



**SIGNET**  
**INDUSTRIES LTD.**

---

**26<sup>th</sup>**

**Annual Report 2010 - 2011**

**Board of Directors**

Shri Mukesh Sangla  
Shri Saurabh Sangla  
Shri Dipak Kalani  
Shri Deepak Mehta  
Shri Murli Dhar Vashist

**Auditors**

M/s. Ashok Khasgiwala & Co.  
Chartered Accountants  
Indore – 452 001

**Registered Office**

308, ACME Plaza,  
Opp. Sangam Cinema,  
Andheri Kurla Road,  
Andheri (East),  
Mumbai – 400 059

**Administrative & Corporate Office**

314/3, SDA Compound,  
Lasudia Mori, Dewas Naka,  
Indore – 452 010

**Registrar & Transfer Agent**

M/s. Ankit Consultancy Pvt. Ltd.,  
Plot No. 60, Electronic Complex,  
Pardeshipura,  
Indore – 452 010

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## NOTICE OF 26<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Signet Industries Limited will be held at Hotel Imperial Residency, Plot No. 163, Sher-E-Punjab, Behind Tolani College, Mahakali Caves Road, Andheri (East), Mumbai- 400 093 on Wednesday, the 10<sup>th</sup> August 2011 at 10.30 A.M. to transact the following business : -

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit & Loss Account of the Company for the year ended on that date, and the Report of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Deepak Mehta, who retires by rotation and being eligible, offers him self for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS :

5. 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 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the provisions of Article 48 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, each of the 3,00,00,000 equity shares of the nominal value of Rs.10/- each in the Authorised Share Capital of the Company be sub-divided into 15,00,00,000 equity shares of Rs. 2/- each **AND THAT** Clause V (being Capital Clause) of the Memorandum of Association of the Company relating to equity shares be altered accordingly.

**RESOLVED FURTHER** that the Board of Directors of the Company ("the Board", which expression shall also include a Committee thereof) be and they are hereby authorised to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, consequent to the sub-division of shares as aforesaid and /or credit the shareholders' accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer

Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution."

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THIS MEETING.
2. Explanatory Statement setting out all material facts concerning the aforesaid business contained in Item No.5 as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Register of the Company will remain closed from Wednesday, 3rd August, 2011 to Wednesday, 10<sup>th</sup> August, 2011 (both days inclusive).
4. Shareholders desiring any information as regard the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
5. Members are requested to kindly bring their copies of the Annual Report to the Meeting.
6. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
7. Members are requested to quote their folio number in all correspondence.
8. Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders willing to avail this facility may make nomination in Form 2B.
9. The Ministry of Corporate Affairs (vide circular Nos.17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively, has undertaken a Green initiative in 'Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by representing / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Transfer Agent.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.5**

The shareholders to note that the equity shares of your Company are listed on the Stock Exchange, Mumbai (BSE) and Madhya Pradesh Stock Exchange, Indore. The shares are actively traded on BSE.

In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of Directors of the Company ('the Board') at their meeting held on 30<sup>th</sup> May 2011, considered it desirable to sub-divide the nominal value of the equity portion of the authorised share capital of the Company.

The shareholders may please note that presently the nominal value of the equity shares is Rs.10/- each and consequent to the sub-division it is being divided into 5 (Five)

equity shares of Rs. 2/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders' approval, which will be notified through the Stock Exchanges.

Shareholders attention is also invited to the fact that in view of the foregoing, the existing Capital Clause V in the Memorandum of Association of the Company relating to equity shares also need relevant amendment to give effect to the sub-division.

**Interest of Directors**

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

For & On Behalf of the Board of Directors

Place : Indore

**Mukesh Sangla**

**Date : 30.05.2011** Chairman cum Managing Director

**ANNEXURE TO NOTICE****Details of Directors seeking appointment /re appointment at the forthcoming Annual General Meeting**

(In pursuance of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	<b>Mr. Deepak Mehta</b>
Date of Birth	01.10.1966
Date of Appointment	22.10.2009
Expertise in specific functional area.	Audit, Finance & Taxation
Qualification	FCA
List of outside Directorship held in Public Limited Companies	-
Chairman / Member of the Committee of the Board of Directors of the Company	Audit Committee – Member Shareholder Committee – Chairman Remuneration Committee - Member

**DIRECTOR'S REPORT**

To,  
The Members

Directors are please to submit their 26<sup>th</sup> Annual Report on the business and operations of the Company along with audited Balance Sheet & Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

Financial results of the company for the year under review alongwith figures for previous year are as follows:

Particulars	(Rs. in Lacs)	
	For the year ended 31.03.2011	For the year ended 31.03.2010
Gross Income	46447.94	36645.89
Profit before Interest, Depreciation & Tax	2350.28	2657.66
Less : Interest	1185.67	1012.53
Depreciation	246.47	183.03
Profit before Tax	918.14	1462.10
Provision for Tax:		
Current Tax	182.00	278.00
Deferred Tax	153.00	28.11
Net Profit After Tax	583.13	1155.98
Less: Prior Period Adjustment	0	2.05
Profit available for Appropriation	583.13	1153.92
General Reserve	100.00	0.00
Proposed Dividend	364.84	0.00
Tax on Dividend	60.59	0.00
Balance Carried to Balance Sheet	57.70	1153.92

**DIVIDEND**

The Board of Directors recommend for consideration of the Shareholders at the ensuing Annual General Meeting, payment of dividend of Rs.1.25 per share (12.50 per cent) for the year ended 31<sup>st</sup> March 2011. The amount of dividend and the tax thereon aggregate to Rs.425.43 Lacs.

**BUSINESS REVIEW**

Year under review proved to be turn around for the company in terms of Sales target of the Company. The revenue realization was Rs. 46447.94 Lacs as compare to previous Year of Rs. 36645.89 Lacs. The Company has earned net Profit for the year Rs. 583.13 Lacs as compare to previous year figure of Rs. 1155.98 Lacs. Company has reported excellent sale during the year under review and accepted new challenges of new economic reforms and Global Markets.

**ISSUE OF BONUS SHARE**

Pursuant to the approval of the members of the Company in their General Meeting held on 8<sup>th</sup> November 2010, the

Company issued and allotted 2,43,22,500 Equity Shares of Rs.10/- each as fully paid up in the ratio of five bonus shares for every one existing equity share held as on 19<sup>th</sup> November, 2010 i.e. record date fixed for the purpose. Consequent, the paid up capital of the Company went up from Rs.486.45 Lacs to Rs.2918.70 Lacs during the year under review.

**DIRECTORS**

In accordance with Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Deepak Mehta will retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**DEPOSITS**

Your Company has not accepted any public deposits within the meaning of the provisions of section 58 A of the companies Act, 1956.

**INSURANCE**

The assets of the Company are adequately insured against the loss of fire, natural calamities and such other risk considered by management of the Company.

**AUDITOR AND THEIR REPORT**

Comments of the auditors in their report for the period ended 31<sup>st</sup> March, 2011, are self explanatory and need no comments.

M/s Ashok Khasgiwala & Co., Chartered Accountants, Indore, will retire at the conclusion of ensuing Annual General Meeting. The Board proposed their re-appointment as Statutory Auditor to audit the accounts of the Company for the year 2011-12. You are requested to consider their re-appointment.

**DECLARATION PURSUANT TO 217(2AA)**

In pursuant to Provision contained in Section 217(2AA) of the Companies act, 1956, Directors of the Company Confirm That :

- I. In the preparation of the annual accounts, applicable accounting standards have been followed.
- II. Accounting Policies selected were applied consistently. Reasonable and Prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011 and profit & loss account of the Company for the year ended on that date.
- III. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of Companies act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds of the Company and other irregularities.
- IV. Annual accounts of the Company have been prepared on Going Concern basis.

**COMPLIANCE CERTIFICATE**

In accordance with the requirement of provisions of Section 383A of the Companies, Act, 1956, a compliance Certificate from a practicing Company Secretary for the year ended 31<sup>st</sup> March 2011 is attached herewith.

**CORPORATE GOVERNANCE**

Your Company is committed to follow the guidelines of SEBI and Stock Exchanges from time to time. Your Company implemented all of its major stipulation as applicable to the Company. The Statutory Auditor's certificate in accordance with clause 49 of Listing agreement and report on Corporate Governance is annexed to and forming part of the Directors Report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Management discussion and Analysis Report have been attached and forms part of the Directors Report.

**PARTICULARS OF EMPLOYEES**

There were no employees during the current year drawing the remuneration more than the limit prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE ETC.**

Information in accordance with the provision of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in annexure 'A' forming part of this report.

**ACKNOWLEDGEMENT**

Your Directors acknowledge the vital role of conscientious and hardworking employee of the Company at all levels towards over all progress of the Company. Stockholders, Customers, Bankers have continued to lend their valuable support to the Company. Your Board takes this opportunity to record their appreciation in this regard.

For & On Behalf of the Board of Directors

Place : Indore

**Mukesh Sangla**

Date : **30.05.2011** Chairman cum Managing Director

**ANNEXURE- A**

Information under section 217 (1) (e) Read Companies (Disclosure of Particulars in the Reports of Board of Directors) rules, 1988. forming part of the Directors Report for the year ended 31st March 2011.

**CONSERVATION OF ENERGY:**

Energy Conservation measures taken:

Energy Conservation measures is an outgoing process and the Company considers it as a high priority area.

During the year energy audits were conducted internally. The main measures adopted in energy conservation includes-

1. Modifications /Improvements in process to result in less consumption of the energies for the same output.
2. Installation proper equipments to improve the power factor.
3. Continuous training of operating staff for effective use of utilities.
4. To achieve significant saving in the energy consumption processing equipments layouts and service utility layouts were redesigned.

