

33rd ANNUAL REPORT

2008 - 2009

SUNIL INDUSTRIES LIMITED

SUNIL INDUSTRIES LIMITED

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SUNIL INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Vinod Lath	:	CHAIRMAN AND MANAGING DIRECTOR
Mr. Pradeep Rungta	:	WHOLE-TIME DIRECTOR
Mr. Ramesh Khanna	:	WHOLE-TIME DIRECTOR
Mr. Ashish Garg	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Ravinder Kumar Gupta	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR
Mr. Ratan Babulal Lath	:	INDEPENDENT AND NON EXECUTIVE DIRECTOR

REGISTERED OFFICE

D-8, M.I.D.C., Phase II,
Manpada Road, Dombivli (E)
Thane

MILLS

D-8, MIDC, Phase II,
Manpada Road, Dombivli (E),
Dist. Thane

BANKERS:

- * ICICI Bank
- * Vijya Bank
- * State Bank of India

AUDITORS

M/s. V. K. Beswal & Associates
Chartered Accountants

SHARE TRANSFER AGENTS

Link Intime India Private Limited.
Add.: C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup, Mumbai – 400 078.

SHARES LISTED AT:

The Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001.

Ahmedabad Stock Exchange Limited,
Kamdhenu Complex, Opp Sahajanand College,
Panjara Pole, Ahmedabad – 380 015

Delhi Stock Exchange Limited
3-1 Asaf Ali Road, Chandni Chowk,
New Delhi – 110 002

The Calcutta Stock Exchange Limited
7, Lyons Range, Kolkatta – 700 001

33RD ANNUAL GENERAL MEETING

Date: 31st December, 2009

Day: Thursday

Time: 11.00 a.m.

Place: D-8, MIDC Phase II, Manpada Raod, Dombivli (East), Dist – Thane.

NOTICE IS HEREBY GIVEN THAT THE **33RD** ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY **SUNIL INDUSTRIES LIMITED** WILL BE HELD ON **THURSDAY THE 31ST DECEMBER, 2009** AT **11.00 A.M.** AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT D-8, MIDC PHASE II, MANPADA ROAD, DOMBIVALI (EAST), DIST – THANE – 421 201 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended on 31st March, 2009 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravinder Kumar Gupta, Director of the company who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Mr. Ashish Garg, Director of the company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion next Annul General Meeting and to fix their remuneration.

On behalf of the Board
For **SUNIL INDUSTRIES LIMITED**

SD/-

Date: 28th November, 2009
Place: Dombivli

VINOD LATH
CHAIRMAN

SUNIL INDUSTRIES LIMITED

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. A proxy Form to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register in respect of equity shares of the Company will remain closed from the Thursday, the 24th December, 2009 Thursday the 31st December, 2009 (both days inclusive)
4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the Meeting.
5. Members/Proxies are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
6. Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidate their holdings in one folio.
7. Members whose shareholding is in the electronic mode are requested to direct change of address notification and updation of Saving Bank Account details to their respective Depository Participants.

On behalf of the Board
For **SUNIL INDUSTRIES LIMITED**

Date: 28th November, 2009
Place: Dombivli

SD/-
VINOD LATH
CHAIRMAN

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,
The Members,
SUNIL INDUSTRIES LIMITED
Mumbai

Your Directors have great pleasure in presenting **33RD ANNUAL REPORT** along with the Audited Balance Sheet and Profit And Loss Account for the year ended on **31st March, 2009**.

1. FINANCIAL RESULTS:

The Financial Results are briefly indicated below:

Particulars	(Amt in Rs.)	
	For the year ended on	
	31.03.2009	31.03.2008
Total Income	5,90,942,614	5,85,308,958
Expenditure	5,86,922,853	5,79,921,672
Depreciation	79,95,674	73,31,150
Net Profit/(Loss) before Tax	40,19,761	53,87,286
Less: Provision for Taxations		
Fringe Benefit Tax	1,64,044	1,61,270
Income Tax	3,724	--
Net Profit/(Loss) after Tax	38,51,993	52,26,016
Interest written back in earlier year now written off	--	(50,00,000)
Profit/(Loss) for the year	38,51,993	2,26,016
Balance b/f from Previous Year	(22,366,484)	(22,592,500)
Balance c/f to Balance Sheet	(18,514,491)	(22,366,484)

2. FINANCIAL OPERATIONS

During the year ended, Your Company reported total Income of Rs. 59,09,42,614/- in comparison to Rs. 58,53,08,958/- of previous year. Due to increase in manufacturing and financial overheads, your company reported profit of Rs. 38,51,993/- after tax in comparison to profit of Rs. 52,26,016/-

3. DIVIDEND

In view of carry forward losses, the Directors do not recommend any dividend as such.

4. DEPOSITS

The company has not accepted any deposits from the Public.

5. PARTICULARS OF EMPLOYEES:

There were no employees who were in receipt of the remuneration in excess of the limits as set out in terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

6. DIRECTORS:

Mr. Ravinder Kumar Gupta and Mr. Ashish Garg are retiring by rotation and being eligible, offer themselves for re-appointment. Hence, you are requested to re-appoint themselves in the forthcoming Annual General Meeting of the Company.

SUNIL INDUSTRIES LIMITED

7. SUBSIDIARIES:

Since the Company has no subsidiaries, hence the provision of Section 212 of the Companies Act, 1956 is not applicable.

8. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors hereby confirms:

- i. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenances 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 have prepared the Annual accounts on a going concern basis.

9. CORPORATE GOVERNANCE CODE:

The Board had implemented certain provisions of Corporate Governance Code in pursuance of Clause 49 of Listing Agreement during the year. The report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from HS Associates, Company Secretaries, on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

10. LISTING:

The Company's shares were listed on Bombay Stock Exchange, However due to non-compliance of the listing agreement; shares of the Company are suspended for trading on the Stock Exchange. Your Board of Directors is in process of complying with the said compliance and revocation of suspension.

11. COMPLIANCE CERTIFICATE

The Company has obtained Compliance Certificate pursuant to provisions of Section 383A of Companies Act, 1956 from Samta Saraf, Company Secretaries and is annexed hereto.

12. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

The Company continued to give major emphasis for conservation of Energy. The Efficiency of Energy Utilization in each manufacturing processes is monitored at the corporate level every quarter in order to achieve effective conservation of energy.

13. FOREIGN EXCHANGE

During the year under review, besides the transactions reported elsewhere, there were no other Foreign Exchange transactions.

14. AUDITORS:

M/s. V. K. Beswal & Associates, Chartered Accountants, Mumbai Statutory Auditors of your Company holds office until the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment as Statutory Auditor of the Company and further have confirmed their eligibility under section 224 (1B) of the Companies Act, 1956.

15. AUDITORS REPORT:

Since notes to the account are self explanatory, no further explanation is given by the Board as such.

16. ACKNOWLEDGEMENTS:

Your Company and its Directors wish to sincerely thanks all the customers, commercial banks, financial institution, creditors etc. for their continuing support and co-operation.

Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company and sincerely thanks the all shareholders for the confidence reposed by them in the company and for the continued support and co-operation extended by them.

