

34th ANNUAL REPORT

2009-2010

SUNIL INDUSTRIES LIMITED

SUNIL INDUSTRIES LIMITED

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SUNIL INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

MILLS

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

BANKERS

- * ICICI Bank
- * State Bank of India

AUDITORS

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

SHARE TRANSFER AGENT

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

SHARES LISTED AT

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

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

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

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

34TH ANNUAL GENERAL MEETING

Date: 30th, September, 2010
Day: Thursday
Time: 11.00 a.m.
Place: D-8, MIDC Phase II, Manpada Raod, Dombivili (East), Dist – Thane, 421201

NOTICE

NOTICE IS HEREBY GIVEN THAT THE **34TH ANNUAL GENERAL MEETING** OF MEMBERS OF THE COMPANY **SUNIL INDUSTRIES LIMITED** WILL BE HELD ON **THURSDAY THE 30TH SEPTEMBER, 2010**. AT **11.00 A.M.** AT THE REGISTERED OFFICE OF THE COMPANY SITUATED D-8, MIDC PHASE II, MANPADA ROAD, DOMBIVALI (EAST), DIST – THANE – 421 201 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended on 31st March, 2010 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravinder Kumar Gupta, Director of the company who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Mr. Ashish Garg, Director of the company who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint V. K Beswal & Associates, Chartered Accountants, retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion next Annual General Meeting and to fix their remuneration.

By Order of the Board
SUNIL INDUSTRIES LIMITED

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
VINOD LATH
CHAIRMAN

SUNIL INDUSTRIES LIMITED

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. A proxy Form to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register will remain closed from Thursday, 23 September 2010 to Thursday, the 30th September 2010 (both days inclusive).
4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the Meeting.
5. Members/Proxies are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
6. Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidate their holdings in one folio.

By Order of the Board
SUNIL INDUSTRIES LIMITED

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
VINOD LATH
CHAIRMAN

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,
The Members,
SUNIL INDUSTRIES LIMITED
Mumbai

Your Directors have great pleasure in presenting **34TH ANNUAL REPORT** along with the Audited Balance Sheet and Profit And Loss Account for the year ended on **31st March, 2010**.

1. FINANCIAL RESULTS:

The Financial Results are briefly indicated below

Particulars	(Amt in Rs.)	
	For the year ended on 31.03.2010	31.03.2009
Total Income	545040928	590942614
Total Expenditure	525277734	586922853
Net Profit/ (Loss) before tax	19763194	4019761
Provision for tax:		
Current year	1843975	3724
Deferred tax	6269675	-
Fringe Benefit Tax	-	164044
Net profit/ (Loss) after tax	11649544	3851993
Profit/ (Loss) b/f previous year	(18514491)	(22366484)
Balance c/f to Balance sheet	(5087818)	(18514491)

2. FINANCIAL OPERATIONS

During the year ended, Your Company reported total Income of Rs. 545,040,928/- in comparison to Rs. 590,942,614/- of previous year. Due to reduction in manufacturing and financial overheads, your company reported profit of Rs. 11,649,544/- after tax in comparison to profit of Rs. 3,851,993/-

2. DIVIDEND:

In view of financial position of the Company, your Directors did not recommend any dividend for the year under review.

3. DEPOSITS

The company has not accepted any deposits from the Public.

4. PARTICULARS OF EMPLOYEES:

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

5. DIRECTORS:

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

6. SUBSIDIARIES

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

7. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors hereby confirms:

- I. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- II. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit or Loss of the Company for that period.
- III. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors have prepared the Annual accounts on a going concern basis.

8. CORPORATE GOVERNANCE CODE:

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

9. LISTING:

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

10. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:

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

11. FOREIGN EXCHANGE

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

12. AUDITORS:

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

13. AUDITORS REPORT:

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

14. ACKNOWLEDGEMENTS:

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

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

By Order of the Board
SUNIL INDUSTRIES LIMITED

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
VINOD LATH
CHAIRMAN

SUNIL INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY:

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

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

BOARD OF DIRECTORS:

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

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

During the year, there were in total 7 (**Seven**) Board Meetings were held. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes. The dates on which the Board Meeting was held are as follows:

30.04.2009, 31.07.2009, 18.08.2009, 31.10.2009, 28.11.2009, 31.01.2010, 28.03.2010.

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

Sr. No.	Name of Director	Category	No. of Board Meetings Attended	Attendance at Last AGM	No. of Directorship	No. of Other Committee membership in other Companies
1.	Mr. Vinod Lath	Chairman & Managing Director	7	Yes	Nil	Nil
2.	Mr. Pradeep Rungta	Whole Time Director	7	Yes	Nil	Nil
3.	Mr. Ramesh Khanna	Whole Time Director	7	Yes	Nil	Nil
4.	Mr. Ashish Garg	Independent Non Executive Director	7	Yes	Nil	Nil
5.	Mr. Ravinder Kumar Gupta	Independent Non Executive Director	7	Yes	Nil	Nil
6.	Mr. Ratan Babulal Lath	Independent Non Executive Director	7	Yes	Nil	Nil

COMMITTEES OF THE BOARD:

A. Audit Committee

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

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

During the year, there were in total 4 (**Four**) Audit Committee Meetings were held on 30.04.2009, 18.08.2009, 31.10.2009 and 31.01.2010.

