7052	94.76
<b>Total</b>	<b>9468</b>	<b>100.00</b>	<b>7442</b>	<b>100.00</b>

(Rs. in ' 000)

I. Expenditure in Foreign Currencies on account of (on Accrual Basis) :	2008-2009	2007-2008
Interest	29825	22313
Commission to selling Agent	388	0
Foreign Traveling	555	0
Overseas Banking Charges	2437	72

(Rs. in ' 000)

J. C.I.F. Value of import :	2008-2009	2007-2008
i) Raw Material	63395	24015
ii) Stores and Spares	739	312
iii) Capital Goods	700245	25373

(Rs. in ' 000)

K. Earnings in Foreign Currency (FOB Value of Exports) :	2008-2009	2007-2008
Fabrics	-	-
Yarn	2946	20200
Menthol	95778	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 **31<sup>st</sup> March 2009**. 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 "21"

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

**PRADEEP KUMAR SINGHI**  
Proprietor  
M. NO. 200/24612

Place : Surat  
Date : 29-06-2009

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat  
Date : 29-06-2009

**Annexure "A" to the Notes to Accounts**

**I. Registration Details**

Registration No.	11049	State Code	04								
Balance Sheet Date	<table border="1"> <tr> <td>3</td><td>1</td><td>0</td><td>3</td><td>2</td><td>0</td><td>0</td><td>9</td> </tr> </table>	3	1	0	3	2	0	0	9		
3	1	0	3	2	0	0	9				
	Date      Month      Year										

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

Public Issue	NIL	Rights Issue	2981
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	20743	Total Assets	20743
<b>Sources of Funds</b>			
Paid-up Capital	4000	Reserves & Surplus	2192
Secured Loans	12982	Unsecured Loans	1039
Deferred Tax Liability	531		
<b>Application of Funds</b>			
Net Fixed Assets	15210	I Investments	107
Net Current Assets	5397	Misc. Expenditure	29
Accumulated Losses	NIL		

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

Turnover	16650	Total Expenditure	16015
Profit/Loss Before Tax	635	Profit/Loss after Tax	382
Earning Per Share in Rs.	0.95	Dividend %	NIL

**V. Generic Names of Three Principal Products/Service 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 : 29-06-2009

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat  
Date : 29-06-2009

**Annexure B**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

	2008-09		2007-08	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>A. Cash Flow From Operating Activities</b>				
Net Profit before tax and Extraordinary Items		63325363		52353130
<b>Adjustment For :</b>				
Depreciation	32585785		38705965	
Interest Income	-4144898		-1656219	
Dividend Income	-2462		-368650	
Miscellaneous expenditure written off	730672		0	
Profit / Loss on Sale of Fixed Assets	6085322		-265427	
Profit / Loss on Sale of Investments	1757079		9956379	
Interest Paid	46544978	83556476	39237446	85609494
<b>Operating Profit before Working Capital Changes</b>		146881839		137962624
<b>Adjustment For :</b>				
Trade & Other Receivables	12037474		-52556695	
Inventories	-116745981		-44996236	
Trade Payables and Other Liabilities	-7944377	-112652884	20435033	77117898
<b>Cash Generated From Operations</b>		34228955		60844726
Interest Paid	-46544978		-39237446	
Provision For Taxation	-18468387		-8043078	
Previous Year Taxation	-184286	-65197651	291383	46989141
<b>NET CASH FLOW FROM OPERATING ACTIVITIES(A)</b>		-30968696		13855585
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<b>Income Form Sale of Investments:</b>				
Interest Income	4144898		1656219	
Dividend Income	2462		368650	
Purchases of Fixed Assets	-1093183104		-69400617	
Sale of Fixed Assets	30441370		316500	
Purchase / Sale of Investment	3103921		-12927221	
Adjustment For Exchange Difference	-31100113			
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		-1086590566		-79986469
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Increase in borrowings	120546817		12330909	
Increase in Term Loan	800801715		23458007	
Increase in share capital	123022300		27370000	
Share Premium Received	99361150		18340000	
Preliminary Expenses W/off	-1847227		-1806134	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		1141884755		79692782
Net Increase in Cash & Cash equivalents (A+B+C)		24325493		13561898
Cash and Cash equivalents as on 1 <sup>st</sup> April		16123295		2561397
Cash and Cash equivalents as on 31 <sup>st</sup> March		40448788		16123295

Note : Figures in Negative (-) Indicate cash outflows.

Place : Surat

Date : 29-06-2009

**Shankarlal Somani** Chairman

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

**Raj Kumar Somani** Managing Director

**AUDITOR'S REPORT**

We have examined the above cash flow statement of the SUMEET INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March 2009. The Statement has been prepared by the company in accordance with the requirements of Listing Agreement as per Clause 32 with Bombay Stock Exchange Ltd. 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 29/06/2009 to the members of the company.