**On behalf of the Board
For SUNIL INDUSTRIES LIMITED**

**SD/-
VINOD LATH
CHAIRMAN**

**Date: 28th November, 2009
Place: Dombivli**

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY:

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement is became applicable to the company by March, 2003. The same has been implemented partially by the Company.

The Company believes in maximum utilization of resources at minimum cost and attaining maximum long-term shareholders value.

2. BOARD OF DIRECTORS:

The Board of the Company comprises of 6 (Six) Directors, out of which 1 (One) is Managing Director, 2 (Two) are Whole Time Director and 3 (Three) are Independent Non Executive Directors of the Company. There is no nominee or Institutional Directors in the Company.

None of Directors has pecuniary or Business relationship with the Company other than as mentioned in annual Accounts. No Director of the Company is either member in more than 10 (Ten) committees and/or Chairman of more than 5 (Five) committees across all Companies in which he is Director.

During the year, there were in total 10 (**Ten**) Board Meetings were held. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes. The dates on which the Board Meeting was held are as follows:

30.04.2008, 18.07.2008, 31.07.2008, 01.08.2008, 18.08.2008, 31.10.2008, 03.11.2008, 24.01.2009, 31.01.2009 and 07.02.2009.

The following table gives the attendance of the Directors at Board Meetings of the Company and also other Directorship other than the Company and Chairmanship/Membership in Board Committees of public limited companies:

Sr. No.	Name of Director	Category	No. of Board Meetings Attended	Attendance at Last AGM	No. of Directorship	No. of Other Committee membership in other Companies
1.	Mr. Vinod Lath	Chairman & Managing Director	10	Yes	Nil	Nil
2.	Mr. Pradeep Rungta	Whole Time Director	10	Yes	Nil	Nil
3.	Mr. Ramesh Khanna	Whole Time Director	10	Yes	Nil	Nil
4.	Mr. Ashish Garg	Independent Non Executive Director	10	Yes	Nil	Nil
5.	Mr. Ravinder Kumar Gupta	Independent Non Executive Director	10	Yes	Nil	Nil
6.	Mr. Ratan Babulal Lath	Independent Non Executive Director	10	Yes	Nil	Nil

3. COMMITTEES OF THE BOARD:

A. Audit Committee

Pursuant to the provisions of section 292(A) of the Companies Act, 1956 & Clause 49 II of Listing Agreement, an Audit Committee comprising of 3 Non -Executive Directors has been constituted as under:

Mr. Ravinder Kumar Gupta	Chairman
Mr. Ashish Garg	Member
Mr. Ratan Babulal Lath	Member

During the year, there were in total 4 (**Four**) Audit Committee Meetings were held on 30.04.2008, 18.07.2008, 31.10.2008, 24.01.2009.

The following table gives the attendance of the members at Audit Committee Meetings of the Board of Directors of the Company:

Name of the Member	Status	No. of Meeting held	No. of Meetings attended
Mr. Ravinder Kumar Gupta	Chairman	4	4
Mr. Ashish Garg	Member	4	4
Mr. Ratan Babulal Lath	Member	4	4

B. Remuneration Committee

The Remuneration Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Remuneration Committee as on 31st March, 2009 as follows:

Mr. Ratan Babulal Lath	:	Chairman
Mr. Ravinder Kumar Gupta	:	Member
Mr. Ashish Garg	:	Member

During the year, there were one Remuneration Committee Meetings were held on 18.08.08 in which all the members were present.

C. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Shareholders/Investors Grievance Committee as on 31st March, 2009 as follows:

Mr. Ashish Garg	Chairman
Mr. Ratan Babulal Lath	Member
Mr. Ravinder Kumar Gupta	Member

During the year, there were in total 4 (Four) Shareholders/Investors Grievance Committee Meetings were held on 30.04.2008, 18.07.2008, 31.10.2008, 24.01.2009.

The following table gives the attendance of the members at Shareholders/Investors Grievance Committee Meetings of the Board of Directors of the Company:

Name of the Member	Status	No. of Meeting held	No. of Meetings attended
Mr. Ashish Garg	Chairman	4	4
Mr. Ratan Babulal Lath	Member	4	4
Mr. Ravinder Kumar Gupta	Member	4	4

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4. GENERAL BODY MEETINGS:

Details of last 3 (Three) Annual General Meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2005-2006	30.12.2006	11.00 A.M	D-8, MIDC, Manpada Road, Dombivali (E),Thane – 421 201.	0 (Nil)
2006-2007	29.09.2007	11.00 A.M.	D-8, MIDC, Manpada Road, Dombivali (E),Thane – 421 201.	0 (Nil)
2007-2008	30.09.2008	11.30 A.M.	D-8, MIDC, Manpada Road, Dombivali (E),Thane – 421 201.	3 (Three)

No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

5. DISCLOSURES:

During the year under review, besides the transactions reported elsewhere, there were no other related party transactions of material nature with the promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large.

6. MEANS OF COMMUNICATION:

The yearly/quarterly results were duly approved by the Board of Directors of the Company, however the same has not been submitted to BSE. The Company doesn't have its website.

No presentation was made during the year either to Institutional Investors or to the analysts.

Management Discussion & Analysis Report is attached herewith forming part of the Annul Report.

7. GENERAL SHAREHOLDERS INFORMATION:

- i. The Annual General Meeting is scheduled to be held on Thursday the 31st December, 2009 at 11.00 a.m. at the Regd. Office of the Company.
- ii. The Financial year of the company is from April to March. The financial calendar is as per following.

First quarter results (30 th June)	End of July
Second quarter results (30 th September)	End of October
Mailing of Annual Reports	1 st week of December
Annual General Meeting	31 st December, 2009
Payment of Dividend	N.A.
Third quarter results (31 st December)	End of January
Fourth quarter / Annual Results	End of July

- iii. Book Closure as Thursday, the 24th December, 2009 Thursday the 31st December, 2009 (both days inclusive).
- iv. The Board of Directors has not proposed any dividend for the current financial year.
- v. The company's shares are listed at Mumbai, Ahmedabad, Delhi & Calcutta Stock Exchanges out of which Mumbai is a Regional Stock Exchange. The trading on the said Bombay Stock Exchange has been suspended due to non-compliance of the Listing Agreements. The Board is in process of complying with the same and revocation of suspension.
- vi. The Stock Exchange, Mumbai
Security in Physical Form No. BSE- 521232
Electronic Form No. Nil
Scrip Name: SUNIL INDUSTRIES LIMITED.

The Stock Exchange, Ahmedabad.
Security in Physical Form No. ASE- 57764
Electronic Form No. Nil
Scrip Name: SUNIL INDUSTRIES LIMITED.

The Stock Exchange, Delhi;
Security in physical form no. DSE - 7819;
Electronic Form No- NIL;
Scrip Name - Sunil Industries Limited

The Stock Exchange, Calcutta;
Security in physical form no. CSE - 29100;
Electronic Form No- NIL;
Scrip Name - Sunil Industries Limited

vii. Market price data:

Since the Company Shares were suspended for trading the market price data is not available.

viii. Share Transfer System

The Share transfer of Securities in Physical form are registered, duly transferred and dispatched within one month of the receipt, if the transfer documents are in order. The share transfers are approved every fifteen days.