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, RESEARCH AND DEVELOPMENT:**

(i) Specific Areas in which R&D Carried out by the Company and benefits derived as a Result thereof in several Years.

Your Company's R&D wing is dedicated to ensure production of best quality products conforming to international standards.

(ii) Future plan of Action

The Company doing its best to improve its quality and to reduce manufacturing expenses.

**Foreign Exchange Earning and Outgo**

Rs. In lacs

S.N.	Particulars	Current Year	Previous Year
(i)	<b>Foreign Exchange Earnings</b>		
	FOB Value of Exports	NIL	NIL
(ii)	<b>Foreign Exchange Outgo</b>		
	Value of Import on CIF basis	10781.03	4705.13

For & On Behalf of the Board of Directors

Place : Indore

**Mukesh Sangla**

Date : **30.05.2011** Chairman cum Managing Director

**SECRETARIAL COMPLIANCE CERTIFICATE**

To  
The Members  
Signet Industries Limited  
308, Acme Plaza, Opp. Sangam Cinema,  
Andheri Kurla Road, Andheri (E)  
Mumbai – 400 059

We have examined the registers, records and books and papers of **Signet 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, 2011 (01.04.2010 to 31.03.2011). 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, and its officers, 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/Regional Director/Central Government/ Company Law Board or other authorities within the time prescribed under the act and the rules made there under.
3. The Company being a Public Limited Company and has maintained minimum prescribed paid up Capital. Comments are not required in respect maximum number of members during the said financial year.
4. The Board of Directors duly met 10 times on 28th April 2010, 29th May 2010, 12th August 2010, 1st September 2010, 8th September 2010, 23rd September 2010, 14th October 2010, 15th November 2010, 22nd November 2010 and 11th February 2011. In respect of which meetings proper notices were given and the proceedings were properly recorded in the Minutes Book maintained for the purpose. No resolution by circulation has been passed by the Company.
5. The Company closed its Register of Members from Monday, 20th September 2010 to Monday, 27th September, 2010 (both days inclusive).
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 27th September, 2010 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the minutes book maintained for the purpose. Signatures of Members have been obtained in the attendance register of Shareholders.
7. The Extra ordinary general meeting was held on 8th November 2010 during the financial year after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the minutes book maintained for the purpose. Signatures of Members have been obtained in the attendance register of Shareholders.
8. The Company has not advanced any loans either to its Directors and/ or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The entries that needed to be entered into the register maintained under section 301 of the Act, have been entered by the Company.
11. As there were no instances falling within the purview of section 314 of the Act, the question of obtaining approvals from the Board of Directors, Members and Central Government, as the case may be, does not arise.
12. The Company has not issued duplicate share certificate during the financial year.
13. The Company has
  - (i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provision of the Act.
  - (ii) not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
  - (iv) was not required to transfer 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 period of seven years to Investor Education and Protection Fund (applicable when Rules are notified) as no dividend was declared during any financial year.
  - (v) duly complied with the requirements of section 217 of the Act.



14. The board of directors of the Company is duly constituted. There was no change in appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has re appointed Managing Director in compliance with the provisions of Section 269 read with Schedule XIII of the Act.
16. The Company has not appointed any sole- selling agent during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional director, registrar or such other authorities prescribed under the 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 issued 2,43,22,500 equity shares as bonus shares by capitalizing surplus in Profit and Loss account as per resolution passed in Extra Ordinary General Meeting during the financial Year.
20. The Company has not bought back any shares during the financial Year.
21. 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 in compliance with provisions of the Act.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the Company from Financial Institutions, Banks, Directors, Members and others during the financial year ending 31<sup>st</sup> March 2011 are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed previously is duly convened the General Meeting.
25. The Company has not made loans or advances or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of Memorandum with respect to the situation of the Company registered office from one state to another during the financial year.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of Memorandum with respect to the name of the Company during the financial year.
29. The Company has altered the provisions of Memorandum with respect to the share capital of the Company during the financial year.
30. The Company has altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the year.
33. The Company has deposited both employee's and employers' contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**For M. Maheshwari & Associates**  
Company Secretaries

**MANISH MAHESHWARI**  
FCS 5174  
C.P. No.3860

Place : Indore  
Date : **30.05.2011**





**Annexure A**

Registers as maintained by the Signet Industries Limited,

1. Register of Investment under Section 49
2. Register of Charges under section 143
3. Register of Members under section 150
4. Register of Transfer of Shares
5. Register and Returns under section 163
6. Books of Accounts under Section 209
7. Register of Directors/ Managing Director/ Manager and Secretary under section 303
8. Register of Director's shareholding under section 307
9. Register of Fixed Assets.
10. Register of Issuance of Duplicate Share Certificates.
11. Minutes book of Board and General Meeting.

**Annexure B**

Forms and returns as filed within prescribed time by the Company with the Registrar of Companies during the financial year ending on 31st March, 2011.

1. Balance Sheet under Section 220 for the year-ended 31.03.2010 vide SRN P53334124 dated 01.10.2010.
2. Annual Return under Section 160 as on 27.09.2010 vide SRN P61408373 dated 26.11.2010.
3. Compliance Certificate under Section 383A for the year-ended 31.03.2010 vide SRN P53315461 dated 01.10.2010.
4. Form 32 dated 27.9.2010 under Section 303 vide SRN A95134300 dated 01.10.2010.
5. Form 32 dated 23.3.2010 under Section 303 vide SRN A83493007 dated 22.04.2010.
6. Form 32 dated 13.7.2010 under Section 303 vide SRN A89362552 dated 17.07.2010.
7. Form 23 dated 08.11.2010 under Section 192 vide SRN A98743073 dated 22.11.2010.
8. Form 23 dated 22.03.2006 under Section 192 vide SRN A82546656 dated 09.04.2010 with additional fee.
9. Form 5 dated 08.11.2010 under Section 97 vide SRN A98743396 dated 22.11.2010
10. Form 25C dated 14.10.2010 under Section 269 vide SRN A98752744 dated 22.11.2010.
11. Form 25C dated 01.02.2006 under Section 269 vide SRN A82546730 dated 09.04.2010 with additional fee.
12. Form 2 dated 22.11.2010 under Section 75 vide SRN B01135409 dated 20.12.2010.
13. Form 8 dated 03.06.2010 under Section 135 vide SRN A88279336 dated 02.07.2010.
14. Form 8 dated 03.06.2010 under Section 125 vide SRN A88279708 dated 02.07.2010.
15. Form 8 dated 23.09.2010 under Section 125 vide SRN A97942387 dated 11.11.2010 with additional fee.
16. Form 8 dated 23.09.2010 under Section 125 vide SRN A97941579 dated 11.11.2010 with additional fee.



**ANNEXURE TO THE DIRECTORS' REPORT  
REPORT ON CORPORATE GOVERNANCE**

**I Company's Philosophy**

Your Company's Philosophy on code of Corporate Governance is based on attainment of high level of transparency, accountability, and adequate disclosures and economic value addition. All employees are guided by the Company's policies on important issues, including our relationship with consumers, stakeholders and Government.

**II Board of Directors**

In keeping with the commitment of the Management for the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of executive and independent directors to maintain the independence of the Board, and to separate the board functions of governance and management.

As on 31<sup>st</sup> March 2011, the Board of the Company consisted of five Directors, of which three are non-executive as on 31<sup>st</sup> March 2011.

The Board has no institutional nominee directors.

During the year, 10 Meetings of the Board of Directors of the Company were held on 28th April 2010, 29<sup>th</sup> May 2010, 12<sup>th</sup> August 2010, 1<sup>st</sup> September 2010, 8<sup>th</sup> September 2010, 23<sup>rd</sup> September 2010, 14<sup>th</sup> October 2010, 15<sup>th</sup> November 2010, 22<sup>nd</sup> November 2010 and 11<sup>th</sup> February 2011. The maximum gap between any two meetings did not exceed four months.

Except Mr. Saurabh Sangla is son of Mr. Mukesh Sangla, Managing Director of the Company, no inter-se relationships among the Directors.

The particulars of the Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting as also the number of other directorships and committee memberships as on date are as follows:

Name of Director	Category	No. of Board Meetings attended	Attend-ance in last AGM	No. of other Directorship	Committee Membership Chairman	Member
Mr. Mukesh Sangla	Promoter – Executive Director	10	Yes	6	-	-
Mr. Saurabh Sangla	Promoter – Executive Director	10	Yes	5	-	3
Mr. Dipak Kalani	Independent	9	Yes	5	1	2
Mr. Deepak Mehta	Independent	9	Yes	1	1	2
Mr. Murli Dhar Vashist	Independent	6	Yes.	-	1	2

**CODE OF CONDUCT**

As per the provisions of Clause 49 of the Listing Agreement, the Company has framed a code of conduct for the Board Members and Senior Management which was approved and adopted by the Board of Directors. The Code of Conduct has been posted on the website of the Company (<http://www.groupsignet.com>). The Code has been circulated to all members of the Board and Senior Management of the Company who have confirmed compliance therewith.

**III Audit Committee**

The objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting processes with a view to ensuring accurate and proper disclosure and the transparency and quality of financial reporting. The committee also reviews the financial and risk management policies, and the adequacy of internal control systems of the Company and meets Statutory Auditors periodically.

Your Company has an Audit Committee consisting of Three Independent Directors as its members, and the Audit Committee Meetings were held on 29<sup>th</sup> May 2010, 12<sup>th</sup> August 2010, 15<sup>th</sup> November 2010 and 11<sup>th</sup> February, 2011 The details of the meetings held and attended are as given below:

Name of Director	Meetings held	No. of Meetings attended
Mr. Dipak Kalani	4	4
Mr. Saurabh Sangla	4	4
Mr. Deepak Mehta	4	4
Mr. Murli Dhar Vashist	4	4

**IV Remuneration Committee**

The Remuneration Committee has reviewed the terms of remuneration of Managing Director. The Committee Meeting was held on 14th October 2010 during the year 2010-2011. The composition of the remuneration committee is as follows:

Mr. Dipak Kalani, Mr. Saurabh Sangla, Mr. Deepak Mehta and Mr. Murli Dhar Vashist.