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

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

B. Remuneration Committee

The Remuneration Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Remuneration Committee as on 31st March, 2010 as follows:

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

No Remuneration Committee meetings were held during the period under review.

C. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Shareholders/Investors Grievance Committee as on 31st March, 2010 as follows:

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

During the year, there were in total 4 (Four) Shareholders/Investors Grievance Committee Meetings were held on 30.04.2009, 18.08.2009, 31.10.2009 and 31.01.2010.

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

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

GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2006-2007	29.09.2007	11.00 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	0 (Nil)
2007-2008	30.09.2008	11.30 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	3 (Three)
2008-2009	31.12.2009	11.00 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	0 (Nil)

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

SUNIL INDUSTRIES LIMITED

DISCLOSURES:

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

MEANS OF COMMUNICATION:

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

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

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

GENERAL SHAREHOLDERS INFORMATION:

- i. The Annual General Meeting is scheduled to be held on Thursday the 30th September, 2010 at 11.00 a.m. at the Regd. Office of the Company.
- ii. The Financial year of the company is from April to March. The financial calendar is as per following.

First quarter results (30 th June)	End of July
Mailing of Annual Reports	1 st week of September
Annual General Meeting	30 th September, 2010
Payment of Dividend	N.A.
Second quarter results (30 th September)	End of October
Third quarter results (31 st December)	End of January
Fourth quarter / Annual Results	End of July

- iii. Book Closure dates are from Thursday the 23rd September, 2010 to Thursday the 30th September, 2010 (both days inclusive).
- iv. The Board of Directors has not proposed any dividend for the current financial year.
- v. The company's shares are listed at Mumbai, Ahmedabad, Delhi & Calcutta Stock Exchanges out of which Mumbai is a Regional Stock Exchange. The trading on the said Bombay Stock Exchange has been suspended due to non-compliance of the Listing Agreements. The Board is in process of complying with the same and revocation of suspension.
- vi. The Stock Exchange, Mumbai
Security in Physical Form No. BSE- 521232
Electronic Form No. Nil
Scrip Name: SUNIL INDUSTRIES LIMITED.

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

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

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

vii. Market price data:

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

viii. Share Transfer System

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

Address of Registrars and Share Transfer Agent.

Link Intime India Private Limited.

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

ix. Distribution of Shareholding as on 31st March, 2010.

Share holding of Rs.	Nominal Value of Rs.	Shareholders	% of Total	Share Amt.	% of Total
				Rs.	
1	500	6,555	95.05551	8,20,000	19.5238
501	1,000	158	2.2912	1,33,100	3.1690
1,001	2,000	62	0.8991	96,200	2.2905
2,001	3,000	25	0.3625	64,200	1.5286
3,001	4,000	10	0.1450	35,100	0.8357
4,001	5,000	27	0.3915	1,30,500	3.1071
5,001	10,000	18	0.2610	1,48,800	3.5429
Above	1,00,001	41	0.5945	27,72,100	66.0024
TOTAL		6,896	100.0000		100.0000

a. Dematerialization of securities

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

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

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

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

d. Address for correspondence:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

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

B) SEGMENTWISE PERFORMANCE:

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

C) OPPORTUNITIES / OUTLOOK:

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

D) THREATS:

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

E) RISKS AND CONCERNS:

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

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

G) HUMAN RESOURCES POLICIES:

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

H) CAUTIONARY STATEMENT:

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

By Order of the Board
SUNIL INDUSTRIES LIMITED

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
VINOD LATH
CHAIRMAN

CEO/CFO Certificate

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

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

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

FOR **SUNIL INDUSTRIES LIMITED**

Sd/-
Mr. Vinod Lath
(CEO)

FOR **SUNIL INDUSTRIES LIMITED**

Sd/-
Mr. Pradeep Rungta
(CFO)

DATE: 1st September, 2010
PLACE: Dombivli

SUNIL INDUSTRIES LIMITED

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of the Clause 49 of the listing Agreement, Code of Conduct as approved by the Board of Directors of the Company, all the members of the Board and the senior management personnel had affirmed compliance with the Code for the period 31st March, 2010

By Order of the Board
SUNIL INDUSTRIES LIMITED

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
VINOD LATH
CHAIRMAN

COMPLIANCE CERTIFICATE

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

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

We have examined the registers, records, books and papers of **SUNIL INDUSTRIES LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010** ("financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has not duly filed any forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a limited Company has a minimum prescribed paid-up capital.
4. The Board of Directors duly met **7 (SEVEN)** times, respectively on **30.04.2009, 31.07.2009, 18.08.2009, 31.10.2009, 28.11.2009, 31.01.2010 & 28.03.2010** in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members for the period 24th December, 2009 to Thursday the 31st December, 2009 ,Thursday
6. The Annual General Meeting for the financial year ended on **31st March 2009** was held on **31stDecember, 2009** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. The Company has advanced loans to Body Corporate in which the Directors of the Company are interested as referred to under Section 295 of the Act; however, no Central Government Approval is taken.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act; however no Central Government approval is taken.
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act, and the register pursuant to section 301(3) of the Act is maintained.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate certificates during the financial Year.
13. The Company has:

SUNIL INDUSTRIES LIMITED

- (i) Not made any allotment but has delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with law.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) not transferred the amounts in unpaid dividend account application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a year of seven years to Investor Education and Protection Fund as no amount in respect of the above were lying in the books of accounts of the Company to be transferred.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointments of Director during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has not obtained Central Government approval as required under the purview of sections 295 and 297 of the Companies Act, 1956, no other approval other than as mentioned above were required to be obtained of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no preference capital or debentures and as such, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited or accepted any deposits including any unsecured loans falling within the purview of Section 58A of the Act during the financial year.
24. The amount borrowed by the Company from financial Institutions, Banks, and others during the financial year ending 31st March, 2010 are within the borrowing limits of the Section 293(1) (d) of the Act.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial Year.
31. There were no prosecutions initiated against or show cause notices received by the Company and no fines or penalties or any other punishments was imposed on the Company during the financial year, for offences under the Act
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

**For HS Associates,
Company Secretaries**

**Sd/-
Hemant Shetye
Partner**

**DATE: 1st September, 2010
PLACE: Mumbai.**

ANNEXURE "A"

REGISTERS AND RECORDS MAINTAINED BY THE COMPANY

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

ANNEXURE "B"

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Company Law Board, Central Government and other authorities during the financial year ended on 31st March 2010.

—————N.A—————

For **HS Associates,**
Company Secretaries

DATE: 1st September, 2010
PLACE: Mumbai.

Sd/-
Hemant Shetye
Partner

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

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

We have reviewed the implementation of Corporate Governance produced by the company during the year ended on 31st March, 2010 with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

For **HS Associates,**
Company Secretaries

DATE: 1st September, 2010
PLACE: Dombivli

Sd/-
Hemant Shetye
Partner

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF SUNIL INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of Sunil Industries Limited as at 31st March, 2010, and the Profit & Loss Account of the Company for the year ended on that date and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, (the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to in paragraphs above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Profit & loss Account and the Cash Flow Statement comply with the accounting standards referred to in Section 211 (3C) of the Act.
 - e) On the basis of written confirmation received from Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Act.
- 5) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

**R.P.LADDHA
(PARTNER)
Membership No. 48195**

Place: Mumbai
Dated: 1st September, 2010

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

- i) In respect of fixed assets:
- a) the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management on such verification;
 - c) since the company has not disposed off a substantial part of fixed assets during the year, the question of sale of substantial part of fixed assets affecting going concern concept does not arise.
- ii) In respect of inventories:
- a) as explained to us, physical verification of inventory has been conducted during the year by the management at reasonable intervals;
 - b) in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;
 - c) in our opinion, and according to the information and explanation given to us, the Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification.
- iii) In respect of loans, secured or unsecured, granted or taken by the company, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act, according to the information and explanations given to us:
- a) The company has not granted any loan to companies or firms or parties covered in the register maintained under section 301 of the Act.
 - b) The Company has not taken any loans from firms covered in the Register maintained under section 301 of the Act. The company has however taken loan from one company and six parties covered in the Register maintained under section 301 of the Act. The maximum amount outstanding during the year in respect of the loans taken from seven parties covered in the Register maintained under section 301 of the Act aggregates to Rs 1315.82 lakhs and the balance outstanding at 31.0.3.2010 is Rs.1288.89 Lakhs.
 - c) in respect of the unsecured loans taken by the company, the rate of interest and other terms are prima facie not prejudicial to interest of the company;
 - d) there are no overdue amounts of loans taken or granted by the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit we have not observed any continuing failure to correct any major weakness in internal control.
- v) In respect of transactions that need to be entered in the register maintained in pursuance of Section 301 of the Act in our opinion and according to the explanations given to us:
- a) transactions that need to be entered into the Register in pursuance of Section 301 of the Act have been so entered;
 - b) the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act have been made at prices which are reasonable having regard to prevailing market prices and exigencies of the trade at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits covered under section 58A and section 58AA of the Act and hence the question of contravention of the provisions thereof does not arise.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

SUNIL INDUSTRIES LIMITED

viii) We are informed that the company is in the process of maintaining cost records and accounts as prescribed under section 209 (1) (d) of the Act.

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

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

b) the following dues have not been deposited by the company on account of disputes:

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

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

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

Place: Mumbai
Dated: 1st September, 2010

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

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCH	AS AT 31/03/2010 RUPEES	AS AT 31/03/2009 RUPEES
1 SOURCES OF FUNDS			
Shareholders Funds:			
Share Capital	A	41,984,000	41,984,000
Reserves & Surplus	B	<u>185,050,105</u>	<u>171,623,432</u>
		227,034,105	213,607,432
Loan Funds:			
Secured Loans	C	142,593,803	90,447,755
Unsecured Loans	D	-	26,108,687
Deferred Tax Liability		<u>6,269,675</u>	<u>-</u>
		<u>375,897,583</u>	<u>330,163,874</u>
II. APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	E	183,520,067	188,549,053
Less: Depreciation		<u>118,074,651</u>	<u>121,873,243</u>
Net Block		65,445,416	66,675,810
Investments	F	1,816,000	1,000
Current Assets, Loans and Advances:			
Inventories	G	128,708,838	126,754,065
Sundry Debtors	H	98,595,761	94,074,811
Cash and Bank Balances	I	29,889,183	12,362,539
Loans and Advances	J	<u>100,549,090</u>	<u>102,759,075</u>
		357,742,872	335,950,490
Less: Current Liabilities and Provisions	K	<u>49,106,705</u>	<u>72,463,425</u>
Net Current Assets		<u>308,636,167</u>	<u>263,487,065</u>
		<u>375,897,583</u>	<u>330,163,874</u>