Address of Registrars and Share Transfer Agent.

Link Intime India Private Limited.

Add.: C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup, Mumbai – 400 078.

ix. Distribution of Shareholding as on 31st March, 2009.

Share	Nominal	Shareholders	% of Total	Share Amt.	% of Total
Rs.	Rs.			Rs.	
upto 2500	2500	6178	89.35	6668000	15.87
2501	5000	388	5.6118	1532000	3.65
5001	10000	158	2.2852	1331000	3.16
10001	20000	68	0.9835	1028000	2.45
20001	30000	25	0.3616	642000	1.53
30001	40000	10	0.1446	351000	0.83
40001	50000	27	0.3905	1305000	3.10
50001	100000	19	0.2748	1543000	3.67
100001	*****	41	0.5930	27600000	65.71
TOTAL		6914	100%	42000000	100%

a. The company's shares are not Dematerialized. A Tripartite Agreement with the company was not executed with NSDL and CDSL because of erosion of Network.

b. Company has not issued either ESOP or any GDRs/ADRs/Warrants/Convertible instrument.

c. The Company's Plant is located as under.

D-8, MIDC, PHASE II, MANPADA ROAD,
DOMBIVLI (E), DIST. THANE.

d. Address for correspondence:

Shareholders of the company can send correspondence at company's share & Transfer Agent's Office or the Regd. office of the company situated at following address:

D-8, MIDC, PHASE II, MANPADA ROAD,
DOMBIVLI (E), DIST. THANE.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

The Industry is showing some improvement & your Directors are expecting better Industrial Development in the coming years.

B) SEGMENTWISE PERFORMANCE:

The company has only one segments i.e. processing & selling of Grey Fabrics on job work basis & processing & selling of Grey Fabrics. Therefore the requirement of Segment wise reporting is not applicable to the Company.

C) OPPORTUNITIES / OUTLOOK:

The company is taking maximum efforts to capitalize on business opportunities & further expect a better outlook in the coming years.

D) THREATS:

The major threats for the company are competition from unorganized sectors & the Govt. Policies.

E) RISKS AND CONCERNS:

Your company is taking adequate majors to safeguard against Risks & Concerns.

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has been maintaining an adequate internal control system commensurate with the size & nature of its business.

G) HUMAN RESOURCES POLICIES:

Your company considers its human resources as its most valuable assets, among all other assets of the Company. It has been the policy of the company to actuate the talent by providing opportunities to develop themselves within the organization. The company continued to have maintained very cordial & harmonious relations with its employees.

H) CAUTIONARY STATEMENT:

Due to unfavorable market conditions your company is facing profitability problems however, your management are making optimum efforts to minimize the overheads & cost reduction.

On behalf of the Board
For **SUNIL INDUSTRIES LIMITED**

Date: 28th November, 2009
Place: Dombivli

SD/-
VINOD LATH
CHAIRMAN

CEO/CFO CERTIFICATION

To,
The Board of Directors,
SUNIL INDUSTRIES LIMITED
D-8, MIDC, Phase II,
Manpada Road, Dombivli (E),
Dist. Thane

We, Mr. Vinod Lath, CEO and Mr. Pradeep Rungta, CFO of the Company does hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee
- i. Significant changes in internal control during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

FOR SUNIL INDUSTRIES LIMITED

Sd/-
Mr. Vinod Lath
(CEO)

Date: 28th November, 2009
Place: Dombivli

FOR SUNIL INDUSTRIES LIMITED

Sd/-
Mr. Pradeep Rungta
(CFO)

SUNIL INDUSTRIES LIMITED

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of the Clause 49 of the listing Agreement, Code of Conduct as approved by the Board of Directors of the Company, all the members of the Board and the senior management personnel had affirmed compliance with the Code for the period 31st March, 2009

On behalf of the Board
For **SUNIL INDUSTRIES LIMITED**

Date: 28th November, 2009
Place: Dombivli

SD/-
VINOD LATH
CHAIRMAN

COMPLIANCE CERTIFICATE

Regn/CIN of the Company : **L99999MH1976PLC019331**
Nominal Capital : **Rs. 5,00,00,000/-**
Issued Capital : **Rs. 4,20,00,000/-**

To,
The Members,
SUNIL INDUSTRIES LIMITED
D 8, MIDC Phase II,
Manapada Road,
Dombivali (East),
Thane - 421 201.

We have examined the registers, records, books and papers of **SUNIL INDUSTRIES LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009** ("financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a limited Company has a minimum prescribed paid-up capital.
4. The Board of Directors duly met **10 (Ten)** times, respectively on **30.04.2008, 18.07.2008, 31.07.2008, 01.08.2008, 18.08.2008, 31.10.2008, 03.11.2008, 24.01.2009, 31.01.2009 and 07.02.2009** in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Register of Members during was closed during the financial year.
6. The annual general meeting for the financial year ended on **31st March 2008** was held on **30th September, 2008** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. The Company has advanced loans to Body Corporate in which the Directors of the Company are interested as referred to under Section 295 of the Act; however, no Central Government Approval is taken.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act, however no Central Government approval is taken.
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act, and the register pursuant to section 301(3) of the Act is maintained.
11. Company has obtain approval from the Board of Director of the Company for instances falling within the purview of Section 314 of the Act, the Company was not required to obtain Members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial Year.
13. The Company has:

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- (i) made transfers or transmissions of securities during the financial year.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) not transferred the amounts in unpaid dividend account application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a year of seven years to Investor Education and Protection Fund as no amount in respect of the above were lying in the books of accounts of the Company to be transferred.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointments of Director during the financial year.
15. The Company has re-appointed 1 (One) Managing Director and 2 (Two) Whole-Time Director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has not obtained Central Government approval as required under the purview of sections 295 and 297 of the Companies Act, 1956, no other approval other than as mentioned above were required to be obtained of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no preference capital or debentures and as such, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The amount borrowed by the Company from Directors, Members, Public financial Institutions, Banks, and others during the financial year ending 31st March, 2009 are within the borrowing limits of the Section 293(1) (d) of the Act.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial Year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishments was imposed on the Company during the financial year, for offences under the Act
32. The Company has not received any money as security from its employees during the financial year.
33. The contribution of both employees and employer has been credited to the separate bank account during the financial year.

DATE : 28TH NOVEMBER, 2009
PLACE: MUMBAI

Sd/-
Samata Saraf
Company Secretary
C.P. No.: 6000

SUNIL INDUSTRIES LIMITED

ANNEXURE "A"

REGISTERS AND RECORDS MAINTAINED BY THE COMPANY

- a) Register of members under Section 150 and Index of Members under Section 151.
- b) Register of Transfer.
- c) Register of Directors, Managing Director, manager and secretary under Section 303.
- d) Register of Directors' shareholdings under Section 307.
- e) Register of Loans & Investments under Section 372A.
- f) Register of Director's Attendance-As per Regulation 71 contained under schedule-1 (Table "A") to the Companies Act, 1956.
- g) Register of Share application and allotment.
- h) Minutes Book under Section 193.
- i) Books of Account under Section 209.
- j) Registers & Returns under Section 163.