**V Shareholders and Investor's Grievance Committee**

The Board has constituted the shareholders and Investors Grievance Committee during the year to look into the redress of investors' complaints. There were no complaints pending for reply as on 31<sup>st</sup> March 2011 and no share transfers pending for registration as on the said date. The composition of the Shareholders and Investor's Grievance Committee is as follows:

Mr. Dipak Kalani, Mr. Saurabh Sangla, Mr. Deepak Mehta and Mr. Murli Dhar Vashist.

**VI. Management discussion and analysis**

This is given as a separate chapter in the Annual Report.

**VII. CMD / CFO Certification**

The CMD and CFO have been certified to the Board with regard to the financial statement and other matters as required by Clause 49 of the Listing Agreement. The Certificate is contained in this Annual Report.

**VIII General Body Meetings**

The details of Annual General Meetings held in last 3 years are as under:

Year	Venue	Date	Time
2009-2010	Board Room, 2 <sup>nd</sup> Floor, Hotel Kohinoor Continental, J.B.Nagar, Andheri - Kurla Road, Andheri (East), Mumbai – 400 059	27.09.2010	01.00 P.M.
2008-2009	308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (E) Mumbai – 400 059	30.09.2009	04.00 P.M.
2007-2008	308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (E) Mumbai – 400 059	29.09.2008	04.00 P.M.

The details of Extra Ordinary General Meetings held in last 3 years are as under:

Year	Venue	Date	Time
2010-2011	Hotel Imperial Residency, Plot No. 163, Sher-E-Punjab, Behind Tolani College, Mahakali Caves Road, Andheri (East), Mumbai- 400 093	08.11.2010	01.00 P.M.
2009-2010	308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (E) Mumbai – 400 059	30.11.2009	04.00 P.M.

The shareholders passed all the resolutions including the special resolutions set out in the respective notices. No Postal Ballots were used for voting at these meetings.

**IX Disclosure**

- i. During the year under review, beside the transactions reported elsewhere in the Annual Report, there were no other related parties' transaction viz., Promoters, Directors or the Management, their subsidiaries or relatives that had a potential conflict with the interest of the Company at large.
- ii. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the period.

**X Means of Communication**

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after the Board has approved them. These are widely published in national and regional newspapers.

**XI General Shareholders Information****Annual General Meeting**

Date 10.08.2011

Day Wednesday

Time: 10.30 A.M.

Venue: **Hotel Imperial Residency, Plot No. 163, Sher-E-Punjab, Behind Tolani College, Mahakali Caves Road, Andheri (East), Mumbai- 400 093**

**Date of Book Closure**

The Register of Members and Share Transfer Register of the Company will remain close from Wednesday, 3rd August, 2011 to Wednesday, 10<sup>th</sup> August, 2011 (both days inclusive).

**Financial Calendar 2011-2012**

1	First Quarter Results	August 2011
2	Second Quarter & Half Yearly Results	November 2011
3	Third Quarter Results	February 2012
4	Fourth Quarter	May 2012

**Listing of Securities****Name of the Stock Exchanges**

Madhya Pradesh Stock Exchange,  
201, Palika Plaza M.T.H. Compound  
Indore - 452001.

**The Stock Exchange Mumbai,**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001

Your Company confirms that it has paid annual listing fees to the Stock Exchanges for the year 2011-12 and as such there are no arrears.

**Market Price Data**

High/ low of market price of the Company's equity shares traded on BSE during the last financial year was as follows.

Month	Quotation at Mumbai Stock Exchange	
	High (Rs.)	Low (Rs.)
April, 2010	-	-
May, 2010	-	-
June, 2010	-	-
July, 2010	-	-
August, 2010	68.50	28.70
September, 2010	164.25	71.90
October, 2010	267.35	172.45
November, 2010	341.05	59.60*
December, 2010	142.60	72.30
January, 2011	110.75	89.50
February, 2011	99.55	81.75
March, 2011	98.00	85.55

\*Price from November 19, 2010 is Ex-Bonus.

**Registrar & Transfer Agent**

As per the directives of SEBI, the Company has appointed M/s. Ankit Consultancy Pvt. Ltd., Plot No. 60, Electronic Complex, Pardeshipura, Indore (M.P.) – 452 010 as its Registrar and Share Transfer Agent and all the Share transfer and the relating queries may please be forwarded to the Share Transfer Agent directly at their address.

**Share Transfer Systems**

Shares received for transfer in physical form are registered and dispatched within thirty days of receipt of the documents. If shares are under objection then the same are returned within fifteen days. Request for dematerialization of shares are processed within fifteen days.

**Distribution of Shareholding**

Distribution of Shareholding as on 31<sup>st</sup> March 2011 is as under:

Shareholding of nominal value of Rs. Rs.	No. of Shareholders	% of Shareholders	Shares amount in Rs.	% of share holding
0001 – 1000	81	36.65	31540	0.01
1001 – 2000	18	8.14	32270	0.01
2001 – 3000	14	6.34	38020	0.01
3001 – 4000	3	1.37	11410	0.01
4001 – 5000	4	1.81	18510	0.01
5001 – 10000	9	4.07	70910	0.03
10001 – 20000	37	16.74	619740	0.21
20001 – 30000	9	4.07	228030	0.08
30001 – 40000	15	6.79	536420	0.18
40001 – 50000	4	1.81	184500	0.06
50001 – 100000	5	2.26	360000	0.12
100001 & above	22	9.95	289738650	99.27
Total	221	100.00	291870000	100.00

The Shareholding Pattern as on 31<sup>st</sup> March 2011 is given below:

S.No	Category	No. of Shares held	% Shareholding
1	Promoter	2,14,11,000	73.36
2	Private Corporate Bodies	75,73,853	25.95
3	Indian Public	2,02,147	0.69
	Total	2,91,87,000	100.00

**Dematerialization of Shares and Liquidity**

Equity shares of the Company are under compulsory demat trading by all categories investors. As on 31<sup>st</sup> March 2011, 2,90,37,900 equity shares have been dematerialized which account for 99.49% of the total equity.

**Address for Correspondence**

The Shareholders may address their communications to :

Mr. Sanjay Agrawal,  
Compliance Officer,  
Signet Industries Limited,  
314/3, SDA Compound  
Lasudia Mori, Dewas Naka  
Indore – 452 010 (M.P.)

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report are prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities Exchange Board of India and in compliance with the provisions of the Listing Agreement.

The Management Discussion and Analysis Report comprising of the following.

- i. Industry Overview
- ii. Opportunities and Threats
- iii. Segment wise performance
- iv. Outlook
- v. Risk and Concerns
- vi. Internal Control Systems and their Adequacy
- vii. Material Development in Human Resources
- viii. Cautionary Statement

**Industry Overview**

INDIA- one of the fastest growing economies of the world, is all set to attain the premier status along with China. India is a favoured destination for overseas investors and offers the advantages of an open economy, increasing liberalization, a stable democratic political scenario, highly skilled work force with fluency in English. Various overseas players wish to explore the Indian market and invest in opportunities thrown open by the country, projected to be world number 3 in plastics consumption by 2010. This seems a very achievable position as since the past decade, the Indian plastics industry continues to grow at double digit figures.

The Petrochemical Department of the Government of India is in the process of setting up a development council to promote the development of downstream sectors in India. This clearly illustrates that the Government of India is quite positive and supportive to new investments in India.

**Opportunities and Threats**

Opportunities of account of plasticulture which is at a nascent in India. Plastic industry encompasses areas of activities including manufacturing polymer materials (natural and synthetic compounds), building construction, packaging or transportation. Plastic industry covers a large area ranging from aerospace to electronics industry and that is why plastic industry has a huge business potentiality over the other associated industries. This plastic industry is a vivacious and global industry that covers sectors from household commodity to polymer. Plastic industry also include fields like biochemicals, petrochemicals, ceramics.

The main threats of this industry is that plastic made material are non-degradable (material which cannot be decomposed) in nature, which pollutes the nature and burning of plastic materials produces some gases, which are the prime causes of many severe health hazards.

**Segment wise Performance**

The Segment wise turnover on consolidated basis as under:

(Rs. in Lacs)

Particulars	Year ending 31.03.2011	Year ending 31.03.2010
Polymer	32770.42	28410.04
Wind Power Unit	116.49	150.21
Other	10445.58	7644.32
Total	43332.49	36204.57

**Outlook**

Your Company is looking to expand its products portfolio. This will be executed through R & D as well as innovations. The Company has adopted the best and suitable technology to suit Indian needs. The Company aims to focus on getting more production done in house and expand its manufacturing base in India. The Company plans to step up raw material sourcing and focus on R & D activities to control costs.

**Risks and Concerns**

A special risk associated with products of the plastic sector is the leaching of plasticizers added to polymer formulations to improve material properties. Too much dependability on any distribution network might affect sales.

**Internal Control Systems and their Adequacy**

The Company has adequate internal audit and control systems. The Audit Committee of Directors, in its periodical meetings, review the adequacy of internal control systems and procedures and suggest areas of improvements. The Company has undertaken a detailed exercise to revisit its control systems in technical and other non financial areas to align them properly with Management Information Systems (MIS) to make MIS more efficient and result oriented. Information technology base created by the Company over the period is providing a very useful helping hand in the process. Needless to mention, that ensuring maintenance of proper accounting records, safeguarding assets against loss and misappropriation, compliance of applicable laws, rules and regulations and providing reasonable assurance against fraud and errors will continue to remain central point of the entire control systems.