Notes : Schedule 'R' -

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTSSd/-
R.P. LADDHA
(PARTNER)
Membership No. 48195

For and on behalf of the Board

Sd/-
V.G. Lath Managing DirectorSd/-
P.K. Rungta Exective DirectorPlace: Mumbai
Dated: 1st September 2010Place: Mumbai
Dated: 1st September 2010

SUNIL INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCH	FOR THE YEAR ENDED 31.03.2010 RUPEES	FOR THE YEAR ENDED 31.03.2009 RUPEES
I. INCOME			
Gross Sales and Processing Charges	L	540,295,684	588,655,385
Less: Excise duty		-	48,732
Net Sales and Processing Charges		540,295,684	588,606,653
Other Income	M	4,745,244	2,335,961
		<u>545,040,928</u>	<u>590,942,614</u>
II. EXPENDITURE			
Material Cost	N	292,666,522	394,229,205
Payment to and Provisions for Employees	O	7,533,160	4,542,111
Manufacturing, Administrative and Selling Expenses	P	200,677,473	169,187,861
Financial Expenses	Q	15,234,606	10,968,002
Depreciation		9,165,973	7,995,674
		<u>525,277,734</u>	<u>586,922,853</u>
III. Profit \ Loss before taxation (I-II)		19,763,194	4,019,761
IV Provision for Taxes			
Fringe Benefit Tax		-	164,044
Defered Tax		6,269,675	-
Income tax		1,843,975	3,724
		<u>8,113,650</u>	<u>167,768</u>
V Profit /(Loss) after taxation (III-IV)		11,649,544	3,851,993
VI Minimum Alternate Tax Credit Entitlement		1,777,129	-
VII Profit/ (Loss) for the year (V+VI)		13,426,673	-
VIII Profit/(Loss) brought forward		(18,514,491)	(22,366,484)
IX Balance carried to Balance Sheet		<u>(5,087,818)</u>	<u>(18,514,491)</u>
Earnings per share (Basic) (Rs.)		3.20	0.92

Notes : Schedule 'R'

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Dated: 1st September 2010

For and on behalf of the Board

Sd/-
V.G. Lath Managing Director

Sd/-
P.K. Rungta Exective Director

Place: Mumbai
Dated: 1st September 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
SCHEDULE 'A'		
SHARE CAPITAL:		
Authorised 5000000 Equity shares of Rs. 10/- each (Previous year 5000000 equity shares of Rs. 10/- each)	50,000,000	50,000,000
Issued, Subscribed and Paid up 4200000 Equity shares of Rs. 10/- each (Previous year 4200000 equity shares of Rs. 10/- each fully paid up)	42,000,000	42,000,000
Less: Allotment Money pending	16,000	16,000
	<u>41,984,000</u>	<u>41,984,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS:		
General Reserve	140,857,634	140,857,634
Less:		
Principal amount of loan written back in earlier year now written off	-	-
	140,857,634	140,857,634
Profit & loss a/c	(5,087,818)	(18,514,491)
	<u>135,769,816</u>	<u>122,343,143</u>
Share Premium	49,343,289	49,343,289
Less: Arrears in Share Premium A/c.	63,000	63,000
	<u>49,280,289</u>	<u>49,280,289</u>
	<u>185,050,105</u>	<u>171,623,432</u>
SCHEDULE 'C'		
SECURED LOANS:		
Working Capital Loan	139,823,797	87,677,749
Other Loans	2,770,006	2,770,006
	<u>142,593,803</u>	<u>90,447,755</u>
SCHEDULE 'D'		
UNSECURED LOANS:		
Intercorporate Deposit	-	18,772,328
From Promoters/ Directors	-	7,336,359
	-	<u>26,108,687</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE 'E'
FIXED ASSETS:**