ANNEXURE "B"

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Company Law Board, Central Government and other authorities during the financial year ended on 31st March 2009.

Form No.	Section	Filing Date	Purpose	Delay in Filing	If yes, whether additional fees paid
eForm 32	260 and 264	12.11.2008	Change in designation of 3 Directors	No	N.A.
eForm 32	260 and 264	03.01.2009	Change in designation of 3 Directors	No	N.A.
eForm 23	192	24.10.2008	Special Resolution	No	N.A.
eForm 23	192	19.11.2008	Special Resolution	No	N.A.
eForm 23	192	06.01.2009	Special Resolution	No	N.A.
eForm 25C (3 nos)	269 (2)	06.01.2009	Appointment of 3 (Three) Whole Time Directors	No	N.A.
eForm 23AC/ACA	220	16.12.2008	Annual Report	No	N.A.

DATE : 28TH NOVEMBER, 2009
PLACE: MUMBAI

Sd/-
NAME OF COMPANY SECRETARY:
SAMATA SARAFP - ROPRIETOR
C.P. No.: 6000

**CERTIFICATE ON CORPORATE GOVERNANCE FROM PRACTICING
COMPANY SECRETARIES**

To,
The Shareholders,
SUNIL INDUSTRIES LIMITED
D-8, MIDC, Phase II,
Manpada Road, Dombivli (E),
Dist. Thane.

We have reviewed the implementation of Corporate Governance produced by the company during the year ended on 31st March, 2009 with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion on the financial statements of the company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied with Clauses 49 of the Listing Agreement except compliance of Clause 49(I)(D)(i).

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

For **HS Associates,**
Company Secretaries

Date: 28th November, 2009
Place: Dombivli

Sd/-
Hemant Shetye
Partner

SUNIL INDUSTRIES LIMITED

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF SUNIL INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of Sunil Industries Limited as at 31st March, 2009, and the Profit & Loss Account of the Company for the year ended on that date 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.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, (the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to in paragraphs above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Profit & loss Account and the Cash Flow Statement comply with the accounting standards referred to in Section 211 (3C) of the Act.
 - e) On the basis of written confirmation received from Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Act.
- 5) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 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 the cash flow statement, of the cash flows for the year ended on that date.

**For V.K.BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Date: 28th November, 2009
Place: Mumbai**

**Sd/-
R.P.LADDHA
(PARTNER)
Membership No. 48195**

**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE
(Referred to in paragraph 3 in the case of Sunil Industries Limited)**

- i) In respect of fixed assets:
- a) the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management on such verification;
 - c) since the company has not disposed off a substantial part of fixed assets during the year, the question of sale of substantial part of fixed assets affecting going concern concept does not arise.
- ii) In respect of inventories:
- a) as explained to us, physical verification of inventory has been conducted during the year by the management at reasonable intervals;
 - b) in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;
 - c) in our opinion, and according to the information and explanation given to us, the Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification.
- iii) In respect of loans, secured or unsecured, granted or taken by the company, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act, according to the information and explanations given to us:
- a) The company has not granted any loan to companies or firms or parties covered in the register maintained under section 301 of the Act.
 - b) The Company has not taken any loans from firms covered in the Register maintained under section 301 of the Act. The company has however taken loan from seven parties covered in the Register maintained under section 301 of the Act. The maximum amount outstanding during the year in respect of the loans taken from seven parties covered in the Register maintained under section 301 of the Act aggregates to Rs 591.53 lakhs and the balance outstanding at 31.0.3.2009 is Rs.261.09 Lakhs.
 - c) in respect of the unsecured loans taken by the company, the rate of interest and other terms are prima facie not prejudicial to interest of the company;
 - d) there are no overdue amounts of loans taken or granted by the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit we have not observed any continuing failure to correct any major weakness in internal control.
- v) In respect of transactions that need to be entered in the register maintained in pursuance of Section 301 of the Act in our opinion and according to the explanations given to us:
- a) transactions that need to be entered into the Register in pursuance of Section 301 of the Act have been so entered;
 - b) the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act have been made at prices which are reasonable having regard to prevailing market prices and exigencies of the trade at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits covered under section 58A and section 58AA of the Act and hence the question of contravention of the provisions thereof does not arise.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) We are informed that the company is in the process of maintaining cost records and accounts as prescribed under section 209 (1) (d) of the Act.

SUNIL INDUSTRIES LIMITED

ix) According to the information and explanation given to us in respect of statutory and other dues:

- a) the company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Excise Duty and any other statutory dues with appropriate authorities where applicable. As explained to us, the company did not have any dues on account of investor education and protection fund, wealth tax, cess and customs duty.
- b) the following dues have not been deposited by the company on account of disputes:

Sr. No.	Name of the statute	Amount(In Lacs)	Forum where dispute is pending
i)	Central Excise Duty	258.66	Adjudication
ii)	Central Excise Duty (Payment made under protest Rs. 20 Lakhs)	332.24	Central Excise Appellate Tribunal (CEGAT)
iii)	Disputed Customs Duty liability of M/s. Sunil Impex, a firm in which the company was an erstwhile partner sharing 80% profit and loss (to the extent of the profit and loss sharing ratio)	336.00	Central Excise Appellate Tribunal (CEGAT)

- x) The company has no accumulated losses at the end of the year under review. The company has not incurred cash losses during the year under review and in the immediately preceding previous year.
- xi) The company has not defaulted in respect of funds borrowed from Bank. No loans are taken from other Institution or by way of debentures. Hence the question of default therein does not arise
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or nidhi, mutual benefit fund, society. Therefore, clause 4 (xiii) of the CARO is not applicable to the company.
- xiv) The company has not been dealing or trading in shares, debentures and other investments. Therefore, clause 4(xiv) the CARO is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
- xvi) The company has not taken any term loan during the year under review. Hence this clause is not applicable.
- xvii) The company has not used the funds raised on short term basis for long term investments.
- xviii) The company has not made any preferential allotment of shares during the year and accordingly the question of price being prejudicial to the interest of the company does not arise.
- xix) Clause 4 (xix) is not applicable since as at the end of the year under review there are no debentures issued.
- xx) During the period, the Company has not raised any money by way of public issue.
- xxi) According to the information and explanations given to us, no fraud on or by the Company have been noticed or reported during the financial year under review.

