

Sumeet
INDUSTRIES LIMITED

Sumeet INDUSTRIES LTD.

FIVE YEARS OPERATING & FINANCIAL DATA

OPERATING DATA	(Rs. in Lacs)				
	2009-10	2008-09	2007-08	2006-07	2005-06
Sales & Income from operation	37604.10	15847.71	12932.90	11249.13	8218.71
Other Income	74.13	-21.31	-15.09	137.00	62.89
Increase (Decrease) in Inventories	878.90	824.23	33.41	653.96	356.35
Total	38557.13	16650.63	12951.22	12040.09	8637.95
Purchase of Finished Goods	0.00	3011.22	0.00	25.75	289.60
Raw Material Consumed	32971.29	10076.07	9843.14	9165.38	6341.78
Staff Cost	267.18	108.38	101.55	74.41	55.85
Manufacturing Expenses	1652.25	970.63	981.54	860.55	907.07
Admn Exp & Selling & Dist.Exp.	566.30	1037.64	705.41	# 699.10	345.98
Interest & Depreciation	1422.04	813.44	796.05	721.45	564.79
Total	36879.06	16017.38	12427.69	11546.64	8505.07
Profit/(Loss) before Taxation	1678.07	633.25	523.53	493.45	132.88
Taxation	572.26	251.69	156.41	156.98	47.71
Profit & Loss after Taxation	1105.81	381.56	367.12	336.47	85.17
Earning per Share (EPS)	2.70	0.95	1.82	1.93	0.49

FINANCIAL DATA					
Share Capital	* 4999.52	**3999.52	** 2512.29	**2239.93	**2239.93
Share Application Money	250.00	0.00	257.00	75.00	0.00
Reserve & Surplus ***	3908.72	2722.99	1375.97	927.22	694.65
Loan Funds ****	24667.22	14020.80	4807.32	4449.43	3931.86
Capital & Funds Employed	33825.46	20743.31	8952.58	7691.58	6866.44
Fixed Assets (Gross) *****	23824.14	19480.70	8792.62	8102.57	7918.57
Depreciation	4832.33	4270.51	4040.82	3657.20	3299.85
Fixed Assets (Net)	18991.80	15210.19	4751.80	4445.37	4618.72
Investments	53.69	107.20	155.81	126.10	103.49
Current Assets	16874.06	6142.20	4851.86	3740.71	2433.45
Current Liabilites & Provisions	2121.94	745.50	824.95	620.60	289.22
Net Current Assets	14752.12	5396.70	4026.91	3120.11	2144.23
Misc. Exp. not written off	27.85	29.22	18.06	0.00	0.00
Capital & Funds Applied	33825.46	20743.31	8952.58	7691.58	6866.44

Inclusive of Extra Ordinary items

* Includes Preference Share Capital of Rs.10.00 Crores

** Includes Preference Share Capital of Rs.5.00 Crores

*** Includes Deffered Tax Liability

**** Includes Secured & Unsecured Loan

***** Includes Capital Work in Progress



Pending

I am pleased to report that your company continues to achieve new milestones in its journey towards sustainable growth through total excellence. The growth of a company is invariably determined not just by its strategy but how it responds to the challenges it encounters. We focused on initiatives that would enable us to be a company of the future.

The economic crisis left also an impact on textile industries globally. The Year 2009-10 have shown steady growth throughout the year. The total output of spun yarns and man made fibers amounted to 6.9 million tones, consolidating India's second position in world textile industry. It currently contributes 4% to GDP and exports about 14% of the country's total foreign revenue.

The year under review the company has achieved turnover of Rs. 363.82 Crores an increase over 131% and recorded Net Profit of Rs. 11.06 Crores an increase of 189% in comparison to last year. The Board of Directors have recommended dividend @ 10% per share for the year under review.

I like to share also with highlights of 1st quarter results of the Current year. During the first quarter the company has achieved turnover of Rs. 168.06 Crores, an increase over 212% and Net profit of Rs. 6.04 Crores an increase over 134% in comparison to last year. Your company will continue to grow to record a new high.

During the year under review, your company has successfully commissioned 100000 TPA C.P. Plant and 48300 TPA POY/FDY Spinning Plant and 6 MW Gas based Genset Captive Power Plant with total project cost of Rs. 145.00 Crores.

Looking towards the future, your company has envisaged to invest Rs. 530 Crores in the Green Field Project of 200000 TPA of new Continuous Poly Condensation (CP) Plant and further expansion in the production capacity of POY and FDY by 47000 TPA and another 26 MW Gas based Genset Power Project in two phases. The future of the organization holds new promises.