Particulars	Gross Block			Depreciation / Amortisation			Net Block			
	As On 01/04/2009	Additions during the year	Deductions	As On 31.03.10	Upto 01/04/2009	For the year	Deductions	Upto 31.03.10	As At 31.03.10	As At 01/04/2009
Leasehold Land	142,047	-	-	142,047	4,305	1,435	-	5,740	136,307	137,742
Land at Ichalkaranji	237,040	-	-	237,040	7,182	2,394	-	9,576	227,464	229,858
Land at Dindigul	4,290,322	-	-	4,290,322	-	-	-	-	4,290,322	4,290,322
Factory Building	46,863,859	-	-	46,863,859	14,192,898	1,565,253	-	15,758,151	31,105,708	32,670,961
Lab Equipments	1,557,597	299,498	-	1,857,095	1,163,763	170,474	-	1,334,237	522,858	393,834
Bhiwandi Godown	198,920	-	-	198,920	95,589	6,644	-	102,233	96,687	103,331
Plant & Machinery	116,824,500	9,691,519	13,127,565	113,388,454	95,424,899	6,716,629	12,964,565	89,176,963	24,211,491	21,399,601
Electrical Installation	3,427,507	-	-	3,427,507	1,662,863	162,807	-	1,825,670	1,601,837	1,764,644
Office Premises	830,050	-	-	830,050	223,486	13,530	-	237,016	593,034	606,564
Residential Premises	251,000	-	-	251,000	53,187	4,091	-	57,278	193,722	197,813
Tube Well	106,833	-	-	106,833	80,529	5,075	-	85,604	21,229	26,304
Computer	3,768,666	110,462	-	3,879,128	3,294,489	85,250	-	3,379,739	499,389	474,177
Office Equipments	1,631,683	23,412	-	1,655,095	1,210,981	64,422	-	1,275,403	379,692	420,702
Vehicles	1,542,518	332,480	-	1,874,998	585,597	257,283	-	842,880	1,032,118	956,921
Furniture & Fixtures	4,384,815	132,904	-	4,517,719	3,873,475	110,686	-	3,984,161	533,558	511,340
Total (A)	186,057,357	10,590,275	13,127,565	183,520,067	121,873,243	9,165,973	12,964,565	118,074,651	65,445,416	64,184,114
B) Capital Work in Progress										
Plant & Machinery	2,491,696	-	2,491,696							2,491,696
Total (A+B)	188,549,053	10,590,275	15,619,261	183,520,067	121,873,243	9,165,973	12,964,565	118,074,651	65,445,416	66,675,810
Previous Year	161,425,150	30,448,335	3,324,432	188,549,053	117,201,996	7,995,679	3,324,432	121,873,243	66,675,810	44,223,154

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
SCHEDULE 'F'		
INVESTMENTS: (At Cost)		
Unquoted:		
10 Equity shares of Rs. 100/- each fully paid up of Sunil Fabrics Private Limited	1,000	1,000
33000 Shares of Arima Spinners Pvt Ltd @55/-	<u>1,815,000</u>	<u>-</u>
	<u>1,816,000</u>	<u>1,000</u>
SCHEDULE 'G'		
INVENTORIES:		
(Verified, valued and certified by the Management)		
a) Raw Material	40,855,232	18,707,920
b) Semi-Finished Goods	36,217,813	61,165,966
c) Finished Goods	43,481,508	38,615,831
d) Stores, Spares, Dyes & Chemicals	7,179,487	7,165,607
e) Packing Materials	241,576	192,467
f) Fuel, Oil & Gases	<u>733,222</u>	<u>906,274</u>
	<u>128,708,838</u>	<u>126,754,065</u>
SCHEDULE 'H'		
SUNDRY DEBTORS:		
(Unsecured)		
a) Considered good		
Due for more than six months	3,613,543	4,599,473
Others	<u>94,982,218</u>	<u>89,475,338</u>
	98,595,761	94,074,811
b) Considered doubtful		
Due for more than six months	<u>6,098,143</u>	<u>6,098,143</u>
	104,693,904	100,172,954
Less: Provision for Doubtful Debts	<u>6,098,143</u>	<u>6,098,143</u>
	<u>98,595,761</u>	<u>94,074,811</u>

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2010

	AS AT 31.03.2010 RUPEES	AS AT 31.03.2009 RUPEES
SCHEDULE 'I'		
CASH AND BANK BALANCES:		
Cash with Scheduled Banks in :		
Current Account	12,938,083	542,056
Fixed Deposit Account	15,575,000	11,175,000
Cash in hand	1,376,100	645,483
	<u>29,889,183</u>	<u>12,362,539</u>
SCHEDULE 'J'		
LOANS AND ADVANCES:		
(Unsecured Considered good)		
Advances recoverable in cash or in kind or for value to be received		
	91,189,654	94,783,207
Deposits with Govt. and others	3,855,560	4,255,871
Deposit with Excise authorities	2,065,000	2,065,000
Income Tax Refund Due	1,661,747	1,654,997
Minimum Alternate Tax Credit Carried forward	1,777,129	-
	<u>100,549,090</u>	<u>102,759,075</u>
SCHEDULE 'K'		
CURRENT LIABILITIES AND PROVISIONS:		
Current Liabilities:		
Sundry Creditors for Expenses	8,370,631	4,673,313
Sundry Creditors for Goods	26,871,532	62,292,828
Provision for Tax (Net of taxes paid)	1,189,286	
Other Liabilities	12,675,256	5,497,284
	<u>49,106,705</u>	<u>72,463,425</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAR. 2010**