Place : Surat

Date : 29-06-2009

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 31<sup>st</sup> March 2009, 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 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.116.39 Lacs (P.Y. Rs.116.42) in Nepal currency as at 31<sup>st</sup> March 2009 and total loss of Rs.0.03 Lacs (P.Y. Rs.0.11 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 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 31<sup>st</sup> March, 2009.
- (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 : 29-06-2009

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2009**

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>I. SOURCES OF FUNDS :</b>			
<b>SHARE HOLDER FUNDS :</b>			
Share Capital	1	399,951,600	251,229,300
Share Application Money		-	25,700,000
Reserve And Surplus	2	216,445,538	88,447,543
		<u>616,397,138</u>	<u>365,376,843</u>
<b>LOAN FUNDS:</b>			
Secured Loans	3	1,298,174,411	428,029,460
Unsecured Loan	4	97,233,646	46,030,065
		<u>1,395,408,057</u>	<u>474,059,525</u>
Deferred Tax Liability (Refer Note No.8 On Schedule 21)		53,126,988	46,425,698
<b>Total</b>		<u><u>2,064,932,183</u></u>	<u><u>885,862,066</u></u>
<b>II. APPLICATION OF FUNDS :</b>	5		
<b>FIXED ASSETS :</b>			
Gross Block		848,496,017	866,506,511
Less : Depreciation		<u>427,051,175</u>	<u>404,082,116</u>
Net Block		421,444,842	462,424,395
Capital Work In Progress Including Advances		<u>1,099,574,465</u>	<u>12,755,602</u>
		<u>1,521,019,307</u>	<u>475,179,997</u>
<b>INVESTMENTS</b>	6	719,848	5,580,848
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	7	391,626,483	274,880,502
(b) Sundry Debtors	8	63,452,411	88,070,562
(c) Cash & Bank Balance	9	40,667,520	16,342,027
(d) Loans & Advances	10	119,085,952	106,505,275
		<u>614,832,366</u>	<u>485,798,366</u>
Less : Current Liabilities & Provisions	11	<u>74,562,027</u>	<u>82,503,279</u>
Net Current Assets		<u>540,270,339</u>	<u>403,295,087</u>
<b>MISC. EXPENDITURE :</b>	12		
Preliminary Expenses		2,922,689	1,806,134
<b>Total</b>		<u><u>2,064,932,183</u></u>	<u><u>885,862,066</u></u>
NOTES FORMING PART OF THE ACCOUNTS	21		

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

**PRADEEP KUMAR SINGHI**  
Proprietor  
M. NO. 200/24612

Place : Surat  
Date : 29-06-2009

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat  
Date : 29-06-2009

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED  
31st MARCH, 2009**

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>I. INCOME :</b>			
Sales	13	1,577,868,575	1,285,082,617
Export Incentive		6,902,867	8,207,400
Other Income	14	(2,131,247)	(1,508,737)
Increase (Decrease) In Finished Goods & WIP Stocks		-	-
		82,422,828	3,340,594
<b>Total</b>		<b>1,665,063,023</b>	<b>1,295,121,874</b>
<b>II. EXPENDITURE :</b>			
Purchase Of Finished Goods		301,122,123	-
Raw Material Consumed	15	1,007,607,111	984,313,812
Manufacturing And Other Expenses	16	97,063,029	98,153,583
Administrative & Other Expenses	17	94,913,467	62,616,001
Salary, Wages & Benefites to employees	18	10,838,083	10,159,428
Financial Charges	19	48,757,770	40,898,779
Selling & Distribution Expenses	20	8,671,265	7,928,284
Depreciation	5	32,585,785	38,705,965
<b>Total</b>		<b>1,601,558,633</b>	<b>1,242,775,852</b>
<b>III. PROFIT BEFORE TAX (I - II)</b>		<b>63,504,390</b>	<b>52,346,021</b>
<b>Add :</b> Claim received		<b>92,000</b>	-
<b>Less :</b> Prior period expenses		<b>274,152</b>	-
		<b>63,322,238</b>	<b>52,346,021</b>
<b>IV. PROVISION FOR TAXATION</b>			
Current Tax		15,728,004	8,431,729
Fringe Benefit Tax		200,000	200,000
MAT Credit		2,540,383	(588,651)
Deferred Tax		6,701,290	7,597,659
Profit After Tax		38,152,561	36,705,284
<b>Less :</b> Taxation Of Previous Year		<b>184,286</b>	-
Fringe Benefit Tax		-	6,001
Dividend Distribution Tax		-	25,490
STT Paid		-	101,803
IT Refundable		-	60,817
Add : Balance Brought Forward		61,399,491	42,469,124
		<b>99,367,766</b>	<b>78,980,297</b>
<b>V. Appropriation</b>			
Excess Provi. of Taxation of earlier year		-	485,494
Transfer for capitalisation for issue of Bonus shares		-	18,066,300
Balance Carried Forward To Balance Sheet		<b>99,367,766</b>	<b>61,399,491</b>
Earning Per Equity Share (EPS)		<b>0.95</b>	<b>1.82</b>
NOTES FORMING PART OF THE ACCOUNTS	21		