**For V.K.BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS**

Place: Mumbai
Date: 28th November, 2009

**Sd/-
R.P.LADDHA
(PARTNER)
Membership No. 48195**

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCH	AS AT 31/03/2009 RUPEES	AS AT 31/03/2008 RUPEES
1 SOURCES OF FUNDS			
Shareholders Funds:			
Share Capital	A	41,984,000	41,984,000
Reserves & Surplus	B	<u>171,623,432</u>	<u>167,771,439</u>
		213,607,432	209,755,439
Loan Funds:			
Secured Loans	C	90,447,755	22,770,006
Unsecured Loans	D	<u>26,108,687</u>	<u>66,046,333</u>
		<u>330,163,874</u>	<u>298,571,778</u>
II. APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	E	188,549,053	168,142,205
Less: Depreciation		<u>121,873,243</u>	<u>117,201,996</u>
Net Block		66,675,810	50,940,209
Investments	F	1,000	1,000
Current Assets, Loans and Advances:			
Inventories	G	126,754,065	152,980,461
Sundry Debtors	H	94,074,811	98,105,224
Cash and Bank Balances	I	12,362,539	8,153,075
Loans and Advances	J	<u>102,759,075</u>	<u>80,607,195</u>
		335,950,450	339,845,955
Less: Current Liabilities and Provisions	K	<u>72,463,425</u>	<u>92,215,386</u>
Net Current Assets		<u>263,487,065</u>	<u>247,630,569</u>
		<u>330,163,874</u>	<u>298,571,778</u>

Notes : Schedule 'R'

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTSSd/-
R.P. LADDHA
(PARTNER)
Membership No. 48195Place: Mumbai
Dated: 28th November 2009

For and on behalf of the Board

Sd/-
V.G.Lath Chairman & Managing DirectorSd/-
P.K. Rungta Executive DirectorPlace: Mumbai
Dated: 28th November 2009

SUNIL INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCH	FOR THE YEAR ENDED 31.03.2009 RUPEES	FOR THE YEAR ENDED 31.03.2008 RUPEES
I. INCOME			
Gross Sales and Processing Charges	L	588,655,385	582,984,900
Less: Excise duty		<u>48,732</u>	<u>28,332</u>
Net Sales and Processing Charges		588,606,653	582,956,568
Other Income	M	<u>2,335,961</u>	<u>2,352,390</u>
		<u>590,942,614</u>	<u>585,308,958</u>
II. EXPENDITURE			
Material Cost	N	394,229,205	400,499,994
Payment to and Provisions for Employees	O	4,542,111	4,230,016
Manufacturing, Administrative and Selling Expenses	P	169,187,861	160,497,895
Financial Expenses	Q	10,968,002	7,362,617
Depreciation		<u>7,995,674</u>	<u>7,331,150</u>
		<u>586,922,853</u>	<u>579,921,672</u>
III. Profit \ Loss before taxation		4,019,761	5,387,286
VI Provision for Taxes			
Fringe Benefit Tax		164,044	161,270
Income tax		<u>3,724</u>	<u>-</u>
		<u>167,768</u>	<u>161,270</u>
VII Profit /(Loss) after taxation		3,851,993	5,226,016
VIII Interest written back in earlier year now written off (Refer Note .5)		-	(5,000,000)
IX Profit /(Loss) for the year (VII-VIII)		3,851,993	226,016
X Profit/(Loss) brought forward		(22,366,484)	(22,592,500)
XI Balance carried to Balance Sheet		<u>(18,514,491)</u>	<u>(22,366,484)</u>
Earnings per share (Basic) (Rs.)		0.92	1.24
Earnings per share (Diluted) (Rs.)		0.92	1.24

Notes : Schedule 'R'

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

For and on behalf of the Board

Sd/-
R.P. LADDHA
(PARTNER)
Membership No. 48195

Sd/-
V.G.Lath Chairman & Managing Director

Sd/-
P.K. Rungta Executive Director

Place: Mumbai
Dated: 28th November 2009

Place: Mumbai
Dated: 28th November 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH. 2009

	AS AT 31.03.2009 RUPEES	AS AT 31.03.2008 RUPEES
	<u> </u>	<u> </u>
SCHEDULE 'A'		
SHARE CAPITAL:		
Authorised		
5000000 Equity shares of Rs. 10/- each	50,000,000	50,000,000
Issued, Subscribed and Paid up		
4200000 Equity shares of Rs. 10/- each	42,000,000	42,000,000
Less: Allotment Money pending	16,000	16,000
	<u>41,984,000</u>	<u>41,984,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS:		
General Reserve	140,857,634	147,607,634
Less:		
Principal amount of loan written back in earlier year now written off	-	(6,750,000)
	<u>140,857,634</u>	<u>140,857,634</u>
Profit & loss a/c	(18,514,491)	(22,366,484)
	<u>122,343,143</u>	<u>118,491,150</u>
Share Premium	49,343,289	49,343,289
Less: Arrears in Share Premium A/c.	63,000	63,000
	<u>49,280,289</u>	<u>49,280,289</u>
	<u>171,623,432</u>	<u>167,771,439</u>
SCHEDULE 'C'		
SECURED LOANS:		
Working Capital Loan	87,677,749	20,000,000
Other Loans	2,770,006	2,770,006
	<u>90,447,755</u>	<u>22,770,006</u>
SCHEDULE 'D'		
UNSECURED LOANS:		
Intercompany Deposit	18,772,328	60,639,383
From Promoters/ Directors	7,336,359	5,406,950
	<u>26,108,687</u>	<u>66,046,333</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009
SCHEDULE 'E'
FIXED ASSETS:**

Particulars	Gross Block			Depreciation / Amortisation			Net Block			
	As On 01/04/2008	Additions during the year	Deductions	As On 31.03.09	Upto 01/04/2008	For the year	Deductions	Upto 31.03.09	As At 31.03.09	As At 01/04/2008
Leasehold Land	142,047	-	-	142,047	2,870	1,435	-	4,305	137,742	139,177
Land at Ichalkaranji	237,040	-	-	237,040	4,788	2,394	-	7,182	229,858	232,252
Land at Dindigul	-	4,290,322	-	4,290,322	-	-	-	-	4,290,322	-
Factory Building	38,055,067	8,808,792	-	46,863,859	12,892,733	1,300,165	-	14,192,898	32,670,961	25,162,334
Lab Equipments	1,394,937	162,660	-	1,557,597	1,013,532	150,231	-	1,163,763	393,834	381,405
Bhiwandi Godown	198,920	-	-	198,920	88,945	6,644	-	95,589	103,331	109,975
Plant & Machinery	106,656,282	15,984,346	3,324,432	119,316,196	92,701,565	6,047,766	3,324,432	95,424,899	23,891,297	13,954,717
Electrical Installation	3,427,507	-	-	3,427,507	1,500,056	162,807	-	1,662,863	1,764,644	1,927,451
Office Premises	830,050	-	-	830,050	209,956	13,530	-	223,486	606,564	620,094
Residential Premises	251,000	-	-	251,000	49,091	4,096	-	53,187	197,813	201,909
Tube Well	106,833	-	-	106,833	75,454	5,075	-	80,529	26,304	31,379
Computer	3,667,792	100,874	-	3,768,666	3,215,365	79,124	-	3,294,489	474,177	452,427
Office Equipments	1,514,333	117,350	-	1,631,683	1,144,858	66,123	-	1,210,981	420,702	369,475
Vehicles	558,527	983,991	-	1,542,518	542,313	43,284	-	585,597	956,921	16,214
Furniture & Fixtures	4,384,815	-	-	4,384,815	3,760,470	113,006	-	3,873,476	511,339	624,345
Grand Total	161,425,150	30,448,335	3,324,432	188,549,053	117,201,996	7,995,679	3,324,432	121,873,243	66,675,809	44,223,154
Previous Year	160,168,901	1,256,249	-	161,425,150	109,870,847	-	-	117,201,997	44,223,153	50,298,054