	<u>YEAR ENDED 31.03.10 RUPEES</u>	<u>YEAR ENDED 31.03.09 RUPEES</u>
SCHEDULE 'L'		
SALES AND PROCESSING CHARGES:		
Sales	515,237,932	582,030,078
Processing Charges	<u>25,057,752</u>	<u>6,625,307</u>
	<u>540,295,684</u>	<u>588,655,385</u>
SCHEDULE 'M'		
OTHER INCOME:		
Interest Received	1,475,869	1,157,861
Sundry Sales	501,645	543,530
Profit on sale of Machine	1,400,000	225,000
Sundry Balances Written Back	1,62,634	-
Rebate & discount	12,05,096	384,570
Rent Received	-	25,000
	<u>4,745,244</u>	<u>2,335,961</u>
SCHEDULE 'N'		
MATERIAL COST:		
Material Cost:		
1) Cost of raw material consumed:		
Opening Stock	18,707,920	34,569,388
Add Purchase	<u>218,240,065</u>	<u>145,170,778</u>
	236,947,985	179,740,166
Less:		
Yarn sales	-	40,608
Cotton sales	7,261,814	
Closing Stock	<u>38,716,286</u>	<u>18,707,920</u>
	190,969,885	160,991,638
2) Purchase (Grey cloth)	- 81,614,161	- 224,642,375
3) (Increase) /Decrease in stock of finished goods		
Opening stock		
Semi - Finished Goods	61,165,966	75,716,856
Finished Goods Cloth	<u>38,615,831</u>	<u>32,660,133</u>
	99,781,797	108,376,989
Less: Closing stock		
Semi - Finished Goods	36,217,813	61,165,966
Finished Goods	<u>43,481,508</u>	<u>38,615,831</u>
	20,082,476	8,595,192
	<u>292,666,522</u>	<u>394,229,205</u>

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	YEAR ENDED 31.03.2010 RUPEES	YEAR ENDED 31.03.2009 RUPEES
SCHEDULE 'O'		
PAYMENTS TO AND PROVISION FOR EMPLOYEES:		
Salary and Bonus	6,193,314	4,049,529
Contribution towards Provident and Other funds	447,943	284,763
Staff Welfare	891,903	207,819
	<u>7,533,160</u>	<u>4,542,111</u>
SCHEDULE 'P'		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES:		
Manufacturing:		
Processing and Labour Charges	11,014,860	8,267,364
Spinning Charges	12,082,686	18,940,596
Weaving & Other Mfg exp	35,213,974	30,463,278
Stores, Dyes and Chemicals consumed	71,463,965	48,059,785
Power and Fuel	27946704	26,490,519
Water Charges	3,350,551	2,843,985
Repairs to Building	1,453,379	899,992
Repairs to Machinery	2,140,083	1,119,783
Repairs to Others	318,296	222,252
Screen Design Expenses	158,787	99,030
Packing Material consumed	<u>8,347,749</u>	<u>8,393,006</u>
	173,491,034	145,799,590
Administrative & Other Expenses:		
Rent, Rates and Taxes	572,922	570,170
Insurance Charges	790,236	695,548
Travelling and Conveyance	881,314	690,758
Other Expenses	6,711,052	5,294,082
Freight, Octroi and Forwarding Expenses	<u>15,592,241</u>	<u>12,198,333</u>
	24,547,765	19,448,891
Selling:		
Advertisement and Sales Promotion	1,507,114	1,813,909
Brokerage and Commission	<u>1,131,560</u>	<u>2,125,471</u>
	2,638,674	3,939,380
	<u>200,677,473</u>	<u>169,187,861</u>
SCHEDULE 'Q'		
FINANCIAL EXPENSES:		
Interest On :		
Bank Interest	-	40,171
Others	<u>14,926,910</u>	<u>10,626,710</u>
	14,926,910	10,666,881
Bank Charges	<u>307,696</u>	<u>301,121</u>
	<u>15,234,606</u>	<u>10,968,002</u>

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

	31.3.2010	31.3.2009
	Rs. In	Rs. In
	Lakhs	Lakhs
1) Contingent Liabilities not provided for:	590.89	590.89
i) disputed Excise Duty liability		
ii) disputed Customs Duty liability of M/s. Sunil Impex, a firm in which the company was an erstwhile partner sharing 80% profit and loss (to the extent of the profit and loss sharing ratio).	336.00	336.00
2) Secured Loans :		
A) Working Capital Loans :		
i) Cash credit, Overdraft facilities and Working Capital Term Loan are secured by joint hypothecation of Stocks, book debts and other Current Assets of the Company, both present and future and equitable mortgage charge on Factory Building at MIDC, Dombivili ranking pari-pasu between Indian Bank and Allahabad Bank.		
ii) Loan from Allahabad Bank is also secured by Corporate guarantee of Sunil Fabrics Pvt. Ltd. & Eske Tex (India) Pvt. Ltd. with negative lien on land and building owned by them.		
B) Other Secured Loans: Plant & Machinery purchased under hire purchase scheme is secured against the machinery purchased under the scheme.		
C) Secured Loans from Allahabad Bank are guaranteed by Shri. V.G. Lath ,Managing Director and Smt. Saroj Lath ,wife of Shri. V.G. Lath.		
D) Secured Loans from Indian Bank are guaranteed by Shri V. G. Lath, Managing Director, Smt. Saroj Lath ,wife of Shri.V. G. Lath, and Shri. Laxmikant Lath.		
3) Accounting Policies:		
i) Fixed Assets :		
a) Gross Block :		
All Fixed Assets are stated at cost.		
b) Depreciation:-		
* Depreciation on Plant & Machinery, Factory Building, Office Premises, Godown at Bhiwandi, Residential Premises, Tube Well, Lab Equipments, Computers and Electric Installations is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 (the Act).		
* Depreciation on Furniture, Office Equipments and Vehicles is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Act.		
Depreciation on Additions to Fixed Assets during the year is calculated on pro-rata basis.		
ii) Borrowing Cost:		
Borrowing costs attributable to fixed assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to the Profit & Loss Account.		
iii) Investments:		
Investments are stated at the cost of acquisition.		
iv) Inventories:		
a) Stock of Raw Material is valued at lower of Cost determined on FIFO basis or net realisable value.		
b) Color, Chemicals, Dyes, Stores and Coal is valued at Cost.		
c) Finished Goods are valued at cost or net realizable value whichever is lower. The cost includes manufacturing expenses and appropriate overheads.		