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

**PRADEEP KUMAR SINGHI**

Proprietor

M. NO. 200/24612

Place : Surat

Date : 29-06-2008

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat

Date : 29-06-2008



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

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>SHARE CAPITAL :</b>			
<b>AUTHORISED</b>	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	500,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>			
3,99,95,160 Equity Shares of Rs.10/- each fully paid up (Out of which 76,05,930 Shares are issued for consideration other than Cash )		399,951,600	201,229,300
50,00,000 (FIFTY LACS) 6% Non-Convertible Preference shares of Rs.10/- Each		-	50,000,000
<b>Total</b>		<b>399,951,600</b>	<b>251,229,300</b>
<b>RESERVE &amp; SURPLUS :</b>	2		
General Reserve		6,208,052	6,208,052
Balance in Profit & Loss Account		99,367,766	61,399,491
		<b>105,575,818</b>	<b>67,607,543</b>
Less: Adjustment of Exchange Difference as per AS 11 (Notification no. G.S.R. 225(E))		9,331,430	-
		<b>96,244,388</b>	<b>67,607,543</b>
Capital Reserve		2,500,000	2,500,000
Share Premium Account		117,701,150	18,340,000
<b>Total</b>		<b>216,445,538</b>	<b>88,447,543</b>
<b>SECURED LOAN :</b>	3		
(1) Bank Of Baroda Cash Credit		52,470,820	68,976,558
(2) Bank Of Baroda Packing Credit (PCFC)		50,903,398	3,420,466
(3) Bank Of Baroda (FCNR Working capital Loan)		164,475,071	163,089,431
(4) IDBI Bank Ltd. Cash Credit		62,699,236	-
(5) Bank Of Baroda (in FCNR -B)		28,699,588	54,418,422
(6) Vehicle Loan*		2,126,140	1,762,091
(7) ECB From BOB NEW YORK *		92,056,800	99,297,000
(8) Term Loan ( GBPP )		31,499,772	37,065,492
(9) Term Loan ( WJL )		12,113,656	-
(10) ECB Loan ( BOB & BOI )		789,871,943	-
(11) HDFC (Term Loan)		308,737	-
(12) Life Insurance Corpn. of India		10,949,250	-
*(Including Installments of Rs. 476.00 Lacs for term loan falling due Within One Year)			
<b>Total</b>		<b>1,298,174,411</b>	<b>428,029,460</b>

### NOTES :

- Working Capital borrowings (Item 1 to 4 above) are secured by first pari passue charge on all current assets of the company and 2nd pari passue charge on fixed assets of the company.
- Term Loan (Item No. 5, 7, 8 & 9,10 ) is secured by first charge on all fixed assets of the Company and 2nd pari passue charge on all Current Assets of The Company.
- Vehicle Loan (Item No. 6) are secured by hypothecation of vehicles.
- All the above facilities (Item No. 1 to 5 & 7 to 10) are further secured by Personal Guarantee Shri Shankarlal Somani, Shri Raj Kumar Somani, Shri Sumeet Somani, Smt. Ganga Devi Somani and Corporate Guarantee of Sitaram Prints Pvt. Ltd. and Mortgage of Fixed Assets of M/S Sitaram Prints Pvt. Ltd. and Residence Bunglow of Shri Shankarlal Somani and Smt. Ganga Devi Somani.

**UNSECURED LOAN :**

4

Agency Deposits	1,869,396	8,509,396
Loan From Corporate Bodies	95,346,177	36,080,875
Loan From Directors	18,073	1,439,794
<b>Total</b>	<b>97,233,646</b>	<b>46,030,065</b>

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

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2008	Addition	Deletion	As At 31.03.2009	As At 01.04.2008	For the Year	Adjustment	As At 31.03.2009	As At 31.03.2009	As At 31.03.2008
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	77,983,886	199,785	-	78,183,671	36,829,871	4,102,901	-	40,932,772	37,250,899	41,154,015
3	Plant & Machinery	758,326,852	2,558,872	23,126,290	737,759,434	348,860,628	26,209,568	9,092,154	365,978,042	371,781,392	409,466,224
4	Furniture, Fixture & Equipments	8,794,177	449,731	-	9,243,908	6,855,011	443,451	-	7,298,462	1,945,446	1,939,166
5	Vehicle	19,045,341	3,155,853	1,248,445	20,952,749	11,536,606	1,829,865	524,572	12,841,899	8,110,850	7,508,735
<b>TOTAL</b>		<b>866,506,511</b>	<b>6,364,241</b>	<b>24,374,735</b>	<b>848,496,017</b>	<b>404,082,116</b>	<b>32,585,785</b>	<b>9,616,726</b>	<b>427,051,175</b>	<b>421,444,842</b>	<b>461,424,395</b>
<b>PREVIOUS YEAR</b>		<b>808,744,971</b>	<b>58,124,645</b>	<b>363,105</b>	<b>866,506,511</b>	<b>365,688,183</b>	<b>3,870,596</b>	<b>312,032</b>	<b>404,082,116</b>	<b>462,424,395</b>	<b>443,056,788</b>

Sched.  
No.