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31.03.2009 RUPEES	AS AT 31.03.2008 RUPEES
	<u> </u>	<u> </u>
SCHEDULE 'F'		
INVESTMENTS: (At Cost)		
Unquoted:		
10 Equity shares of Rs. 100/- each fully paid up of Sunil Fabrics Private Limited	1,000	1,000
	<u> </u>	<u> </u>
	1,000	1,000
SCHEDULE 'G'		
INVENTORIES:		
(Verified, valued and certified by the Management)		
a) Raw Material	18,707,920	34,569,388
b) Semi-Finished Goods	61,165,966	75,716,856
c) Finished Goods	38,615,831	32,660,133
d) Stores, Spares, Dyes & Chemicals	7,165,607	9,690,885
e) Packing Materials	192,467	135,312
f) Fuel, Oil & Gases	906,274	207,887
	<u>126,754,065</u>	<u>152,980,461</u>
SCHEDULE 'H'		
SUNDRY DEBTORS:		
(Unsecured)		
a) Considered good		
Due for more than six months	4,599,473	5,790,906
Others	89,475,338	92,314,318
	<u>94,074,811</u>	<u>98,105,224</u>
b) Considered doubtful		
Due for more than six months	6,098,143	6,098,143
	<u>100,172,954</u>	<u>104,203,367</u>
Less: Provision for Doubtful Debts	6,098,143	6,098,143
	<u>94,074,811</u>	<u>98,105,224</u>

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2009

	AS AT 31.03.2009 RUPEES	AS AT 31.03.2008 RUPEES
SCHEDULE 'I'		
CASH AND BANK BALANCES:		
Cash with Scheduled Banks in :		
Current Account	542,056	878,627
Fixed Deposit Account	11,175,000	6,460,000
Cash in hand	645,483	814,448
	<u>12,362,539</u>	<u>8,153,075</u>
SCHEDULE 'J'		
LOANS AND ADVANCES:		
(Unsecured Considered good)		
Advances recoverable in cash or in kind or for value to be received		
	94,783,207	73,178,563
Deposits with Govt. and others	4,255,871	4,088,076
Deposit with Excise authorities	2,065,000	2,065,000
Balance with Excise authorities	-	13,668
Income Tax Refund Due	1,654,997	1,261,888
	<u>102,759,075</u>	<u>80,607,195</u>
SCHEDULE 'K'		
CURRENT LIABILITIES AND PROVISIONS:		
Current Liabilities:		
Sundry Creditors for Expenses	4,673,313	4,503,265
Sundry Creditors for Goods	62,292,828	85,774,029
Other Liabilities	5,497,284	1,938,092
	<u>72,463,425</u>	<u>92,215,386</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAR. 2009**

	<u>YEAR ENDED 31.03.09 RUPEES</u>	<u>YEAR ENDED 31.03.08 RUPEES</u>
SCHEDULE 'L'		
SALES AND PROCESSING CHARGES:		
Sales	5 82,030,078	567,147,100
Processing Charges	<u>6,625,307</u>	<u>15,837,800</u>
	<u>588,655,385</u>	<u>582,984,900</u>
SCHEDULE 'M'		
OTHER INCOME:		
Interest Received	1,157,861	826,156
Sundry Sales	543,530	329,735
Profit on sale of Machine	225,000	-
Octroi refund	-	75,075
Sundry Balances Written Back	-	69,188
Rebate & discount	384,570	-
Dividend Received	-	-
Rent Received	25,000	288,000
Sales Tax Refund	-	764,236
	<u>2,335,961</u>	<u>2,352,390</u>
SCHEDULE 'N'		
MATERIAL COST:		
Material Cost:		
1) Cost of raw material consumed:		
Opening Stock	34,569,388	21,241,457
Add Purchase	<u>145,170,778</u>	<u>177,275,122</u>
	179,740,166	198,516,579
Less:		
Yarn sales	40,608	675,187
Closing Stock	<u>18,707,920</u>	<u>34,569,388</u>
	160,991,638	163,272,004
2) Purchase (Grey cloth)	- 224,642,375	- 259,174,037
3) (Increase) /Decrease in stock of finished goods		
Opening stock		
Semi - Finished Goods	75,716,856	44,832,815
Finished Goods Cloth	<u>32,660,133</u>	<u>41,598,127</u>
	108,376,989	86,430,942
Less: Closing stock		
Semi - Finished Goods	61,165,966	75,716,856
Finished Goods	<u>38,615,831</u>	<u>32,660,133</u>
	99,781,797	108,376,989
	<u>8,595,192</u>	<u>(21,946,047)</u>
	<u>394,229,205</u>	<u>400,499,994</u>

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	YEAR ENDED 31.03.2009 RUPEES	YEAR ENDED 31.03.2008 RUPEES
SCHEDULE 'O'		
PAYMENTS TO AND PROVISION FOR EMPLOYEES:		
Salary and Bonus	4,049,529	3,852,058
Contribution towards Provident and Other funds	284,763	172,230
Staff Welfare	207,819	205,728
	<u>4,542,111</u>	<u>4,230,016</u>
SCHEDULE 'P'		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES:		
Manufacturing:		
Processing and Labour Charges	8,267,364	6,700,769
Spinning Charges	18,940,596	14,819,052
Weaving & Other Mfg exp	30,463,278	29,819,008
Stores, Dyes and Chemicals consumed	48,059,785	42,918,996
Power and Fuel	26,490,519	20,544,397
Water Charges	2,843,985	3,556,509
Repairs to Building	899,992	103,812
Repairs to Machinery	1,119,783	1,223,817
Repairs to Others	222,252	139,578
Screen Design Expenses	99,030	180,100
Packing Material consumed	<u>8,393,006</u>	<u>9,097,044</u>
	145,799,590	129,103,082
Administrative & Other Expenses:		
Rent, Rates and Taxes	570,170	429,306
Input vat written back	-	3,550,737
Insurance Charges	695,548	838,103
Travelling and Conveyance	690,758	648,271
Loss on sales of Stock of Scrap Machinery	-	3,318,539
Other Expenses	5,294,082	6,541,017
Freight, Octroi and Forwarding Expenses	<u>12,198,333</u>	<u>10,199,890</u>
	19,448,891	25,525,863
Selling:		
Advertisement and Sales Promotion	1,813,909	1,283,569
Brokerage and Commission	<u>2,125,471</u>	<u>4,585,381</u>
	3,939,380	5,868,950
	<u>169,187,861</u>	<u>160,497,895</u>
SCHEDULE 'Q'		
FINANCIAL EXPENSES:		
Interest On :		
Bank Interest	40,171	-
Others	<u>10,626,710</u>	<u>7,200,012</u>
	10,666,881	7,200,012
Bank Charges	<u>301,121</u>	<u>162,605</u>
	<u>10,968,002</u>	<u>7,362,617</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**SCHEDULES - 'R'****NOTES:**