**Material Development in Human Resources**

Human resource is considered as key to the future growth strategy of the Company and looks upon to focus its efforts to further align human resource policies, processes and initiatives to meet its business needs. In order to focus on keeping employees abreast of technological and technical developments, the Company provides opportunity for training and learning. Industrial relations at all the units and locations are very cordial.

**Cautionary Statement**

The Management Discussions and Analysis Statement made above are on the basis of available data as well as certain assumptions as to the economic conditions, various factors affecting raw material prices, selling prices, trend and consumer demand and preference, governing and applicable laws and other economical and political factors. The Management cannot guarantee the accuracy of the assumptions and projected performance of the Company in future. It is therefore, cautioned that the actual results may differ from those expressed and implied therein.

**CMD/CFO CERTIFICATION**

We, the Chairman and Managing Director appointed in terms of the Companies Act, 1956 and Chief Financial Officer of the Company, certify to the Board that:

- a) We have reviewed the Financial Statement and the Cash Flow Statement and 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 statements that might be misleading; and
  - 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) To the best of our knowledge and belief, no transactions entered in to by the Company during the period are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors' and the Audit Committee:
  - i) Significant changes in internal Control over financial reporting during the period;
  - ii) Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement; and
  - iii) Instances of significant fraud of which we have become aware.

For SIGNET INDUSTRIES LIMITED

Chairman & Managing Director

Chief Financial Officer

Place: Indore

Date: 30.05.2011

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**Signet Industries Limited**

We have examined the compliance of corporate governance by Signet Industries Limited, Mumbai for the year ended on 31<sup>st</sup> March 2011, as stipulated in clause 49 of the Listing agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is responsibility of the management. Our examination was limited to the procedure and implementation thereof, adopted by Signet Industries Limited for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of Signet Industries Limited.

On the basis of our review and according to the information and explanation given to us and representation made to us by the management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges.

**For Ashok Khasgiwala & Co.  
Chartered Accountants**

**(Avinash Baxi)  
(Partner)  
M.No.79722**

Place : Indore  
Date : 30.05.2011



**AUDITORS REPORT**

To,

The Members of

**SIGNET INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **SIGNET INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (as amended), issued by the Central Government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are prepared in compliance with the Accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms 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, 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 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, 2011;
    - ii. In the case of Profit & Loss Account, of the Profit 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 **ASHOK KHASGIWALA & CO.**,  
CHARTERED ACCOUNTANTS.  
(Firm Reg. No. 0743C)

**CA Avinash Baxi**  
Partner  
M.No. 79722

Place : Indore  
Date : **30<sup>TH</sup> May, 2011**

**ANNEXURE TO AUDITOR'S REPORT**

Referred to in paragraph 3 of our report of even date.

- i. In respect of its Fixed Assets :
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b. As per the information given to us the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
  - c. During the year, the Company has not disposed off a substantial part of fixed assets and we are of the opinion that the going concern status of the company is not affected.
- ii. In respect of Inventories:
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company is maintaining proper records of inventory. As explained to us, there were no discrepancies noticed on physical verification of inventory as compared to the book records.
- iii.
  - a. According to the information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act, 1956. Hence the provisions of clauses iii(b), iii(c) and iii(d) of the Order are not applicable to the company.
  - b. According to the information and explanations given to us, the Company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act, 1956. Hence the provisions of clauses iii(f) and iii(g) of the Order are not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal control system in respect of these areas.
- v. In respect of transactions covered U/s 301 of the Companies Act, 1956.
  - a. According to the information and explanations given to us, we are of the opinion that the company has no contract or arrangements that need to be entered into the register maintained U/s 301 of the Companies Act, 1956.
  - b. In our opinion provisions of clause v(b) of the Order are not applicable to the company.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. As per information and explanations given to us Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for the product of the Company, hence provisions of clause 4 (viii) of the order are not applicable to the Company.



- ix. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. There were no undisputed statutory dues in arrears, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited with appropriate authorities on account of any dispute are as under :

Name of the Statute	Nature of Liability	Period to which the amt. Relates	Forum where dispute is pending	Amount (in Rs.)
Income Tax Act, 1961	Income Tax	2006-07	CIT Appeal	718731
Income Tax Act, 1961	Income Tax	2007-08	CIT Appeal	1655633
Sales Tax	Value Added Tax Act, 2002	2007-08	Add. Comm Commercial Tax (Appeal)	1682926
Custom & Central Excise	Excise Duty	2007-08	Commissioner (Appeal)	1575198
Custom & Central Excise	Excise Duty	2009-10	Add. Commissioner	1604310
Custom & Central Excise	Excise Duty	2009-10	Commissioner	12245850

- x. In our opinion, the Company has no accumulated losses as at 31<sup>st</sup> March 2011 and it has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institution or Bank. The Company has not issued any debenture.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any Bank or financial institution.
- xvi. According to the information and explanations given to us, the term loan has been applied for the purpose it was raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us the, Company has not made preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- xx. The Company has not raised money by public issues during the year under audit.
- xxi. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **ASHOK KHASGIWALA & CO.**,  
 CHARTERED ACCOUNTANTS  
 (Firm Reg. No. 0743C)

**CA Avinash Baxi**  
 Partner  
 M.No. 79722

Place : Indore  
 Date : 30<sup>th</sup> May, 2011



**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule No.	Rupees	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
<b>I . SOURCES OF FUNDS</b>				
(1) Shareholder's funds				
a) Share Capital	<b>A</b>	<b>291,870,000.00</b>		48,645,000.00
b) Reserves and Surplus	<b>B</b>	<b>36,185,343.35</b>		263,640,355.31
			<b>328,055,343.35</b>	<b>312,285,355.31</b>
(2) Share Application Money			35,500,000.00	0.00
(3) Loan Funds				
a) Secured Loans	<b>C</b>	<b>925,530,981.93</b>		568,794,290.15
b) Unsecured Loans	<b>D</b>	<b>288,581,894.00</b>		189,299,906.49
			<b>1,214,112,875.93</b>	<b>758,094,196.64</b>
(4) Deferred Tax Liability- Net			57,827,001.00	42,526,059.00
			<b>1,635,495,220.28</b>	<b>1,112,905,610.95</b>
<b>II . APPLICATION OF FUNDS</b>				
(1) Fixed Assets	<b>E</b>			
a) Gross Block		<b>632,345,651.18</b>		304,208,701.88
b) Less : Depreciation		<b>94,292,301.52</b>		71,194,261.30
c) Net Block		<b>538,053,349.66</b>		<b>233014440.58</b>
d) Capital work in progress		54,028,798.30		0.00
			<b>592,082,147.96</b>	<b>0.00</b>
(3) Investments	<b>F</b>		<b>77,080,880.00</b>	<b>62,080,880.00</b>
(4) Current Assets, Loans and Advances	<b>G</b>			
(a) Inventories		<b>540,408,489.00</b>		127,522,433.00
(b) Sundry Debtors		<b>1,397,135,370.49</b>		861,799,378.54
(c) Cash and Bank Balances		<b>181,921,920.77</b>		118,614,636.86
(d) Loans and Advances		<b>251,222,853.69</b>		172,693,819.51
			<b>2,370,688,633.95</b>	<b>1,280,630,267.91</b>
(5) Less :				
Current Liabilities & Provisions	<b>H</b>			
a) Current liabilities		<b>1,359,989,367.52</b>		452,900,963.81
b) Provisions		<b>44,367,074.11</b>		9,919,013.73
			<b>1,404,356,441.63</b>	<b>462,819,977.54</b>
Net Current Assets			<b>966,332,192.32</b>	817,810,290.37
			<b>1,635,495,220.28</b>	<b>1,112,905,610.95</b>
<b>NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES</b>	<b>O</b>		<b>0.00</b>	<b>0.00</b>

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Mukesh Sangla**  
Managing Director

**Saurabh Sangla**  
Director

AS PER OUR REPORT OF EVEN DATED  
**FOR ASHOK KHASGIWALA & CO.**  
CHARTERED ACCOUNTANTS

**CA Avinash Baxi**  
Partner  
M.No.:79722

Place: Indore  
Date : 30th May, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH , 2011**

	Schedule	Amount 2010-11 Rupees	Amount 2009-10 Rupees
<b>INCOME</b>			
Sales & Services	I	<b>4,320,288,731.65</b>	3,607,692,250.73
Other Income	J	<b>12,960,336.10</b>	66,769,181.06
Increase (Decrease) in Stock	K	<b>311,544,934.00</b>	-9,872,152.00
		<b>4,644,794,001.75</b>	<b>3,664,589,279.79</b>
<b>EXPENDITURE</b>			
Materials	L	<b>4,316,003,967.38</b>	3,321,779,494.38
Expenses	M	<b>93,761,615.99</b>	77,043,404.61
Financial Expenses	N	<b>118,567,101.12</b>	101,253,293.92
Depreciation		<b>24,647,142.22</b>	18,303,406.00
		<b>4,552,979,826.71</b>	<b>3,518,379,598.91</b>
<b>Profit for the year before taxation</b>		<b>91,814,175.04</b>	146,209,680.88
Provision for taxation			
Current Tax		<b>18,200,000.00</b>	27,800,000.00
Deferred Tax		<b>15,300,942.00</b>	2,811,070.00
<b>Profit for the year after tax</b>		<b>58,313,233.04</b>	<b>115,598,610.88</b>
<b>Less : Prior Period Adjustments</b>		<b>0.00</b>	<b>205,800.00</b>
<b>Amount available for Appropriation</b>		<b>58,313,233.04</b>	<b>115,392,810.88</b>
<b>APPROPRIATIONS</b>			
General Reserve		10,000,000.00	0.00
Proposed Dividend		36,483,750.00	0.00
Tax on Dividend		6,059,495.00	0.00
<b>Balance Carried to Balance Sheet</b>		<b>5,769,988.04</b>	<b>115,392,810.88</b>
Earning Per Share in Rs.		<b>2.00</b>	3.96