6

**As At  
31.03.09**
**As At  
31.03.08**
**INVESTMENTS (AT COST)**
**(A) Other Than Trade - Quoted**

500	Fully Paid-up Equity Shres of Rs. 10/- each of M/s. Rajasthan Petro Synthetics Ltd.	16,250	16,250
151	Fully Paid-up Equity Shares of Rs. 10/- each of M/s. Tata Iron & Steel Co. Ltd.	22,405	22,405
113	Convertible Preference Shares of Rs.100/- each of M/s. Tata Iron & Steel Co. Ltd.	11,300	11,300
1000	Fully Paid-up Equity Shares of Rs. 1/- each of 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 Each of M/s. Pararampuria Ind. Ltd.	1,050	1,050
100	Fully Paid-up Equity Shares of Rs. 10/- each of Each of M/s. Shree Rajasthan Syntex Ltd.	2,025	2,025
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
10000	Fully Paid-up Equity Shares of Rs. 10/- each of NTPC Limited	-	980,200
Investment in Mutual Fund		<b>500,000</b>	<b>2,000,000</b>
		<b>719,848</b>	<b>5,580,848</b>

	Schd. No.	As At 31.03.09	As At 31.03.08
(B) Other Than Trade - Unquoted			
Aggregate Book Value Of Investments			
Unquoted Cost		-	-
Quoted Cost		782,305	5,580,848
Market Value *		765,446	5,691,742

\* 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 purchased and sold during the year.

Name of the Company	Nos. Of Shares	Purchase Cost
Ashok Leyland Ltd.	20000	801,000
Bank of Baroda	11028	3,252,849
Bank of India	11325	2,937,453
Bharti Airtel Ltd.	5000	4,046,621
BINDAL AGRO (Oswal Chem & Fert)	70311	2,723,588
Centurian Bank of Punjab	5000	212,100
Feddres Lloyd Corp. Ltd.	11000	563,697
ITC Ltd.	35621	7,367,166
Neyveli Lignite Corp. Ltd.	5000	651,120
NTPC Ltd.	8000	1,523,575
Reliance Communication Ltd.	19000	10,082,133
Reliance Petroleum Ltd.	29000	5,363,495

## INVENTORIES :

(As Taken, Valued, And Certified By The Management)

Stores & Spares, Packing Material & LDO	74,794,974	58,115,360
Raw Material	93,941,408	76,297,868
Finished Goods	28,094,697	31,407,931
Work In Progress	194,795,404	109,059,343
<b>Total</b>	<b>391,626,483</b>	<b>274,880,502</b>

## SUNDRY DEBTORS :

(Unsecured Considered Good)

(a) Over Six Months	-	-
(b) Other Debts	63,452,411	88,070,562
<b>Total</b>	<b>63,452,411</b>	<b>88,070,562</b>

## CASH AND BANK BALANCES :

Cash on Hand	349,781	251,552
Balances With Scheduled Banks In Current Accounts	39,930,950	6,444,281
In Fixed Deposit Accounts / Margin Account	386,789	9,646,194
<b>Total</b>	<b>40,667,520</b>	<b>16,342,027</b>

Note : Fixed deposits aggregating **Rs. 3,86,789** ( P.Y. 53,86,342) lodged with bank as margin money for the issue of gurantees and letter of credits.

	Schd. No.	As At 31.03.09	As At 31.03.08
<b><u>LOANS &amp; ADVANCES :</u></b>	10		
Advances (Recoverable in Cash or in Kind or for value to be received)		49,709,926	41,340,501
T.D.S. Receivable & Advance Income Tax		1,027,041	471,200
Advance Income Tax		-	1,329,575
Advance Income Tax (A.Y. 2009-10)		1,000,000	-
Advance FBT		100,000	70,000
Advance To Staff		594,276	738,169
Prepaid Expenses		1,126,341	1,127,475
Export Incentive Receivable		3,726,527	6,545,896
Modvat Receivable		51,879,598	37,344,848
TUF Subsidy Receivable		1,128,579	1,019,494
MAT Credit		-	3,782,829
Balance With Excise Dept. (PLA)		8,763	8,763
Sundry Deposits		8,784,901	12,726,525
<b>Total</b>		<b>119,085,952</b>	<b>106,505,275</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS :</u></b>	11		
<b>A) CURRENT LIABILITIES</b>			
<b>Sundry Creditors :</b>			
For Goods & Expenses		52,096,239	65,343,172
Other Liabilities & TDS Payable		5,199,766	4,807,395
Advance Received from customer		18,915	2,386,336
Unpaid Dividend		1,319,103	1,334,647
<b>B) PROVISION</b>			
Prov. For Fringe Benefit Tax		200,000	200,000
Prov. For Taxation		15,728,004	8,431,729
		74,562,027	82,503,279
<b><u>PRELIMINARY EXPENSES</u></b>	12		
Opening Balance		3,653,361	1,806,134
Less: Write off		730,672	-
<b>Total</b>		<b>2,922,689</b>	<b>1,806,134</b>
<b>SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT &amp; LOSS ACCOUNTS ( CONSOLIDATED )</b>			
<b><u>SALES :</u></b>	13		
Yarn Sales ( Domestic )		1,467,929,301	1,168,357,365
Yarn Sales ( Export )		3,046,251	22,059,190
Fabric Sales		72,436,263	57,793,650
Menthol Product Sales (Export/Deemed Export)		108,914,458	129,165,264
Wastage Sales (Net)		1,808,224	2,430,578
<b>Total</b>		<b>1,654,134,497</b>	<b>1,379,806,047</b>
Less : Excise Duty		76,265,922	94,723,430
Net Sales		<b>1,577,868,575</b>	<b>1,285,082,617</b>