Your company remained focused on creating value for its customer using the basic principles of TQM methodology which we are customizing throughout our organization. As our mission "Passion for Growth", we took a number of improvement initiatives to further sharpen our cost competitiveness, effective working capital management and chalking out mega expansion plans for enhancing our production capacities.

Our Natural Gas based Genset Power Plant is eligible for CDM projects and existing 6 MW Power Projects is in validation process.

Before Concluding, let me assure of our commitment to create value for our stakeholders and thanks to our Board of Directors for their constant guidance and support. We value the trust that you repose on us and look forward to your continued support and encouragement.

Shankarlal Somani
Chairman

(This does not purport to be part of the proceeding at the meeting)

**TWENTY SECOND
ANNUAL REPORT**

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri Anil Kumar Jain

AUDITORS

PRADEEP SINGHI & ASSOCIATES

Chartered Accountants, Surat

INTERNAL AUDITOR

RRA & CO.

Chartered Accountants, Surat

BANKERS

Bank of Baroda

Bank of India

IDBI Bank Ltd.

REGISTERD OFFICE :

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

FACTORY :

Block No. 289, 291, 292, Village : Karanj,
Tal. : Mandvi,
Dist. : Surat-394 110. (Gujarat)

DELHI OFFICE :

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

REGISTRAR & SHARE TRANSFER AGENT :

M/S. BIGSHARE SERVICES PVT. LTD.

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

22ND ANNUAL GENERAL MEETING

DATE : 30th September, 2010

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

TIME : 10:00 A.M.

INSTRUCTION TO THE MEMBERS

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

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NOTE

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

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of M/s. SUMEET INDUSTRIES LIMITED will be held at Bombay Market Hall, Umarwada, SURAT on Thursday, 30th Day of September, 2010 at 10:00 A.M. to transact following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date and Reports of Auditors and Board of Directors thereon.
2. To declare dividend on Equity Shares for financial year ended 31st March, 2010.
3. To appoint a Director in place of Shri Devi Prasad Saboo who retires by rotation and being eligible for Re-appointment.
4. To appoint a Director in place of Shri Mangilal Lahoti who retires by rotation and being eligible for Re-appointment.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS**06. APPOINTMENT OF SUMEET KUMAR SOMANIS WHOLE TIME DIRECTOR**

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

“RESOLVED THAT pursuant to the provisions of Section 269, 309, 198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any other statutory enactment thereof for the time being in force, the Company hereby approves the re-appointment and terms of remuneration of Shri Sumeet Kumar Somani as Whole Time Director of the Company for a period of 5 (Five) years with effect from 01.10.2010, upon the terms and conditions as set out in the Explanatory Statement annexed herewith.”

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

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

07. ISSUE OF SHARES & SECURITIES

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

“RESOLVED THAT in accordance with the provisions of Section 81, 81(A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force), and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered in to by the company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board/Committee to issue/offer equity shares, including unclassified shares after classifying them as equity/preference shares and/or non-convertible debentures, all or any of the aforesaid with or without detachable warrants, and/or warrants of any nature, ADRs, GDRs, Bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as “Securities”) as the Board at its sole discretion may at any time or times hereafter decide, to such persons whether or not such persons are members of the Company including Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, conversion of loans or otherwise for expansion of existing manufacturing facilities, setting up new projects, working capital requirements and for general corporate purposes or any other strategic investments as the Board may deem fit, so that the total amount raised through the

aforsaid securities including premium, if any, shall not exceed Rs. 100 Crores, with or without voting rights in General Meetings of the Company as may be permitted under the prevailing laws, at such price or prices, or in such manner as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the leadmanagers, advisors and such other persons and on such terms and conditions including the number of securities to be issued, price, rate of interest, redemption period, manner of redemption, amount of premium or redemption, the number of equity shares allotted on conversion of debt instruments exercise of rights attached with warrants, the ratio of exchange of shares and/or any other financial instruments, period of conversion, fixing of record date or book closure and related or incidental matters.”

“**RESOLVED FURTHER THAT** such of the securities to be issued, as are not subscribed may be disposed of by the Board/Committee, thereof, to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board Committee thereof may in its absolute discretion decide”.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to enter into and execute all such arrangements/agreements with any person or persons who may be directly connected or involved in such issuing/offering of securities and that the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue, offer and allotment of Securities and to give effect to this Resolution”.