**NOTES TO THE ACCOUNTS AND  
SIGNIFICANT ACCOUNTING POLICIES**

FOR AND ON BEHALF OF BOARD OF DIRECTORS

**Mukesh Sangla**  
Managing Director**Saurabh Sangla**  
DirectorAS PER OUR REPORT OF EVEN DATED  
**FOR ASHOK KHASGIWALA & CO.**  
CHARTERED ACCOUNTANTS**CA Avinash Baxi**  
Partner  
M.No.: 79722Place: Indore  
Date : 30th May, 2011



**Schedule Annexed to and forming part of the Balance Sheet as at 31st March 2011 And Profit & Loss Account for the year ended on that date**

	As at 31st March, 2011 Rupees	As at 31st March 2010 Rupees
<b>SCHEDULE "A" SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,000,000 (Pre. Yr. 5,000,000) Equity Shares of Rs. 10 each.	300,000,000.00	50,000,000.00
5,000,000 (Pre. Yr. Nil) 5% Non Cummulative Redeemable Preference Shares of Rs. 10 each.	50,000,000.00	0.00
<b>ISSUED SUBSCRIBED &amp; PAID UP</b>		
29187000 (Pre. Year 4864500 ) Equity Shares of Rs. 10 each fully paid up	291,870,000.00	48,645,000.00
Note	<b>291,870,000.00</b>	<b>48,645,000.00</b>
1. 24322500 Equity Shares are issued as fully paid up bonus shares by capitalisation of Securities Premium and Surplus in Profit and Loss account respectively during the year 2010-11		
2. 3243000 Equity Shares are issued as fully paid up bonus shares by capitalisation of Surplus in Profit and Loss account during the year 2009-10.		
<b>SCHEDULE "B"</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a. Share Premium</b>		
Since Last Year	40,500,000.00	40,500,000.00
Less : Capitalised for issue of Bonus shares	40,500,000.00	0.00
	<b>0.00</b>	<b>40,500,000.00</b>
<b>b. General Reserves</b>		
Since Last Year	3,625,425.00	3,625,425.00
Add : Profit for the year	10,000,000.00	0.00
	13,625,425.00	3,625,425.00
<b>c. Surplus in Profit &amp; Loss Account Since Last Year</b>		
	219,514,930.31	136,552,119.43
Add : Profit for the year	5,769,988.04	115,392,810.88
	225,284,918.35	251,944,930.31
Less : Capitalised for issue of Bonus shares	202,725,000.00	32,430,000.00
	22,559,918.35	219,514,930.31
	<b>36,185,343.35</b>	<b>263,640,355.31</b>
<b>SCHEDULE "C" SECURED LOANS</b>		
<b>A. From Banks</b>		
I. Term Loan	462,390,051.04	71,850,939.53
II. Corporate Loan	0.00	98,640,438.00
III. Working Capital loan	447,215,028.22	387,304,417.95
<b>B. Loan From LIC of India</b>	15,921,162.00	10,709,500.00
<b>C. Others Loan (Vehicle loan)</b>	4,740.67	288,994.67
	<b>925,530,981.93</b>	<b>568,794,290.15</b>
<b>Notes:</b>		
I. a. Term loan from State Bank of India and UCO bank are secured by hypothecation by way of first charge over all plant and machinery, book debts and movable assets in respect of wind power generating unit at Jodha Dist. Jaselmer Rajasthan and Sangli Maharashtra subject to first pari passu charge on wind mill at Jodha dist. Jaselmer Rajasthan in favour of the State Bank of Indore and personally guaranteed by Directors. Installment of term loan due within next twelve months Rs. 104.00 lacs (Pre. Year Rs. 96.00 lacs )		
b. Term Loans from UCO Bank and Indian Overseas Bank are secured by first pari passu Mortgage over the land & building, Plant and Machinery and other movable and immovable fixed assets of the company at Kelodhala, Dewas Naka, Indore with other term lending banks and institutions (both existing and future ) and second pari passu charge on entire current assets of the company with consortium banks and personally guaranteed by Directors. Installment of term loan due within next twelve months Rs. 80 lacs (Pre. Year 70 lacs ).		
c. Term Loans from UCO Bank, Indian Overseas Bank and Dena Bank are secured by first pari passu Mortgage over the land and building, Plant and machinery and other movable and immovable fixed assets of the company at Plot No. 462-465 and 476 - 478, Sector 3, Industrial Area, Pithampur Dist. Dhar (M.P.) (both existing and future ), second charge on current assets of the company with consortium bank and extension of charge by way of equitable mortgage on properties situated at Kelodhala, Dewas Naka, Indore and personally guaranteed by Directors. Installment of term loan due within next twelve months Rs. 125.50 lacs (Pre. Year Nil lacs ).		
II. Corporat Loan from Uco Bank is secured by way of extention of charge on etire current and fixed assets of the company and personally guaranteed by Directors. Installment of term loan due within next twelve months Rs. Nil (Pre. Year Rs. 986.40 Lacs )		
III. Working Capital Loans from Banks are secured against hypothecation of stock of raw materials, work in process, finished goods, other current assets and charge on book debts , second pari passu charge on the Fixed Assets (both present and future ) of the company, extension of equitable mortgage of the immovable properties situated at Industrial Area Pithampur and Kelodhala, Dewas Naka, Indore and personally guaranteed by Directors.		
B. Loan taken from LIC of India is secured by lien/ assignment of Keyman Insurance policy.		
C. Other Loans (vehicle ) are secured by exclusive first charge on assets purchased under agreement and personal guarantee of Directors. Installment of other loan due within next twelve months Rs. 0.05 Lacs (Pre. Year Rs. 3.04 Lacs)		
<b>SCHEDULE "D" UNSECURED LOANS</b>		
<b>SHORT TERM</b>		
From Bank (Refer Note No. 7 Schedule O )	39908050.00	9,243,651.49
Intercorporate Deposits	248,673,844.00	180,056,255.00
	<b>288,581,894.00</b>	<b>189,299,906.49</b>



**SCHEDULE - E : FIXED ASSETS**

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.04.2010 Rs.	Additions Rs.	Deduction Rs.	As on 31.03.2011 Rs.	Upto 31.03.2010 Rs.	For the year Rs.	Adjustment Rs.	Total Rs.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
Land	100760.00	0.00	0.00	100760.00	0.00	0.00	0.00	0.00	100760.00	100760.00
Lease Hold Land	0.00	10429553.00	0.00	10429553.00	0.00	231768.00	0.00	231768.00	10197785.00	0.00
PLANT & MACHINERY	104154095.44	198538605.01	0.00	302692700.45	14970234.32	7549561.30	0.00	22519795.62	280172904.83	89183861.12
Windmill	109912344.00	0.00	0.00	109912344.00	17427935.67	5220836.34	0.00	22648772.01	87263571.99	92484408.33
FURNITURE & FIXTURES	13223238.00	0.00	0.00	13223238.00	1717548.56	837030.97	0.00	2554579.53	10668658.47	11505689.44
OFFICE EQUIPMENTS	2890858.00	283697.00	0.00	3174555.00	1534437.75	142445.53	0.00	1676883.28	1497671.72	1356420.25
VEHICLE	20164863.12	103925.00	1970905.00	18297883.12	19036382.14	135331.05	1549102.00	17622611.19	675271.93	1128480.98
COMPUTER	948539.00	246350.00	0.00	1194889.00	748087.49	164706.68	0.00	912794.17	282094.83	200451.51
DYES & MOULDS	51550292.32	14574857.00	0.00	66125149.32	15749083.37	9751285.83	0.00	25500369.20	40624780.12	35801208.95
Factory Building	1263712.00	105930867.29	0.00	107194579.29	10552.00	614176.53	0.00	624728.53	106569850.76	1253160.00
<b>Total</b>	<b>304208701.88</b>	<b>330107854.30</b>	<b>1970905.00</b>	<b>632345551.18</b>	<b>71194261.30</b>	<b>24647142.22</b>	<b>1549102.00</b>	<b>94292301.52</b>	<b>538053349.66</b>	<b>233014440.58</b>
Capital Work in Progress									<b>54028798.30</b>	—
<b>Grand Total</b>									<b>592082147.96</b>	<b>233014440.58</b>
PREVIOUS YEAR	229997319.68	76890163.70	2678781.50	304208701.88	53667178.30	18303406.00	776323.00	71194261.30	233014440.58	—