	Schd. No.	As At 31.03.09	As At 31.03.08
<b>OTHER INCOME :</b>	14		
Dividend Received		2,462	368,650
Brokerage and Commision		1,343,756	1,955,445
Profit / Loss on Trading in Shares & Commodities		(1,757,079)	(9,956,379)
Profit/Loss on Sale of Fixed Assets		(6,085,322)	265,427
MISC. Income		139,187	67,042
Exchange Difference		-	4,134,859
Claim Received		80,851	-
<b>Interest Received</b>		-	-
On Fixed Deposit		4,144,898	1,656,219
Others		-	-
<b>Total</b>		<b>(2,131,247)</b>	<b>(1,508,737)</b>
<b>RAW MATERIAL CONSUMED :</b>	15		
Opening Stock		76,297,868	31,246,002
Add : Purchase (Net)		1,025,250,651	1,029,365,678
		1,101,548,519	1,060,611,680
Less : Closing Stock		93,941,408	76,297,868
<b>Total</b>		<b>1,007,607,111</b>	<b>984,313,812</b>
<b>MANUFACTURING EXPENSES :</b>	16		
Power & Fuel		64,235,840	69,125,303
Labour & Security Expenses		322,795	238,092
Packing Materials		19,385,645	18,266,118
Stores and Spares		9,467,914	7,441,903
Freight and Octroi		1,568,658	1,454,927
Rapairs to Plant & Machineries		1,760,151	1,237,909
Repairs to Factory Building		125,883	91,608
Factory Expenses		119,515	206,492
Job Charges		76,628	91,231
<b>Total</b>		<b>97,063,029</b>	<b>98,153,583</b>
<b>ADMINISTRATIVE &amp; OTHER EXPENSES :</b>	17		
Rent, Rates And Taxes		60,899,230	46,039,622
Postage, Telegram and Telephone Expenses		705,098	926,233
Printing and Stationary		554,887	630,852
Insurance Expenses		2,530,489	2,884,557
Electricity Expenses		279,787	238,900
Legal & Professional Expenses		2,008,751	1,043,301
Loss on Foreign Exchange		15,017,440	-
Travelling and Conveyance		554,755	489,825
Vehicles Expenses		9,896,630	8,586,452
Director's Remuneration		550,000	450,000
Auditor's Remuneration		355,091	328,969
Membership and Subscription		78,679	78,033
Donation		652	702
Other Repairs		249,140	223,087
Office and General Expenses		502,166	180,088
Preliminary & Pre-operative Expenses		730,672	515,380
<b>Total</b>		<b>94,913,467</b>	<b>62,612,642</b>

	Schd. No.	As At 31.03.09	As At 31.03.08
<b><u>SALARY , WAGES AND BENEFIT TO EMPLOYEES :</u></b>	18		
Wages, Salaries & Bonus Cont. To P.F. & F.P. F.		<b>10,469,334</b>	9,969,696
Welfare And Other Expenses		<b>368,749</b>	189,732
<b>Total</b>		<b><u>10,838,083</u></b>	<b><u>10,159,428</u></b>
<b><u>FINANCIAL CHARGES :</u></b>	19		
Interest To :			
Banks & Financial Institution		<b>46,544,978</b>	39,237,446
Bank Charges & Guarantee Commission		<b>2,212,792</b>	1,661,333
<b>Total</b>		<b><u>48,757,770</u></b>	<b><u>40,898,779</u></b>
<b><u>SELLING &amp; DISTRIBUTION EXPENSES :</u></b>	20		
Commission, Brokerage & Discount		<b>4,848,024</b>	3,235,011
Carriage Outward & Shipment Charges		<b>1,411,929</b>	3,086,940
Sales Promotion		<b>2,411,312</b>	1,606,333
<b>Total</b>		<b><u>8,671,265</u></b>	<b><u>7,928,284</u></b>



**SCHEDULE 21 : 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	<b>38152561</b>	36705284
Number of equity share	<b>39995160</b>	20122930
Earning per share of Rs 10 each	<b>0.95</b>	1.82