08. INCREASE IN AUTHORISED CAPITAL

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

“**RESOLVED THAT** pursuant to section 31, 95, 97 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 50.00 Crores divided in to 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- each and 1,00,00,000 (One Crore) 6% Non- Convertible Redeemable Preference Shares of Rs. 10/- each) to Rs. 75.00 Crores divided in to 6,50,00,000 (Six Crores Fifty Lacs) Equity Shares of Rs.10/- each and 1,00,00,000 (One Crore) 6% Non- Convertible Redeemable Preference Shares of Rs. 10/- each ranking pari passu with the existing shares in the company. Accordingly, new amended Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company will be read as below.”

- V. The Authorised Share Capital of the Company is Rs. 75,00,00,000/- (Rs. Seventy Five Crores) divided in to
1. 6,50,00,000 (Six Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rs. Ten) each.
 2. 1,00,00,000 (One Crore) 6% Non- Convertible Redeemable Preference Shares of Rs. 10/- (Rs. Ten) each.

09. INCREASE IN BORROWING LIMITS

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

“**RESOLVED THAT** in supersession to the earlier resolution passed at the General Meeting of the Company held on 29th September, 2009 and pursuant to provisions of Sub-section (d) of Section 293(1) of the Companies Act, 1956 and all other enabling provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors (which here in after referred to as “the Board” which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board of Directors by this resolution), to borrow any sum or sums of monies, from any one or more Company’s bankers and/or from any one or more other Banks, Persons, Firms, Bodies corporate or Financial Institution, whether by way of term loans, advances or deposits, FCCB, loans or bills discounting, issue of debentures, furnishing of guarantees or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien or pledge of the Company’s assets and properties, whether immovable or movable, and all or any of the undertaking(s) of the Company, for and on behalf of the Company from time to time of further sums of money for the purpose of the Company amounting in aggregate to a sum not more than Rs. 750 Crores (Rupees Seven Hundred Fifty Crores) (excluding temporary loans obtained from the Company’s bankers in the ordinary course of business), that is to say, the total borrowings by the Board of Directors for and on behalf of the Company of an aggregate sum not exceeding Rs. 750 Crores, exclusive of interest, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (Apart from such temporary loans obtained or to be obtained from the Company’s bankers) will or may exceed the aggregate of the paid-up capital and its free reserves, that is to say, reserves not set apart for any specific purpose.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to borrowing(s) as aforesaid or any other matter in this regard.”

10. CREATION OF CHARGE

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

“**RESOLVED THAT** in modification to the resolution passed at the General Meetings of the Company held , the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, to the Board of Directors of the Company (which herein after referred to as “the Board” which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board of Directors by this resolution) to mortgage, hypothecate and/or charge in addition to the existing mortgages/ hypothecation/ charges created by the Company on such terms and conditions as the Board may deem fit, on all or any part of movable and/or immovable properties of the Company, wherever situate, both present and future, and/or the whole or substantially the whole of the undertaking of the Company in favour of any person including but not limited to banks, financial institutions, corporate bodies, trustees of debenture holders and /or any other lending agencies or other persons to secure the loans, debentures and other credit facilities together with interest, cost, charges, expenses and any other money payable by the Company up to a sum not exceeding Rs. 750 Crores (Rupees Seven Hundred Fifty Crores).”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to finalise with such banks/financial institutions/trustees/of debenture holders/lending agencies and/or any other person the documents for creating the aforesaid mortgage, hypothecation and/or charge and to do all such acts, matters, deeds and things as may be necessary or expedient for giving effect to this resolution and also to agree to any amendments/changes/variations thereto from time to time as it may think fit.”

11. ISSUE OF EQUITY WARRANTS

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

Pending

Registered Office :

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

Place : Surat

Date : 31.07.2010

By order of the Board Directors

Sd/-

Shankarlal Somani

Chairman

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing proxy in order to be effective **MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
3. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days before the date of meeting to facilitate satisfactory replies.
5. The Register of Members and Share Transfer Register of the Company will remain closed from Friday 24th September, 2010 to Wednesday, 29th September, 2010 (both days inclusive).
6. Payment of dividend, if declared, will be paid to the eligible members whose names shall appear in the Register of Members of the Company on 29th September, 2010. In respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
7. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the towns and cities. Members are requested to correctly fill the details in the ECS Form attached in the Annual Report and send the same to the Company or its Registrar and Share Transfer Agent, **M/s. Bigshare Services (P) Limited, Unit - Sumeet Industries Limited, E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072** to avail the benefit of this service.
8. Members /Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. 06**

Shri Sumeet Kumar Somani is a Whole Time Director of the company since 01.10.2005 and his term of office as Whole Time Director expires on 30.09.2010. The Board of Directors of the Company recommends to re-appoint Shri Sumeet Kumar Somani as Whole Time Director of the Company for a further period of 5 (Five) years w.e.f. 01.10.2010 on the following terms and conditions.