PARTICULARS	As at 31st March, 2011 Rupees	As at 31st March 2010 Rupees
<b>SCHEDULE - F : INVESTMENTS (AT COST)</b>		
<b>A. GOVT. SECURITIES</b>		
<b>National Savings Certificates</b>		
Deposited with Govt. Authorities	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
<b>B. INVESTMENT IN SHARES (QUOTED)</b>		
2000 Equity Shares of Rs. 10/- each of Andhra Petro Chemicals Ltd. Fully Paid up	47,740.00	47,740.00
4000 Equity Shares ( 4000 Eq. Shares ) of Rs. 10/- each of Tirupati Starch & Chemicals Ltd. Fully Paid up.	58,500.00	58,500.00
15000 Equity Shares of Rs. 2/- each of DCW Ltd. Fully Paid up	131,600.00	131,600.00
500 Equity Shares of Rs. 10 each of Nagarjun Fertilizers Ltd. Fully Paid up	10,500.00	10,500.00
1000 Equity Shares of Rs. 10 each of Raymond Synthetics Ltd. Fully Paid up.	8,450.00	8,450.00
5000 Equity Shares of Rs. 10 each of Kaveri Engg. Ind. Ltd. Fully Paid up.	135,000.00	135,000.00
3200 Equity Shares of Rs. 10 each of Vanavil Dies & Chemical Ltd. Fully Paid up	200,800.00	200,800.00
63600 Equity Shares of Rs. 10 each of Tribhuvan Housing Finance Ltd.	500,000.00	500,000.00
7800 Equity Shares of Rs. 10 each of UCO Bank Ltd.	93,600.00	93,600.00
435 (Pre.Yr. 435) Equity Shares of Rs. 10 each of Reliance Power Ltd (Includes 163 bonus shares)	122,400.00	122,400.00
5000 Equity Shares of Rs. 10 each of M.P. Investments Ltd.	274,565.00	274,565.00
4000 Equity Shares of Rs. 10 each of Herald Commerce Ltd	457,725.00	457,725.00
(Agreegated Mkt. Value of Quoted Investment Rs. 21.63 Lakhs (Pre. Year Rs. 20.80 Lakhs)	<u>2,040,880.00</u>	<u>2,040,880.00</u>
<b>C. INVESTMENT IN SHARES (UN QUOTED)</b>		
2882858 (Pre. Yr.1490650) Equity Shares of Rs. 10 each of Adroit Industries (India) Ltd (Includes 1242208 shares received as bonus shares)	<u>75,000,000.00</u>	<u>60,000,000.00</u>
	<b>75,000,000.00</b>	<b>60,000,000.00</b>
<b>D. INVESTMENT IN MUTUAL FUND (UN QUOTED)</b>		
5000 Units of Morgan Stanley Mutual Fund	35,000.00	35,000.00
	<u>35,000.00</u>	<u>35,000.00</u>
<b>TOTAL INVESTMENTS (A+B+C+D)</b>	<b><u>77,080,880.00</u></b>	<b><u>62,080,880.00</u></b>





**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED 31ST MARCH, 2011**

	AS AT 31st March, 2011	AS AT 31st March, 2010
<b>SCHEDULE- G : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As Valued and Certified by Management)		
Raw Materials	124,416,281.00	26,145,218.00
Finished Goods	414,296,427.00	98,759,933.00
Stores & Spares	1,695,781.00	2,617,282.00
	<b>540,408,489.00</b>	<b>127,522,433.00</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Over Six Months	19,290,527.34	11,796,629.56
Others	1,377,844,843.15	850,002,748.98
	<b>1,397,135,370.49</b>	<b>861,799,378.54</b>
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	1,368,747.12	3,615,207.40
<b>BALANCE WITH SCHEDULED BANK</b>		
In Current Account	12,198,479.65	15,080,064.31
In Fixed Deposit (Pledged with Banks) refer note no. 5 Schedule no. O )	<b>168,354,694.00</b>	<b>99,919,365.15</b>
	<b>181,921,920.77</b>	<b>118,614,636.86</b>
<b>LOANS AND ADVANCES</b>		
Advance recoverable in cash or kind or for which value to be received	147,326,073.00	135,268,765.51
Advance for Capital Goods	63,238,420.69	0.00
Security Deposit	40,658,360.00	37,425,054.00
	<b>251,222,853.69</b>	<b>172,693,819.51</b>
<b>SCHEDULE - H : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (refer note no. 4 Schedule no. O )	1,340,955,185.80	445,237,987.45
Other Liabilities	19,034,181.72	7,657,082.98
Bank Overdraft as per Books of Account	0.00	5,893.38
	<b>1,359,989,367.52</b>	<b>452,900,963.81</b>
<b>PROVISIONS</b>		
For Tax (Net off advance Tax Rs. 64864155.52 Pre. Year Rs. 38336070.90)	1,026,266.11	9,354,350.73
Proposed Dividend	36,483,750.00	0.00
Corporate Tax on Dividend	6,059,495.00	0.00
For Employee Benefits	797,563.00	564,663.00
	<b>44,367,074.11</b>	<b>9,919,013.73</b>
	<b>1,404,356,441.63</b>	<b>462,819,977.54</b>
<b>SCHEDULE - I : SALES &amp; SERVICES</b>		
Sales	4,323,649,493.95	3,598,709,824.11
Less : Excise duty	21,758,682.00	14,765,781.00
	<b>4,301,890,811.95</b>	<b>3,583,944,043.11</b>



	AS AT 31st March, 2011	AS AT 31st March, 2010
Commission (Gross)	18,397,919.70	23,679,084.62
Service Charges (Job Work)	0.00	69,123.00
	<b>4,320,288,731.65</b>	<b>3,607,692,250.73</b>
<b>SCHEDULE - J</b>		
<b>OTHER INCOME</b>		
Interest received (Gross) (T.D.S. Rs.1176234 Pre.Yr Rs. 1855965)	12,047,727.10	9,963,738.04
Dividend (Gross)	745,325.00	0.00
Insurance claims received	107,284.00	0.00
Miscellaneous Income	60,000.00	2,787,735.00
Profit on Sales of Fixed Assets	0.00	12,996.00
Profit on Sales of Investments	0.00	54,004,712.02
	<b>12,960,336.10</b>	<b>66,769,181.06</b>
<b>SCHEDULE - K : INCREASE/ (DECREASE) IN STOCK</b>		
Closing Stock	414,296,427.00	98,759,933.00
Less : Opening Stock	98,759,933.00	108,563,089.00
(Increase) / Decrease in excise duty on cl stock	3,991,560.00	68,996.00
	<b>311,544,934.00</b>	<b>9,872,152.00</b>
<b>SCHEDULE - L : MATERIALS Raw Material</b>		
<b>Opening Stock</b>		
	26,145,218.00	21,194,669.00
Purchases	611,881,371.28	152,055,515.13
	638,026,589.28	173,250,184.13
Less : Closing Stock	124,416,281.00	26,145,218.00
<b>Raw Material Consumed*</b>	(A) 513,610,308.28	147,104,966.13
Purchase of Goods Traded in	(B) 3,802,393,659.10	3,174,674,528.25
Total (A+B)	<b>4,316,003,967.38</b>	<b>3,321,779,494.38</b>
* refer note no. 15(E) notes to the accounts		
<b>SCHEDULE - M : OTHER EXPENSES</b>		
Power and Fuel	16,384,065.00	10,452,511.00
Manufacturing Expenses	3,796,466.06	5,885,597.00
Salary, Wages & Bonus	22,590,587.00	13,010,079.00
Contribution to Provident and Other Funds	987,577.00	517,516.00
Stores and Spares Consumed	8,079,410.37	12,625,230.92
Rent	4,472,440.00	3,505,805.87
Repairs & Maintenance		
- Plant and Machinery	1,278,725.00	812,988.00
- Others	1,105,330.00	882,247.00
Insurance	2,076,068.30	3,903,474.70
Travelling Expenses (Including Director's Travelling Rs. 362165 Pre. Year Rs. 562623.87)	4,149,136.01	1,335,089.87
Legal & Professional	6,680,006.00	3,354,325.00
Telephone Expenses	1,167,222.40	745,905.32
Rates & taxes	3,347,473.66	6,893,351.96
Selling & Distribution Expenses	13,548,856.90	9,497,778.00
Loss on Sale of Fixed Assets	82,803.00	551,595.50
Other expenses	4,015,449.29	3,069,909.47
	<b>93,761,615.99</b>	<b>77,043,404.61</b>
<b>SCHEDULE - N : FINANCIAL CHARGES</b>		
<b>INTEREST</b>		
On Term Loan	10,866,932.00	9,266,167.45
Others	85,075,926.73	67,013,408.12
	95,942,858.73	76,279,575.57
Bank Charges/Commission	22,624,242.39	24,973,718.35
	<b>118,567,101.12</b>	<b>101,253,293.92</b>

**SIGNET INDUSTRIES LIMITED****SCHEDULE : O**

**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****i) ACCOUNTING CONVENTION**

The accounts have been prepared in accordance with the historical cost convention.

**ii) FIXED ASSETS (AS - 10)**

- a. Fixed assets are stated at cost of acquisition, net of tax/duty credit availed if any, including any cost attributable for bringing the assets to its working condition for its intended use; less accumulated depreciation.
- b. Assets under erection / installation and advance given for capital expenditure are shown as "Capital work in progress". Expenditure during construction period are shown as " pre-operative expenses" to be capitalized on erection / installations of the assets.

**iii) DEPRECIATION (AS-6)**

Depreciation on fixed assets is being provided on straight line method at the rates prescribed in schedule XIV of the companies Act, 1956.

Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition / disposal.

**iv) VALUATION OF INVENTORIES (AS-2)**

Inventories are valued at lower of cost or market value on FIFO basis. Cost of inventory is generally comprise of cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as cost of finished goods and goods in transit stated at cost.

**v) INVESTMENTS(AS-13)**

Investments are stated at cost. No provision is made for Diminution in the value of investments, if any, since the same is considered by Board as temporary, while investments are of long-term in nature.

**vi) BORROWING COST(AS-16)**

Borrowing costs attributable to acquisitions and construction of assets are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

**vii) FOREIGN CURRENCY TRANSACTION(AS-11)**

- a. All transactions in foreign currency, are recorded at the rates of exchange prevailing at the date of transaction.
- b. Monetary items in the form of Loans, Current assets and Current liabilities in foreign currencies, outstanding at the close of the year are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.
- c. In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences on the underlying assts / liabilities.

**viii) REVENUE RECOGNITION(AS-9)**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

**ix) SALES**

Sales are inclusive of income from wind power generation, services, export incentive and exchange fluctuation on export receivables and net of trade discount / rebate.

**x) TAXES ON INCOME (AS-22)**

Current tax is the amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1956.