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

- l. Signature to schedules "1" to "21"**

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

**PRADEEP KUMAR SINGHI**

Proprietor

M. NO. 200/24612

Place : Surat

Date : 29-06-2009

For and on behalf of Board of Directors

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

Place : Surat

Date : 29-06-2009

**Annexure A**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009**

	2008-09		2007-08	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit before tax and Extraordinary Items		63322238		52346021
<b>Adjustment For :</b>				
Depreciation	32585785		38705965	
Interest Income	-4144898		-1656219	
Dividend Income	-2462		-368650	
Miscellaneous expenditure written off	730672		0	
Profit / Loss on Sale of Fixed Assets	6085322		-265427	
Profit / Loss on Sale of Investments	1757079		9956379	
Interest Paid	46544978	83556476	39237446	85609494
		<b>146878714</b>		<b>137955515</b>
<b>Operating Profit before Working Capital Changes</b>				
<b>Adjustment For :</b>				
Trade & Other Receivables	12037474		-52556695	
Inventories	-116745981		-44996236	
Trade Payables and Other Liabilities	-7941252	-112649759	20435033	77117898
<b>Cash Generated From Operations</b>		<b>34228955</b>		<b>-60837617</b>
Interest Paid	-46544978		-39237446	
Provision For Taxation	-18468387		-8043078	
Previous Year Taxation	-184286	-65197651	291383	46989141
<b>NET CASH FLOW FROM OPERATING ACTIVITIES(A)</b>		<b>-30968696</b>		<b>13848476</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<b>Income Form sale of investments:</b>				
Interest Income	4144898		1656219	
Dividend Income	2462		368650	
Purchases of Fixed Assets	-1093183104		-69400617	
Sale of Fixed Assets	30441370		316500	
Purchase / Sale of Investment	3103921		-12927221	
Adjustment For Exchange Difference	-31100113		-	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>-1086590566</b>		<b>- 79986469</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Increase in borrowings	120546817		12330909	
Increase in Term Loan	800801715		23458007	
Increase in share capital	123022300		27370000	
Share Premium Received	99361150		18340000	
Preliminary Expenses W/off	-1847227		-1806134	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>1141884755</b>		<b>79692782</b>
Net Increase in Cash & Cash equivalents (A+B+C)		<b>24325493</b>		<b>13554789</b>
Cash and Cash equivalents as on 1 <sup>st</sup> April		<b>16123295</b>		<b>2787238</b>
Cash and Cash equivalents as on 31 <sup>st</sup> March		<b>40667520</b>		<b>16342027</b>

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

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

Place : Surat

Date : 29-06-2009

**Shankarlal Somani** Chairman

**Raj Kumar Somani** Managing Director

**AUDITOR'S REPORT**

We have examined the above Consolidated Cash Flow Statement of the SUMEET INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March, 2009. The Statement has been prepared by the company in accordance with the requirements of Listing Agreement as per 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 29/06/2009 to the members of the company.

Place : Surat

Date : 29-06-2009

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

**PRADEEP KUMAR SINGHI**

Proprietor

M. NO. 200/24612

**SOMANI INDUSTRIES (NEPAL) PVT. LTD.**

**AUDITOR'S 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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 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

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

Place : BIRGUNJ (NEPAL)  
Date : **22-06-2009**

**J. P. Khandelwal**  
Proprietor

**SOMANI INDUSTRIES (NEPAL) PVT. LTD.**  
**BALANCE SHEET AS AT 31st MARCH, 2009**

Sr. No.	PARTICULARS	SCHEDULE	AMOUNT (NRS) AS ON 31.03.09	AMOUNT (NRS) AS ON 31.03.08
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	349,971.00
	d) Loans & Advances	H	11,304,881.00	11,304,881.00
	e) L/C Margin		-	-
	Total Current Assets		11,654,852.00	11,654,852.00
	Less : Current Liabilities & Provisions	I	17,839.00	12,839.00
	Net Current Assets		11,637,013.00	11,642,013.00
3 Miscellaneous Expenditure				
	(To the Extent not Written off or adjusted)		-	-
4 Profit & Loss A/c. : (Net Loss)				
			4,362,987.00	4,357,987.00
	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 : 22.06.2009

**SOMANI INDUSTRIES (NEPAL) PVT. LTD.  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

Sr. No.	PARTICULARS	SCHEDULE	AMOUNT (NRS) AS ON 31.03.09	AMOUNT (NRS) AS ON 31.03.08
<b>I. INCOME</b>				
	a) Sales of Goods	J	-	-
	Less : Cost of sales	K	-	-
	b) Other Income	K1	-	-
	<b>Total</b>		<u>-</u>	<u>-</u>
<b>II. EXPENDITURE</b>				
	a) Manufacturing Expenses	L	-	-
	b) Administrative Expenses	M	5,000.00	11,375.00
	c) Selling & Distribution Expenses	N	-	-
	d) Financial Expenses	O	-	-
	e) Depericiation		-	-
	<b>Total</b>		<u>5,000.00</u>	<u>11,375.00</u>
	<b>Net Profit (Loss) before Income Tax (I)- (II)</b>		<b>(5,000.00)</b>	<b>(11,375.00)</b>
	<b>Income Tax</b>		-	-
	<b>Net Profit (Loss)</b>		<b>(5,000.00)</b>	<b>(11,375.00)</b>
	<b>Previous Year Profit (Loss) Balance</b>		<b>(4,357,987.00)</b>	<b>(4,346,612.00)</b>
	<b>Balance Transferred to Balance Sheet</b>		<u><b>(4,362,987.00)</b></u>	<u><b>(4,357,987.00)</b></u>

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 : 22-06-2009

**SOMANI INDUSTRIES (NEPAL) PVT. LTD.  
SCHEDULE FORMING PART OF BALANCE SHEET & PROFIT AND LOSS ACCOUNT  
(FOR THE YEAR ENDED 31st MARCH, 2009)**

Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.09	AMOUNT (NRS) AS ON 31.03.08
<b>A</b>	<b><u>SHARE CAPITAL :</u></b>		
	<b>Authorised Share Capital</b>		
	867000 Equity Share of Rs.100 each	86,700,000.00	86,700,000.00
	<b>Issued &amp; Subscribed share Capital</b>		
	280000 Equity Share of Rs.100 each	28,000,000.00	28,000,000.00
	<b>Paid-up Share Capital</b>		
	160000 Equity Share of Rs.100 each	16,000,000.00	16,000,000.00
	<b>Total</b>	<b>16,000,000.00</b>	<b>16,000,000.00</b>
<b>B</b>	<b><u>RESERVE &amp; SURPLUS :</u></b>		
	Balance B/F	-	-
	Net Profit for the year	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b><u>UNSECURED LOAN :</u></b>		
	From Directors	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>D</b>	<b><u>FIXED ASSETS :</u></b>		
	Gross Block	-	-
	Depreciation	-	-
	Net Block	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>E</b>	<b><u>CLOSING STOCK :</u></b>		
	Raw Material	-	-
	Packing Material	-	-
	Finished goods	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>F</b>	<b><u>DEBTORS (For) :</u></b>		
	Domestic Sales	-	-
	Export Sales	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>G</b>	<b><u>CASH &amp; BANK BALANCE :</u></b>		
	Cash on Hand	307,954.00	307,954.00
	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	-	-
	<b>Total</b>	<b>349,971.00</b>	<b>349,971.00</b>
<b>H</b>	<b><u>DEPOSITS, LOANS &amp; ADVANCES :</u></b>		
	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	146,463.00
	<b>Total</b>	<b>11,304,881.00</b>	<b>11,304,881.00</b>
<b>I</b>	<b><u>CURRENT LIABILITIES &amp; PROVISIONS :</u></b>		
	Sundry Creditors	-	-
	Audit Fees Payble	10,000.00	5,000.00
	Tax Deducted at Sources	7,839.00	7,839.00
	Interest Payble	-	-
	Office Rent Payable	-	-
	<b>Total</b>	<b>17,839.00</b>	<b>12,839.00</b>



Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.09	AMOUNT (NRS) AS ON 31.03.08
<b>J</b>	<b><u>SALES OF THE GOODS :</u></b>		
	Export Sales	-	-
	Domestic Sales	-	-
	Wastage & Scrap Sales	-	-
	Raw Material Sales	-	-
	<b>Total</b>	-	-
<b>K</b>	<b><u>COST OF SALES :</u></b>		
	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	-	-
	<b>Total</b>	-	-
<b>K1</b>	<b><u>OTHER INCOME :</u></b>		
	Profit on sale of Machinery	-	-
	Misc. Income (Sales From Scrap etc.)	-	-
	Interest on Loan From Parties	-	-
	<b>Total</b>	-	-
<b>L</b>	<b><u>MANUFACTURING EXPENSES :</u></b>		
	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	-	-
	<b>Total</b>	-	-
<b>M</b>	<b><u>ADMINISTRATIVE EXPENSES :</u></b>		
	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
	General Exps.	-	375.00
	Repairing & Maintenance Exps.	-	-
	Local Development Tax Receivable W/Off.	-	-
	VAT Penalty	-	-
	<b>Total</b>	5,000.00	11,375.00

Schd.	PARTICULARS	AMOUNT (NRS) AS ON 31.03.09	AMOUNT (NRS) AS ON 31.03.08
<b>N</b>	<b><u>SELLING &amp; DISTRIBUTION EXPESSES :</u></b>		
	Advertisement	-	-
	Certificate of Origine Charges	-	-
	Custom duty on Export	-	-
	Forwarding & Commission	-	-
	Transportation	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>
<b>O</b>	<b><u>FINANCIAL CHARGES :</u></b>		
	Bank Charges	-	-
	Interest on Unsecured Loan	-	-
	<b>Total</b>	<u>-</u>	<u>-</u>

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 : 22-06-2009

**SCHEDULE : P**Annexed to and forming part of Balance Sheet as at 31<sup>st</sup> March, 2009.**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.**

Accountant

Director

Director

**J. P. Khandelwal**  
Proprietor

Place : BIRGUNJ (NEPAL)

Date : 22-06-2009

# **Sumeet**

**INDUSTRIES LIMITED**

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

## **ATTENDANCE SLIP**

**ANNUAL GENERAL MEETING - 29.09.2009**

(Please complete the slip and hand it over at the entrance to the meeting hall)

Name & Address of the Member

Folio No / DP ID & Client ID

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company at Conference Hall, Bombay Market, Umarwada, Surat - 395 010 on Tuesday, 29th September, 2009

Number of Shares Held

Signature of the Member / proxy (Strike out whichever is not applicable)

Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.

# **Sumeet**

**INDUSTRIES LIMITED**

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

## **PROXY FORM**

**ANNUAL GENERAL MEETING - 29.09.2009**

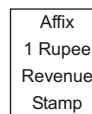
I/We.....  
of ..... in the District  
of..... being a member/members of  
the above named Company hereby appoint.....  
or failing to him/her.....  
of ..... in the District of.....  
as my/our proxy to vote for me/our behalf at the 21st ANNUAL GENERAL MEETING of the company to be held on  
Tuesday, 29th day of September, 2009 at 10.00 A.M. any adjournment(s) thereof.

Signed this .....day of.....2009.