SUNIL INDUSTRIES LIMITED

v) Method of Accounting:

The books of accounts are maintained on accrual basis.

vi) Retirement Benefits:

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

vii) Impairment of assets:

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

6) In the opinion of the Board :

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

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

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

	31.3.2010	31.3.2009
	Rs. In lakhs	Rs. In lakhs
9) Salary and Bonus include, Directors Remuneration	6.24	6.24
10) Auditors Remuneration :		
a) Statutory Audit Fees	2.50	2.76
	2.50	2.76
11) Quantitative Information:		
A) (As certified by the management and relied upon by the auditors being a technical matter)		

	Unit	Qty	Qty
i) Licensed Capacity		Not Applicable	Not Applicable
ii) Installed Capacity Cloth Processing	Lac Mtrs.	600.00	600.00
B) Production			
a) Cloth Processing on job works		37.69	9.57
b) Cloth manufactured and Processed	Lacs Mtrs.	71.95	64.62

	Unit	Qty (in Lacs)	Value (Rupees in Lacs)	Qty (in Lacs)	Value (Rupees in Lacs)
C) Sales	Mtrs.	74.31	4953.46	81.97	5820.30
Cloth	Kgs.		198.92	0.0005	0.41
Yarn			5152.38		5820.71
D) Purchases (Cloth)	Mtrs.	3.87	816.14	17.89	2246.42
E) Opening Stock :					
Cloth	Mtrs.	8.64	306.16	8.09	257.62
Web equipments			80.00		
F) Closing Stock :					
Cloth	Mtrs.	10.16	434.81	8.64	306.16
Web Equipment					80.00
			434.81		386.16
G) Raw Materials Consumed (Indigenous) :					
Fibre	Kgs.	7.55	487.51	6.84	515.14
Yarn	Kgs.	15.68	1277.82	13.64	866.92
Cloth	Mtrs.	6.01	144.36	10.71	227.85
TOTAL			1909.69		1609.91
H) Stores, Spares, Dyes and Chemicals consumed:		% Consumption	Amount Rs. In Lacs	% Consump- tion	Amount Rs. In Lacs
Indigenous		97.91%	699.70	100%	480.59
Imported		2.09%	14.93	0%	0
Total		100.00%	714.63	100%	480.59
I) Expenditure in Foreign Currency:					
C.I.F Value of Raw Material (Yarn)			0		21.38
C.I.F Value of Stores Imported			14.93		0.00
J) Capital Commitments			NIL		639.00

SUNIL INDUSTRIES LIMITED

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

12) Segment Reporting:

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

13) Deferred Tax Liability :

Deferred Tax is recognised on timing difference being the difference between tax income and accounting income that originate in one period and are capable of reversal in one/more subsequent period. Deferred Tax liability has been computed as under:

Tax effect on account of timing difference arising on account of

A) Fixed Assets :		
Net Block as per books (as at 31.3.2010)		Rs. 6,54,45,416
Net Block as per provisions of the Income Tax At,1961.		Rs. 4,69,99,770
Deferred Tax Liability		Rs. 1,84,45,646
B) Deferred Tax Asset		
Unabsorbed Depreciation/ Business Loss		Rs. 41,50,460
C) Net Deferred Tax Liability (A-B)		Rs. 1,42,95,196
D) Deferred Tax Liability applying current tax rates on 'C' above		48,58,934

14) Disclosure of related party transactions :

A) Related party and their relationships :

i) Enterprises controlled by Director and Relatives.

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

ii) Name of Key Management

Personnel and their relatives :

- Mr. Vinod Lath – Managing Director
- Mr. Laxmikant Lath – Son of Managing Director
- Mr. Ramesh Khanna- Whole time Director
- Mr. Pradeep Rungta – Whole time Director
- Mrs. Saroj Lath – Wife of Managing Director
- Mrs. Rashmi Khanna – Wife of the Director
- Mrs. Reena Rungta – Wife of the Director

B) Transactions with Related Parties :Nature of Transaction :	31-03-10	31-03-09
	Amount (Rs.	Amount (Rs.
	in Lakhs)	in Lakhs)
a) Transactions with enterprises controlled by directors & Relative		
1. Cloth Purchase	1.21	86.73
2. Cloth Sales	4.41	429.58
3. Outstanding Receivables	10.52	37.74
4. Outstanding Payables	67.50	32.87
5. Weaving Charges Paid	147.90	106.40
6. Loan Taken	1175.80	575.53
7. Loan repaid	126.00	392.81
8. Loan outstanding balance	1283.89	182.72
b) Transactions with key management person		
1. Rent	0.05	0.05
2. Directors Remuneration	6.24	6.34
3. Interest Paid	71.40	5.31
4. Salary Paid	0	3.19