Deferred Tax is recognized on timing difference between taxable income and accounting income that originate in one period and are capable of reversal on one or more subsequent period.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**xi) IMPAIRMENT OF ASSETS(AS-28)**

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

**xii) EMPLOYEE BENEFITS(AS-15)****(a) Post- employment benefit plans**

- i) Defined Contribution Plan - Contributions to provident fund and Family Pension Fund are accrued in accordance with applicable statute and deposited with appropriate authorities.
- ii) Defined Benefit Plan - The Liability in respect of gratuity is determined using actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognized in full in Profit and Loss Accounts for the year in which they occur.

**(b) Short term employment benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employees render the services. These benefits include compensated absence also.

**xiii) SEGMENT ACCOUNTING POLICIES(AS-17)**

- (1) The company has disclosed business segment as the primary segment. Segment have been identified taking into account the type of products, the differing risk return and the internal reporting system. The various segment identified by the company comprised as under :-

<u>Name of Segment</u>	-	<u>Comprised of</u>
Polymer	-	Manufacturing and trading of Poly products
Wind Power Unit	-	Wind turbine power unit
Other	-	Merchant trading of various product

- (2) Segment revenue, segment results, segment assets and segment liabilities include respective amounts directly identified with the segment and also an allocation on reasonable basis of amounts not directly identified. The expenses which are not directly relatable to the business segment, are shown as unallocated corporate cost. Assets and liabilities that can not be allocated between the segments are shown as un allocable corporate assets and liabilities respectively.
- (3) The Company has identified geographical segments as the secondary segment. Secondary segments comprise of domestic and export markets. However, revenue from export sales do not exceed 10% of the total revenue. Segment assets/liabilities pertaining to export market also do not exceed 10%. Hence, no disclosure is required in respect of geographical segments.

**NOTES ON ACCOUNTS**

- |  |                |                |
|--|----------------|----------------|
| <b>1. CONTINGENT LIABILITIES</b>   | <b>2010-11</b> | <b>2009-10</b> |
| a. Bank Guarantee  | 21150000       | 10350000       |
| b. Income Tax/ Sales tax / Excise Duty demand<br>disputed in appeal (Net of amount paid )        | 5105014        | 3140976        |
| c. Estimated amount of contracts remaining to be<br>executed capital commitment (Net of Advance) | 60753329       | Nil            |
2. In the opinion of the Board of Directors, Current Assets Loans & Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and that the provision for known liabilities is adequate and reasonable.
3. Sundry creditors include bills payable for purchase of goods Rs.2305.20 Lacs (Pre. Year Rs. 1450.22 Lacs).
4. There are no delay in payment to Micro, Small and Medium enterprises as required under the Micro, Small and Medium Enterprises Development Act, 2006. The information given in Schedule "Current Liabilities" regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
5. During the year Company has availed buyer's credit, the said facility outstanding as at 31st March 2011, was Rs. 399.08 lacs (Pre. Year Rs. 92.43 lacs), is guaranteed by bank against ear-marking of drawing power in credit limits. In Balance Sheet the said amount is shown as unsecured loans from Banks in Shcedule D.
6. LEASES (Where company is Lessee)  
The Company has taken various premises under cancelable operating leases for its business purpose. These lease agreements are normally renewed on expiry.
7. RELATED PARTY DISCLOSURE
- A. RELATIONSHIPS
1. KEY MANAGEMENT PERSONNEL
- |                     |   |                   |
|---------------------|---|-------------------|
| Shri Mukesh Sangla  | - | Managing Director |
| Shri Saurabh Sangla | - | Director          |
- B. RELATIVES OF KEY MANAGERIAL PERSONNEL
- |                    |              |
|--------------------|--------------|
| Smt. Monika Sangla | Wife of M.D. |
|--------------------|--------------|
- C. WHERE KEY MANAGEMENT PERSONNEL HAVE SIGNIFICANT INFLUENCE / CONTROLLING POWER
- Adroit Industries (India) Limited  
Note : Related party relationship is as identified by the Company and relied upon by the Auditors.

NATURE OF TRANSACTIONS	2010-2011			2009-2010		
	7A	7B	7C	7A	7B	7C
Remuneration to Director	1500000	—	—	780000	—	—
Rent Paid	618000	1171200	—	458000	1171200	—
Rent Deposit	2500000	6000000	—	2500000	6000000	—
Payable	274546	29059	—	55500	—	—
Investment	—	—	75000000	—	—	60000000

- |                              |                |               |
|------------------------------|----------------|---------------|
| 8. Directors Remuneration    | 2010-11        | 2009-10       |
| <b>Salary and Allowances</b> | <b>1500000</b> | <b>780000</b> |

9. **Disclosure as per AS – 15 (Revised) 'Employee Benefits' :**  
Reconciliation of opening and closing balances of Defined benefit obligation.



	Gratuity.	
	2010-11	2009-10
Defined Benefit obligation at beginning of the year.	564663	424818
Current services cost	242867	112199
Interest cost	66621	41619
Actuarial (gain)/ loss	(76588)	(13973)
Benefit paid	—	—
Defined Benefit obligation at year end.	797563	564663

Disclosure as per AS – 15 (Revised) 'Employee Benefits' for the year ended March 31, 2011.

	Gratuity.	
	2010-11	2009-10
Current services cost	242867	112199
Interest cost	66621	41619
Expected return on plan assets	—	—
Actuarial (gain)/ loss	(76588)	(13973)
Net cost	232900	139845

The principal actuarial assumptions used as at March 31, 2011 are as follows.

	2010-11	2009-10
Discount Rate	8.25%	8.00 %
Rate of escalation in salary	5.00%	5.00 %

#### 10. Capital Work in progress

- a. Pre-operative expenditure incurred during the construction period pending capitalization has been dealt with as under :

Particulars	2010-11 Amount in Rs.
Salary & Wages	771290
Power & Fuel	1939163
Legal & Professional Charges	310000
Bank Charges	3477991
Interest on Term Loan	15577175
Rent	203588
Travelling & Conveyance	70788
Other Expenses	1256369
	23606364
Less : Capitalised to Fixed Assets	23606364
Balance pending allocation to be capitalised	Nil

- b. Borrowing cost capitalized during the year on funds attributable to construction / set up of project Rs.15577175.

11. Auditors Remuneration	2010-11	2009-10
Audit Fees (Including S. Tax)	82725	82725



**12. EARNING PER SHARE (EPS)**

	2010-11	2009-10
(a) Net Profit/(Loss) after tax	58313233	115392811
(b) Weighted Average Number of Equity Shares	29187000	*29187000
(c) Nominal Value of Per ordinary Share	10	10
(d) Basic & Diluted Earning Per Share	2.00	3.96

\*After considering bonus issue.

**13. DEFERRED TAX**

DEFERRED TAX LIABILITY (NET)	DEFERRED TAX AS AT 31.03.2011	DEFERRED TAX AS AT 31.03.2010
DEFERRED TAX LIABILITY		
Liability of deferred tax for Depreciation	58091872	42717989
	58091872	42717989
DEFERRED TAX ASSETS		
For Disallowance U/s 43B & 40A(9)	264871	191930
Deferred Tax Liability (Net)	57827001	42526059

**14 SEGMENT REPORTING**

**(a) BUSINESS SEGMENT**

PARTICULARS	Poly Product	Wind Mill	Merchant Trading	UNALLOCABLE	TOTAL
Segment revenue	3,277,041,696.72	11,649,287.00	1,031,705,031.93	12,853,052.10	4,333,249,067.75
	2,841,003,894.73	15,020,972.00	751,667,384.00	66,769,181.06	3,674,461,431.79
Segment result(PBIT)	192,361,375.46	6,162,066.22	7,131,747.93	-17,898,155.85	187,757,033.77
	177,229,762.22	9,127,193.00	5,565,768.00	30,566,533.23	222,489,256.45
<b>Less : Interest</b>					95,942,858.73
					76,279,575.57
Profit before Exceptional/					91,814,175.04
Exceptional/Extraordinary item					146,209,680.88
					0.00
					0.00
Profit (+) Loss(-) before tax					91,814,175.04
					146,209,680.88
<b>Less :Current Tax</b>					18,200,000.00
					27,800,000.00
Deferred Tax					15,300,942.00
					2,811,070.00
Profit (+)Loss(-)after tax					58,313,233.04
					115,598,610.88
Prior Period Adjustments					0.00
					205,800.00
Net Profit					58,313,233.04
					115,392,810.88
Segment Assets	2,477,707,291.54	97,134,957.64	181,714,370.00	206,214,162.72	2,962,770,781.90
	1,247,218,085.33	97,520,896.98	12,445,449.33	155,106,356.85	1,512,290,788.49
Segment Liabilities	1,218,767,742.52	0.00	181,129,675.00	0.00	1,399,897,417.52
	678,562,716.01	0.00	0.00	2,841,059.13	681,403,775.14
Segment Depreciation	17,915,023.66	5,220,836.34	0.00	1,511,282.23	24,647,142.22
	10,032,972.00	5,220,836.00	0.00	3,049,598.00	18,303,406.00

**Note :** Previous year's figures are given in italics.

**(b) Secondary Segment Geographical**

The company's operating facilities are located in India.