	31.3.2009	31.3.2008
	Rs. In	Rs. In
	Lakhs	Lakhs
1) Contingent Liabilities not provided for:	590.89	589.49
i) disputed Excise Duty liability		
ii) disputed Customs Duty liability of M/s. Sunil Impex, a firm in which the company was an erstwhile partner sharing 80% profit and loss (to the extent of the profit and loss sharing ratio).	336.00	336.00
2) Secured Loans :		
A) Working Capital Loans :		
i) Cash credit, Overdraft facilities and Working Capital Term Loan are secured by joint hypothecation of Stocks, book debts and other Current Assets of the Company, both present and future and equitable mortgage charge on Factory Building at MIDC, Dombivili ranking pari-pasu between Indian Bank and Allahabad Bank.		
ii) Loan from Allahabad Bank is also secured by Corporate guarantee of Sunil Fabrics Pvt. Ltd. & Eske Tex (India) Pvt. Ltd. with negative lien on land and building owned by them.		
B) Other Secured Loans: Plant & Machinery purchased under hire purchase scheme is secured against the machinery purchased under the scheme.		
C) Secured Loans from Allahabad Bank are guaranteed by Shri. V.G. Lath ,Managing Director and Smt. Saroj Lath ,wife of Shri. V.G. Lath.		
D) Secured Loans from Indian Bank are guaranteed by Shri V. G. Lath, Managing Director, Smt. Saroj Lath ,wife of Shri.V. G. Lath, and Shri. Laxmikant Lath.		
3) Accounting Policies:		
i) Fixed Assets :		
a) Gross Block :		
All Fixed Assets are stated at cost.		
b) Depreciation:-		
* Depreciation on Plant & Machinery, Factory Building, Office Premises, Godown at Bhiwandi, Residential Premises, Tube Well, Lab Equipments, Computers and Electric Installations is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 (the Act).		
* Depreciation on Furniture, Office Equipments and Vehicles is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Act.		
Depreciation on Additions to Fixed Assets during the year is calculated on pro-rata basis.		
ii) Borrowing Cost:		
Borrowing costs attributable to fixed assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to the Profit & Loss Account.		
iii) Investments:		
Investments are stated at the cost of acquisition.		
iv) Inventories:		
a) Stock of Raw Material is valued at lower of Cost determined on FIFO basis or net realisable value.		
b) Color, Chemicals, Dyes, Stores and Coal is valued at Cost.		
c) Finished Goods are valued at cost or net realizable value whichever is lower. The cost includes manufacturing expenses and appropriate overheads.		

SUNIL INDUSTRIES LIMITED

v) Method of Accounting:

The books of accounts are maintained on accrual basis.

vi) Retirement Benefits:

Retirement benefits and schemes are administered through approved funds made in accordance with actuarial valuation/premium demanded by Life Insurance Corporation of India, and are charged to Profit and Loss Account.

vii) Impairment of assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An important loss is charged to the profit and loss account in the year in which the asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

6) In the opinion of the Board :

- i) The current assets, loans and advances will realise in the ordinary course of business, at least the amount at which these are stated in the Balance Sheet
- ii) Provision for all known liabilities have been made.

7) The balances of Sundry Debtors, Creditors, Loans and Advances are subject to confirmation.

8) The Company has been informed by their suppliers that they are not falling under the category of Small Scale Industries.

	31.3.2009	31.3.2008
	Rs. In lakhs	Rs. In lakhs
9) Salary and Bonus include, Directors Remuneration	6.24	7.92
10) Auditors Remuneration :		
a) Statutory Audit Fees	2.76	3.02
	2.76	2.73

11) Quantitative Information:

A) (As certified by the management and relied upon by the auditors being a technical matter)

	Unit	Qty	Qty
i) Licensed Capacity		Not Applicable	Not Applicable
ii) Installed Capacity Cloth Processing	Lac Mtrs.	600.00	600.00
B) Production			
a) Cloth Processing on job works		9.57	16.33
b) Cloth manufactured and Processed	Lacs Mtrs.	64.62	46.62

	Unit	Qty (in Lacs)	Value (Rupees in Lacs)	Qty (in Lacs)	Value (Rupees in Lacs)
C) Sales	Mtrs.	81.97	5820.30	108.59	5671.96
Cloth	Kgs.	0.00055	0.41	0.06	6.75
Yarn			5820.71		5678.71
D) Purchases (Cloth)	Mtrs.	17.89	2246.42	50.07	2591.71
E) Opening Stock :					
Cloth	Mtrs.	8.09	257.62	19.99	361.06
F) Closing Stock :					
Cloth	Mtrs.	8.64	306.16	8.09	257.62
Web Equipment					68.98
			386.16		326.60
G) Raw Materials Consumed (Indigenous) :					
Fibre	Kgs.	6.84	515.14	5.71	364.02
Yarn	Kgs.	13.64	866.92	7.22	771.24
Cloth	Mtrs.	10.71	227.85	16.46	497.75
TOTAL			1609.91		1632.70
H) Stores, Spares, Dyes and Chemicals consumed:	% Consumption		Amount Rs. In Lacs	% Consu- mption	Amount Rs. In Lacs
Indigenous		100%	480.59	89.72	385.10
Imported		0%	0	10.27	44.08
Total		100%	480.59	100%	429.18
I) Expenditure in Foreign Currency:					
C.I.F Value of Raw Material (Yarn)			21.38		8.63
C.I.F Value of Stores Imported			0.00		23.72
J) Capital Commitments			639.00		639.00

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

12) Segment Reporting:

Business Segments :The company is primarily engaged in business of processing of fabrics and sale .The company also processes fabrics on job work basis. However the revenue from processing on job work basis during the year under review and in the preceding financial year is less than 10% of the total revenue , the disclosure requirements of Accounting Standard (AS-17) issued by the Institute of chartered Accountants Of India are not applicable. Since there are no exports reporting on geographical segments is not required.

13) **Deferred Tax Liability** :Deferred Tax is recognised on timing difference being the difference between tax income and accounting income that originate in one period and are capable of reversal in one/more subsequent period. There is a deferred tax asset on account of unabsorbed loss/depreciation which has not been recorded considering lack of virtual certainty of its realisation.

14) Disclosure of related party transactions :

A) Related party and their relationships :

i) Enterprises controlled by Director and Relatives.