	31-03-10	31-03-09
15) Earnings Per Share:		
Profit /(Loss) After Tax (Numerator)	13426673	3851993
No. of Equity shares	4200000	4200000
Basic Earnings per share	3.20	0.92
16) Previous year figures have been regrouped, rearranged, recast and reclassified wherever considered necessary.		
17) The figures have been rounded off to the nearest multiple of Rupee.		
18) Information required by Part IV of Schedule VI is enclosed as annexure – 1		
19) Cash flow statement is enclosed as Annexure – 2		

SIGNATURES TO SCHEDULES 'A' TO 'R'

AS PER OUR REPORT OF EVEN DATE

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

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

Place: Mumbai
Dated: 1st September 2010

For and on behalf of the Board of Director

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

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

Place: Mumbai
Dated: 1st September 2010

SUNIL INDUSTRIES LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31.03.2010 (Rupees in Lakhs)		For the year ended 31.03.2009 (Rupees in Lakhs)	
A)Cash arising from operating activities				
Profit /(Loss) Before Taxation		197.63		40.20
Add/(Less) :				
Interest received	(14.76)		(11.58)	
Interest paid	149.27		106.67	
Depreciation	91.66		79.96	
Machinery scrapped	0.00		33.24	
		226.17		208.29
		<u>423.80</u>		<u>248.48</u>
Deduct:				
Profit on sale of assets		14.00		2.25
OPERATING PROFIT/ (LOSS)BEFORE WORKING CAPITAL CHANGES AND EXTRAORDINARY ITEMS		<u>409.80</u>		<u>246.23</u>
Add:				
Increase in Trade Receivable	45.21		221.52	
Increase in Other Receivable	(39.87)		197.52	
Increase in Payable	245.46		0.00	
Increase/(Decrease) in Inventories	19.55		0.00	
		270.35		419.04
		<u>139.46</u>		<u>(172.81)</u>
Deduct :				
Decrease in Trade Receivable	0.00		40.30	
Decrease in Inventories	0.00		262.26	
Increase in Payable	0.00		0.00	
Sale of Fixed Assets/Machinery Scrapped	<u>0.00</u>		<u>0.00</u>	
		0.00		302.56
		139.46		129.75
Taxes Paid		6.57		1.58
Net Cash Inflow/ (Outflow) in Course of Operating Activities		<u>132.89</u>		<u>128.17</u>
B)Cash inflow/(outflow) arising from Investing Activities				
OUTFLOW:				
Acquisition of fixed assets	(105.90)		(304.00)	
Capital Subsidy under Technology Upgradation Fund Scheme(TUFs)	1.64			
Add/(Less): Capital Work in progress	<u>24.92</u>	(79.35)	<u>0.00</u>	(304.00)
Deduct Inflow :				
Sale of Fixed Assets/Machinery Scrapped		14.00		2.25
Machinery scrapped				33.24
Net Cash (Outflow)/Inflow arising from Investing Activities		<u>(65.35)</u>		<u>(268.51)</u>
C)Cash flow arising from Financial Activities				
INFLOW:				
Increase in Secured Loan	521.46		676.78	
Interest received	<u>14.76</u>		<u>11.58</u>	
		536.22		688.36
Deduct Outflow :				
c)Repayment of Secured Loan			399.38	
Repayment of Unsecured Loans	261.08			
c)Increase in Investments	18.15		0.00	
d)Interest paid	149.27	428.50	106.67	506.05
Net Cash Inflow/ (Outflow) arising from Financing Activities		<u>107.72</u>		<u>182.31</u>

	For the year ended 31.03.2010 (Rupees in Lakhs)	For the year ended 31.03.2009 (Rupees in Lakhs)
Net Cash Increase/(Decrease) in inflow of cash/cash equivalents “(A+B+C)”	175.26	41.97
Add: Opening balance of cash/ cash equivalents	<u>123.63</u>	<u>81.66</u>
Closing balance of cash/cash equivalents	<u>298.90</u>	<u>123.63</u>

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Dated: 1st September 2010

For and on behalf of the Board

Sd/-
V.G. Lath Managing Director

Sd/-
P.K. Rungta Exective Director

Place: Mumbai
Dated: 1st September 2010

SUNIL INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year

Public Issue Rights Issue
 Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds

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

Application of Funds

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

IV Performance of Company

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

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

Earning per Share in Rs. Dividend @ %

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

Item Code No. (ITC Code) Product Description

For and on behalf of the Board

Sd/-
 V.G. Lath Managing Director

Sd/-
 P.K. Rungta Exective Director

Place: Mumbai
 Dated: 1st September 2010

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

ATTENDANCE SLIP

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

I hereby record my presence at the **34th Annual General Meeting** of the Company at **Regd. Office** of the company on **Tuesday the 30th September, 2010** at **11.00 a.m.**

Name of the Shareholder

Signature

Folio No. _____

(Full name of Proxy)

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

_____(TEAR)_____

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

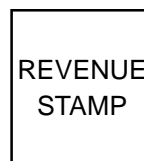
PROXY FORM

I/we..... of in the district of being a member/members of the above named Company hereby appoint of in the district of..... or failing him of In the district of as my / our proxy to vote for me/us on my our behalf at the **34th Annual General Meeting** of the Company to be held at **Regd. Office** of the company, on **Tuesday the 30th September, 2010** and at any adjournment thereof.

Signed this..... day of, 2010.

Reg. Folio No.

No. of Shares



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