	2010-11	2009-10
Domestic Revenue	4,320,288,731.65	3,607,692,250.73
Export Revenue	0.00	0.00



**Unlocable Segment Assets excludes**

Investments	77,080,880.00
	62,080,880.00

**Unallocable segment liabilities excludes**

Provision for tax	1,026,266.11
	9,354,350.73
Secured loan	925,530,981.93
	568,794,290.15
Unsecured loan	248,673,844.00
	180,056,255.00
Deferred Tax liabilities	57,827,001.00
	42,526,059.00
Employee Benefits	797,563.00
	564,663.00
Proposed Dividend	36,483,750.00
	0.00
Corporate Tax on Dividend	6,059,495.00
	0.00

15. Additional information pursuant to Paragraph 3,4C of part II of schedule VI of the Companies Act, 1956 (as certified by management)

**CAPACITY & PRODUCTION**

**2010-2011**

**2009-2010**

**A. LICENCE CAPACITY**

Installed Capacity

i) Polymers and Extruded Plastic Products (Mts)	27600	9000
ii) Wind Power (MW)	1.4	1.4

**B. PRODUCTION #**

Polymers and Extruded Plastic Products (Mts)	4065.561	2022.845
Wind Power (KWH)	3140611	4160305

# Includes production done 3406.207 Kg. (Pre. Year 6770 kg ) for others.

**A) SALES ♦**

**2010-2011**

**2009-2010**

	<b>Qty</b>	<b>Amount in Rs.</b>	<b>Qty</b>	<b>Amount in Rs.</b>
PVC Resin (MT)	22700.545	1705477268	22985.341	1561796093
Plasticizers	813.160	63132012	1073.310	80546820
Polymers #		1519697320	14890.412	1195926237
Wind Power Units (Units)	3140611	11649287	4160305	15020972
Other Goods (MT)	---	1023693604	---	745419703

♦ Sales includes exces/shortage.

**ON CONSIGNMENT**

Polymers & PVC Resin	9510.900	577475084	8461.500	460795061
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**B) OPENING STOCK**

Plasticizers	0.00	0.00	8.100	555272
PVC Resin	539.378	32145445	345.223	22629365
Polymers # (MT)		65463195	1228.139	81329845
Other Goods (MT)	---	1151294	---	4048607

**C) CLOSING STOCK**

Plasticizers	14.940	1475692	0.00	0
Polymers # (MT)		316939862		65463195
PVC Resin	1543.553	95880874	539.378	32145445
Other Goods (MT)	---	0	---	1151294

**D) PURCHASE OF GOODS TRADED IN**

Plasticizers	828.100	64246770	1065.210	79770804
Polymers # (MT)		1004503842	12381.302	838359871
PVC Resin	23704.720	1705086204	23179.496	1515143771
Other Goods (MT)	---	1028556843	---	741400082

Polymer includes items having different units of measurement such as Mtrs, Kgs, Nos etc and its conversion in MTs is not feasible hence quantitative details of Polymers not given.



**E) RAW MATERIAL CONSUMED**

Polymers (MT) *	4115.358	276749087	2059.362	109313961
Others	—	103105306	—	37791005

\*(Excludes 1999.475 MT polymers sold value Rs. 133755915)

**VALUE OF IMPORTED AND INDEGENOUS****RAW MATERIAL CONSUMED**

	%	Value	%	Value
<b>Imported</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Indegeneous</b>	<b>100</b>	<b>379854393</b>	<b>100</b>	<b>147104966</b>

**VALUE OF IMPORTED AND INDEGENOUS****STORES & SPARES CONSUMED**

	%	Value	%	Value
<b>Imported</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Indegeneous</b>	<b>100</b>	<b>8079410</b>	<b>100</b>	<b>12625231</b>

**VALUE OF IMPORT ON CIF BASIS**

Materials	1030939599	470512901
Capital Goods	47163188	--

**EARNING IN FOREIGN CURRENCY**

FOB Value of Exports	—	--
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16. Previous years figures have been re-grouped or re-arranged wherever considered necessary.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Mukesh Sangla  
Managing DirectorSaurabh Sangla  
DirectorAS PER OUR REPORT OF EVEN DATED  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTSCA Avinash Baxi  
Partner  
M.No.:79722Place: Indore  
Date : 30th May 2011



**SIGNET INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	<u>2010-2011</u>	<u>2009-2010</u>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	91,814,175.04	146,209,680.88
<b><u>ADJUSTMENT FOR :</u></b>		
Depreciation	24,647,142.22	18,303,406.00
Interest Paid	95,942,858.73	76,279,575.57
Loss/(Profit) on sales of Fixed Assets	82,803.00	538,599.50
Profit on sales of Investments	0.00	(54,004,712.02)
Dividend	(745,325.00)	0.00
Interest Received	(12,047,727.10)	(9,963,738.04)
Operating Profit Before Working Capital Change	199,693,926.89	177,362,811.89
<b><u>ADJUSTMENT FOR :</u></b>		
Inventories	(412,886,056.00)	5,117,006.00
Trade & Other Receivables	(613,865,026.13)	(137,905,615.48)
Trade & Other Payables	907,321,303.71	9,165,830.26
Cash Flow From Operations	80,264,148.47	53,740,032.67
Taxes Paid (Including dividend tax)	(26,528,084.62)	(22,892,257.90)
Net Cash From Operating Activities	53,736,063.85	30,847,774.77
<b><u>NET CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Purchase of Fixed Assets	(384,136,652.60)	(76,890,163.70)
Dividend	745,325.00	0.00
Interest Received	12,047,727.10	9,963,738.04
Sales of Fixed Assets	339,000.00	1,158,059.00
(Purchase) / sales of shares	(15,000,000.00)	54,816,225.02
Net Cash Used in Investing Activities	(386,004,600.50)	(10,952,141.64)
<b><u>NET CASH FLOW FINANCIAL ACTIVITIES</u></b>		
Proceed From Borrowing	554,943,371.29	221,984,601.63
Repayment of Borrowings	(98,924,692.00)	(186,938,522.07)
Share Application money	35,500,000.00	0.00
Interest Paid	(95,942,858.73)	(76,279,575.57)
Net Cash Flow From Financing Activities	395,575,820.56	(41,233,496.01)
Net Increase/(Decrease) in Cash & Cash Equivalent	63,307,283.91	(21,337,862.88)
Cash & Cash Equivalents at Beginning of the Year	118,614,636.86	139,952,499.74
Cash & Cash Equivalents at End of the Year	181,921,920.77	118,614,636.86

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Mukesh Sangla  
Managing DirectorSaurabh Sangla  
DirectorAS PER OUR REPORT OF EVEN DATED  
FOR ASHOK KHASGIWALA & CO.  
CHARTERED ACCOUNTANTSCA Avinash Baxi  
Partner  
M.No.: 79722Place: Indore  
Date : 30.05.2011



<b>ANNEXURE – I</b>		
<b>INFORMATION PURSUANT TO THE PROVISIONS OF PART-IV SCHEDULE VI OF THE COMPANIES ACT. 1956</b>		
<b>BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE</b>		
<b>I. REGISTRATION DETAILS</b>		
Registration No.	L51900MH1985PLC035202	
State Code	11	
Balance Sheet Date	31.03.2011	
<b>II. CAPITAL RAISED DURING THE YEAR</b>		
	(Rupees in Thousands)	
Public Issue	Nil	
Right I Issue	Nil	
Bonus Issue	243225	
Private Placement	Nil	
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		
Total Liabilities	1,635,495	
Total Assets	1,635,495	
<b>A. Source of Funds</b>		
Paid Up Capital	291,870	
Reserve and surplus	36,185	
Share Application Money	35,500	
Secured Loan	925,531	
Unsecured Loan	288,582	
Deferred Tax Liability	57,827	
<b>Total Liabilities</b>	<b><u>1,635,495</u></b>	
<b>B. Application of Funds</b>		
Fixed Assets	592,082	
Investment	77,081	
Net Current Assets	966,332	
<b>Total Assets</b>	<b><u>1,635,495</u></b>	
<b>IV. PERFORMANCE OF THE COMPANY</b>		
Turnover & Other Income	4,644,794	
Total Expenditure	4,552,980	
Profit Before Tax	91,814	
Profit After Tax	58,313	
Earning Per Share (in Rs.)	2.00	
Dividend Rate %	12.50	
<b>V. GENERIC NAMES OF PRINCIPAL PRODUCT /SERVICE IN THE COMPANY</b>		
(as per monetary terms)	Principal Products : Polymers, Wind Power Generation	
Place : Indore	<b>Mukesh Sangla</b>	<b>Saurabh Sangla</b>
Date : 30.05.2011	Managing Director	Director

**SIGNET INDUSTRIES LIMITED**

308, Acme Plaza,  
Opposite Sangam Cinema, Andheri Kurla Road, Andheri (E), Mumbai 400 059  
**(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)**

**ATTENDANCE SLIP**

**26th ANNUAL GENERAL MEETING**

Hotel Imperial Residency, Plot No. 163, Sher-E-Punjab, Behind Tolani College,  
Mahakali Caves Road, Andheri (East), Mumbai 400 093  
**Wednesday, 10th August, 2011 at 10.30 A.M.**

Member's Name (in capital letters)\_\_\_\_\_

Folio No.\_\_\_\_\_ No. of Share Held\_\_\_\_\_

Member's Signature

Proxy's Name (in Capital Letters)\_\_\_\_\_

Proxy's Signature

.....Cut Here.....

**SIGNET INDUSTRIES LIMITED**

308, Acme Plaza,  
Opposite Sangam Cinema, Andheri Kurla Road, Andheri (E), Mumbai 400 059

**PROXY FORM**

I/We \_\_\_\_\_ of

Being a member/s of the Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in District of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_  
\_\_\_\_\_ in the District of \_\_\_\_\_ as my/our proxy to vote for me/our behalf  
at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, 10th August, 2011 at  
10.30 A.M. or any adjournment thereof.

My/Our Registered Folio No. is \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

affix  
Re. 1  
Revenue  
Stamp

N.B. : This proxy form must be deposited at the Registered Office of the Company at 308, Acme Plaza,  
Opposite Sangam Cinema, Andheri Kurla Road, Andheri (E), Mumbai 400 059 not later than 48 hours  
before the time for holding the meeting.

Book - Post

To,

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*If undelivered, Please return to :*  
**SIGNET INDUSTRIES LIMITED**  
308, Acme Plaza,  
Opposite Sangam Cinema, Andheri Kurla Road,  
Andheri (E), Mumbai 400 059