REMUNERATION & PERQUISITES

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

CATEGORY A

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

CATEGORY B

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

CATEGORY C

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

Notwithstanding any thing contained herein above, Shri Sumeet Kumar Somani shall be entitled to the payment of minimum remuneration which shall be calculated as the salary mentioned in para 1 herein above as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any adequacy or absence of profits for a period of 5 years from 01.10.2010 to 30.09.2015.

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

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

The Board recommends the resolution for adoption.

ITEM NO. 7

The Company has been examining its growth opportunities from time to time in line with the objectives of becoming competitive in its business. Under the future expansion plan, company has envisaged to invest Rs. 530 Crores in the new project of 200000 TPA of CP Pant and further expansion in the production capacity of POY and FDY by 47000 TPA.

Accordingly, the consent of the shareholders is being sought authorizing the Board of Directors for issuing the securities as stated in the resolution, which would result in issuance of further shares of the company.

Section 81 of the Companies act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of the company by allotment of further shares, such further shares, shall be offered to the existing shareholders of the company in the manner laid down in section 81 unless the shareholders in general decide otherwise.

The listing agreement with the Stock Exchange also provide, inter alia, that the company in the first instance should offer all the shares and debentures issue for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in the General Meeting.

Accordingly, consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the company with the Exchange.

The proposed resolution is therefore recommended for your approval.

ITEM NO. 8

The Company has chalkout its further expansion program to invest Rs. 530.00 Crores to enhance the production capacity of POY and FDY by 47000 TPA and another 6 MW Gas based Genset Captive Power Plant and new green field project of 200000 TPA of CP Plant. This expansion will be partly financed by issue of equity shares by way of FPO/Rights/QIP/Preferential Allotment.

Therefore, to enable the Company to issue fresh equity shares it is proposed to increase the Authorised Share Capital of the Company from Rs. 50.00 Crores divided in to 4,00,00,000 (Four Crores) Equity Shares of Rs.10/- each and 1,00,00,000 (One Crore) 6% Non-Convertible Redeemable Preference Shares of Rs. 10/- each) to Rs. 75.00 Crores divided in to 6,50,00,000 (Six Crores Fifty Lacs) Equity Shares of Rs.10/- each and 1,00,00,000 (One Crore) 6% Non-Convertible Redeemable Preference Shares of Rs.10/- each and consequently alteration in Memorandum of Association & Articles of Association of the Company are proposed.

The members are requested to consider and approve the resolutions.

None of the Directors are concerned or interested in the proposed resolutions

ITEM NO.09

Your company has successfully completed its Backward Integration Project of Polymerization Plant for manufacturing Pet Chips. Now the company is exploring the possibilities of further expansions in POY manufacturing facilities directly from MEG and PTA and forward integration project for manufacturing Texturised Yarns & FDY Yarns of varied deniers. Current borrowing powers of the Board of directors are Rs. 500.00 Crores. So, necessary resolution is placed in the notice enhancing borrowing powers of the Board of Directors from existing Rs. 500.00 Crores to Rs. 750.00 Crores.

Section 293 (1) (d) of the Companies Act, 1956 inter- alia, provides that the Board of Directors of a Public company shall not, without the consent of members in a General Meeting, borrow money (apart from temporary loans obtained in the ordinary course of business) exceeding the paid up capital of the company and its free reserves not set apart for any specific purpose. So, It is necessary to obtain the approval of the members for the resolution under section 293 (1) (d) of the Companies Act, 1956.

None of the Directors of the company is concerned or interested in the proposed resolution.

Board recommends the resolution for adoption.

ITEM NO. 10

In view of the expansion in business and the proposed business plans of the Company and towards enabling an active borrowing program to allow the company to borrow funds from various lenders at most competitive rates, for which a proposal for enhancement of the borrowing powers of the Board has been made as above. The borrowing facilities may required to be secured by creation of mortgage and/or charge in favour of the lender on such immovable and movable properties of the Company, present and future, as may be decided in consultation with the lenders. Your directors propose to enhance the limit for creation of mortgage, hypothecation / charge, on all or any of the movable /immovable properties of the company in favour of Banks, financial institution and/or lending agencies up to a sum of Rs. 750.00 Crores.