Eske Tex (India) Private Limited
Sunil Fabrics Private Limited
Sunil Synthetics Private Limited
Sunil Prints Private Limited
Sunil Industrial Finance Private Limited
Sunil Bleaching Co. Private Limited

ii) Name of Key Management

Personnel and their relatives :

- a) Mr. Vinod Lath – Managing Director
- b) Mr. Laxmikant Lath – Son of Managing Director
- c) Mr. Ramesh Khanna- Whole time Director
- d) Mr. Pradeep Rungta – Whole time Director
- e) Mrs. Saroj Lath – Wife of Managing Director
- f) Mrs. Rashmi Khanna – Wife of the Director
Mrs. Reena Rungta – Wife of the Director

B) Transactions with Related Parties :Nature of Transaction :	31-03-09 Amount (Rs. in Lakhs)	31-03-08 Amount (Rs. in Lakhs)
a) Transactions with enterprises controlled by directors & Relative		
1. Cloth Purchase	86.73	1065.29
2. Cloth Sales	429.58	921.95
3. Outstanding Receivables	37.74	13.31
4. Outstanding Payables	32.87	440.75
5. Weaving Charges Paid	106.40	103.70
b) Transactions with key management person		
1. Rent	0.05	0.05
2. Directors Remuneration	6.34	7.92
3. Vehicle rentals	0	2.40
4. Interest Paid	5.31	5.29
5. Salary Paid	3.19	3.12

15) Earnings Per Share:

Profit /(Loss) After Tax (Numerator)	3851993	5226016
No. of Equity shares	4200000	4200000
Basic Earnings per share	Rs. 0.92	Rs. (0.05)

- 16) Previous year figures have been regrouped, rearranged, recast and reclassified wherever considered necessary.
- 17) The figures have been rounded off to the nearest multiple of Rupee.
- 18) Information required by Part IV of Schedule VI is enclosed as annexure – 1
- 19) Cash flow statement is enclosed as Annexure – 2

SIGNATURES TO SCHEDULES 'A' TO 'R'

AS PER OUR REPORT OF EVEN DATE

For V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
R.P. LADDHA
(PARTNER)
Membership No. 48195

Place: Mumbai
Dated: 28th November 2009

For and on behalf of the Board of Directors

Sd/-
V.G.Lath **Chairman & Managing Director**

Sd/-
P.K. Rungta **Executive Director**

Place: Mumbai
Dated: 28th November 2009

SUNIL INDUSTRIES LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31.03.2009 (Rupees in Lakhs)	For the year ended 31.03.2008 (Rupees in Lakhs)
A)Cash arising from operating activities		
Profit /(Loss) Before Taxation	40.20	53.87
Add/(Less) :		
Interest Received	(11.58)	
Interest Paid	106.67	70.00
Depreciation	79.96	73.31
Machinery Scrapped	33.24	0.00
Profit on sale of Scrapped Machinery	(2.25)	33.19
	<u>206.04</u>	<u>176.50</u>
	246.24	230.37
Deduct:		
Balances written back on account of releief granted under One Time Settlement	0.00	0.00
	<u>246.24</u>	<u>230.37</u>
OPERATING PROFIT/ (LOSS)BEFORE WORKING CAPITAL CHANGES AND EXTRAORDINARY ITEMS		
Add:		
Increase in Trade Receivable		
Increase in Other Receivable	221.52	304.06
Increase in Payable	126.51	616.47
"Increase/(Decrease) in Inventories	0.00	(314.42)
Less: Scrapped Machinery at Book Value	0.00	45.69
	<u>348.03</u>	<u>560.43</u>
	(101.79)	790.80
Deduct :		
Decrease in Trade Receivable	40.30	330.71
Decrease in Inventories	262.26	0.00
Decrease in Payable	0.00	0.00
Sale of Fixed Assets/Machinery Scrapped	<u>0.00</u>	<u>12.50</u>
	302.57	343.21
	200.78	447.58
Provision for Taxation	1.68	1.61
Net Cash Inflow/ (Outflow) in Course of Operating Activities	<u>199.10</u>	<u>445.97</u>
B)Cash inflow/(outflow) arising from Investing Activities		
OUTFLOW:		
Acquisition of fixed assets	(304.48)	12.56
Add/(Less): Capital Work in progress	<u>0.00</u>	<u>67.17</u>
	(304.48)	(54.61)
Deduct Inflow :		
Profit on Sale of Fixed assets	2.25	
Machinery Scrapped	33.24	35.49
	<u>35.49</u>	<u>0.00</u>
Net Cash (Outflow)/Inflow arising from Investing Activities	<u>(268.99)</u>	<u>(54.61)</u>
C)Cash flow arising from Financial Activities		
INFLOW:		
Increase /(Decrease)in Borrowings (Net)	0.00	0.00
Sale of Investments	0.00	0.00
Increase in Secured Loans	676.78	3.44
Interest Recived	11.58	<u>0.00</u>
Decrease in Unsecured Loans	0.00	
Increase in Trade Deposits	<u>0.00</u>	
	688.36	3.44

	For the year ended 31.03.2009 (Rupees in Lakhs)	For the year ended 31.03.2008 (Rupees in Lakhs)
Deduct Outflow :		
a) Decrease in Trade Deposits		1.00
b) OTS		117.50
c) Decrease in Unsecured Loans	472.74	327.29
c) Increase in Investments	0.00	
d) Interest paid	106.67	70.00
	579.41	515.79
Net Cash Inflow/ (Outflow) arising from Financing Activities	108.95	(512.35)
Net Cash Increase/(Decrease) in inflow of cash/cash equivalents “(A+B+C)”	39.06	(120.99)
Add: Opening balance of cash/ cash equivalents	81.66	202.65
Closing balance of cash/cash equivalents	120.72	81.66

AS PER OUR ATTACHED REPORT OF EVEN DATE

**FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Sd/-
R.P. LADDHA
(PARTNER)
Membership No. 48195**

Place: Mumbai
Dated: 28th November 2009

For and on behalf of the Board

**Sd/-
V.G.Lath Chairman & Managing Director**

**Sd/-
P.K. Rungta Executive Director**

Place: Mumbai
Dated: 28th November 2009

SUNIL INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year

Public Issue Rights Issue
 Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid - up Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Trade Deposit Share Application Money
 Deffered Tax Liability

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Losses Profit & Loss Account

IV. Performance of Company

Turnover Total Expenditure
 (including other income of Rs. 2352 thousand)

+ - Profit / Loss before tax + - Profit / Loss after tax

Earning per Share in Rs. Dividend @ %

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code) Product Description

For and on behalf of the Board

Place: Mumbai
 Dated: 28th November 2009

Sd/-
V.G.Lath
Chairman & Managing Director

Sd/-
P.K. Rungta
Executive Director

SUNIL INDUSTRIES LIMITED
D-8, MIDC, PHASE II, MANPADA ROAD, DOMBIVLI (E), DIST. THANE

ATTENDANCE SLIP

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

I hereby record my presence at the **33rd Annual General Meeting** of the Company at **Regd. Office** of the company on **Thursday the 31st December, 2009 At 11.00 a.m.**

Name of the Shareholder

Signature

Folio No. _____

(Full name of Proxy)

Note: No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

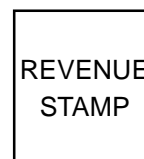
_____(TEAR)_____

SUNIL INDUSTRIES LIMITED
D-8, MIDC, PHASE II, MANPADA ROAD, DOMBIVLI (E), DIST. THANE

PROXY FORM

I/we.....of..... in the district of being a member/members of the above named Company hereby appoint of in the district of..... or failing him of In the district of as my / our proxy to vote for me/us on my our behalf at the **33rd ANNUAL GENERAL MEETING** of the Company to be held at **Regd. Office** of the company, on **Thursday the 31st December, 2009** and at any adjournment thereof.

Signed this..... day of, 2009.
Reg. Folio No.
No. of Shares



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

BOOK-POST

If Undelivered, please return to :
SUNIL INDUSTRIES LIMITED
D-8, MIDC, PHASE II, MANPADA ROAD,
DOMBIVLI (E), DIST. THANE