Folio No./ DP ID & Client ID

Number of Shares held

Signature of the Proxi

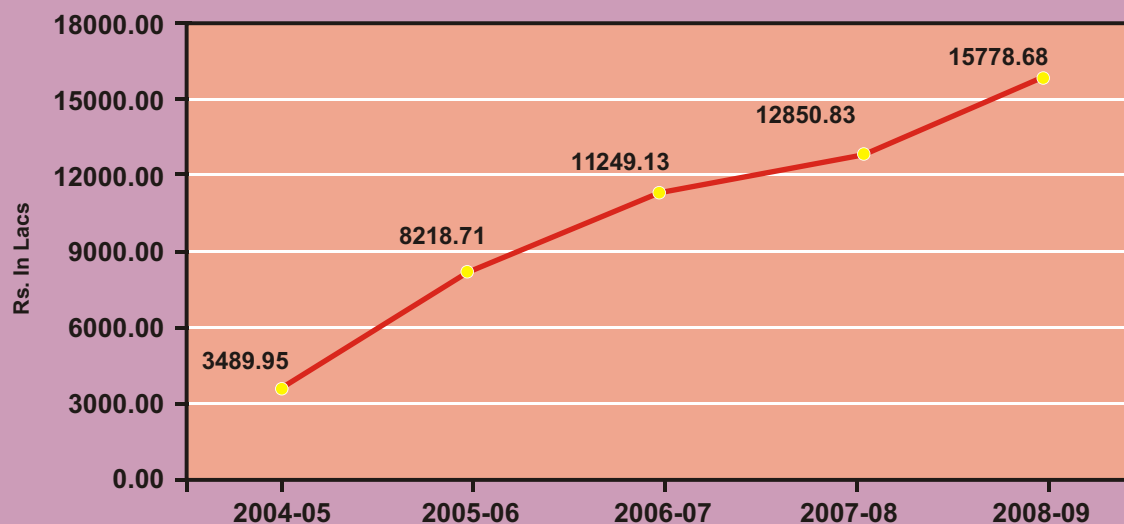


Signature

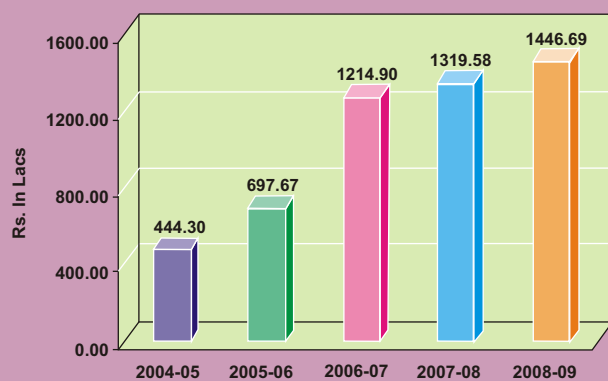
- Notes : 1. This form in order to be effective should be duly stamped, completed and signed and must be deposited the Registered office at 504, Trividh Chambers, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat-2 (Guj.) India. atleast 48 hours before the meeting.
2. In the case of a body corporate, the proxy form should be signed by the authorised person duly enclosing thereto, a certified copy of the resolution of the Board under Section 187 of the Companies Act, 1956.



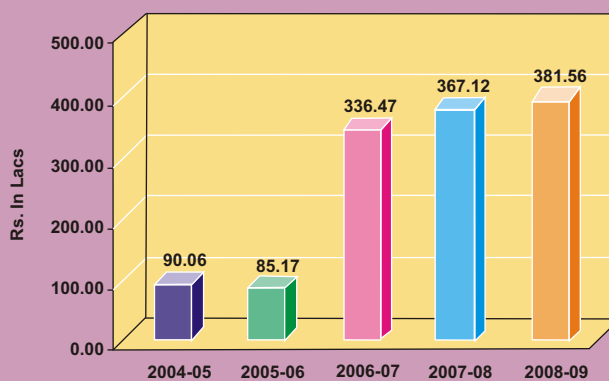
## SALES



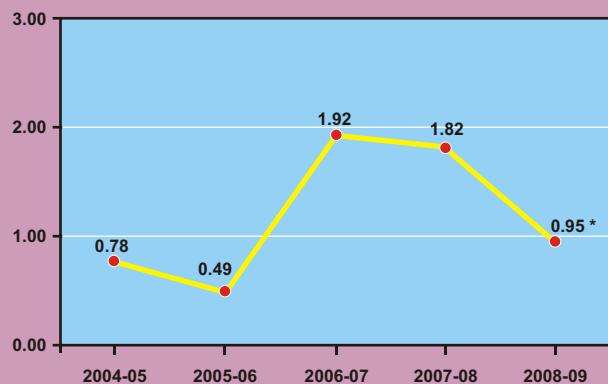
## EBITDA



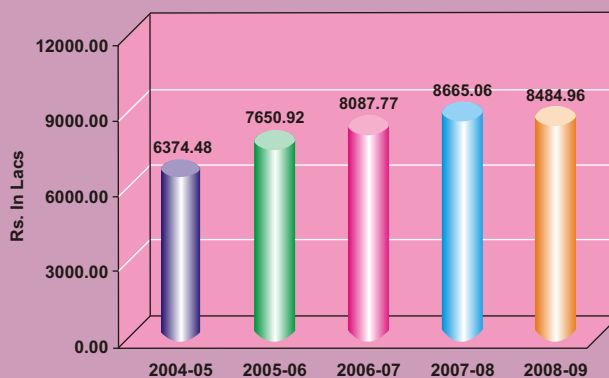
## PAT



## EPS



## FIXED ASSETS



\* After Right Issue (1:1)

## 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.