Section 293 (1) (a) of the Companies Act, 1956 inter-alia, provides that the Board of Directors of a Public company shall not, without the consent of members in a General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking. So, It is necessary to obtain the approval of the members for the resolution under section 293 (1) (a) of the Companies Act, 1956.

The Board recommends this resolution to be passed as an Ordinary resolution.

None of the Directors of the company is concerned or interested in the proposed resolution.

ITEM NO. 11

To augment the long term resources of the Company in order to meet the growth opportunities and for general corporate purposes, your Board intends to mobilize funds through issue of warrants to Promoters / Promoters group and/or Strategic Investor(s) by way of Preferential allotment of warrants for cash, in terms of the Guidelines issued by the Securities And Exchange Board of India, as in force on the date of this notice. The number of warrants entitling to convert into equity share to such persons and on such terms and conditions including as to dividend, premium, conversion etc. are detailed in the draft resolution set out in the Notice and Explanatory Statement.

The proposed issue and subsequent allotment of equity shares on exercise of the option by the warrant holder, require approval of the members by a Special Resolution pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Listing Agreement entered into by the Company with the Stock Exchanges.

The 1,00,00,000 Equity Warrants proposed to be issued to the Promoters and Promoters Group of the company will carry an option to acquire equivalent no. of shares of Rs. 10/ (including premium of Rs.----) each, on the terms and conditions mentioned in the aforesaid special resolution'

The required disclosure as per 13.1A of SEBI (Disclosure and Investor Protection) Guidelines , 2000 as amended from time to time , are furnished as under :-

1. Objects of the issue

The objects of the issue of equity shares on preferential basis is to augment the capital base of the company and also to meet the financial requirements for the projects being undertaken.

2. Intention of the Promoter and Promoter Group to subscribe to the offer

The Promoters / Promoters Group who intend to subscribe to the warrants proposed to be issued

Shareholder	Percentage of shareholding before the proposed preferential allotment of warrants		Percentage of shareholding after conversion of the proposed preferential allotment of warrants	
	No of Shares	% of Share holding	No of Shares	% of Share holding
A. Promoter and promoter Group: Foreign Total Shareholdings of Promoters & Promoters Group	NIL_____	NIL_____	NIL_____	NIL_____
B.Public Shareholding : -----nstitutions and FIIs -----Non Institutions Total Shareholdings by Public	_____	_____	_____	_____
C.Shares held by custodian against which depository receipts have been issued	NIL	NIL	NIL	NIL
TOTAL [A+B+C]		100		100

Note:

- 1) The above shareholding pattern has been prepared on the basis of shareholdings as on _____
- 2) The post issue shareholding pattern has been arrived on the assumption that the entire 1,00,00,000 warrants proposed to be issued to Promoter would be converted in to equity shares.

4. Proposed time within which allotment shall be completed

The Board proposes to allot the Equity Warrants in terms of the resolution set out in the Notice within 15 days from the date of passing of the resolution or within 15 days from the date of approval of any regulatory authority, whichever is later.

The allotment of 1,00,00,000 Equity shares resulting from exercise of option attached to the said equity warrants, will be completed in one or more tranches, but within 18 months from the date of issue of the Equity Warrants.

5. Identity of the proposed allottees and the percentage of the preferential issue that may be held by them

The percentage of the post preferential issue capital held by the proposed allottee assuming full conversion of warrants in to fully paid equity shares is as under .

SL No	Name of Proposed Allottee	Name of Proposed Allottee	% in the post-issue capital (including pre-issue holding)

6) Pricing of the Issue

The issue of warrants and equity shares arising through issuance will be at a price equal or higher than:

a) The average of the weekly high and low of the closing prices of the Company's Shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the six months preceding the 'relevant date'.

Or

b) The average of the weekly high and low of the closing prices of the Company's shares quoted on a Stock Exchange (National Stock Exchange of India Limited) during the two weeks preceding the 'relevant date'.

The price above is determined on the basis of the quotes available on the Bombay Stock Exchange., where at the trading turnover is higher.

The 'relevant date' for determining the issue price of the resultant equity shares which shall be allotted to the warrant holders, on exercise of the option to apply for equity shares against warrants shall be 30th August, 2010, being the date 30 (thirty) days prior to the date of passing of this resolution by the members in the Annual General Meeting.

The Auditor's Certificate certifying that the issue of Equity Warrants is being made in accordance with the Guidelines will be available for inspection at the Registered Office of the Company on all working days except Sunday and holidays between 11 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

7) Conversion of Period

Warrants holder shall be entitled to apply for the equity shares within specified period of 18 months from the date of allotment.

8) Terms of Payment

An amount equivalent to ___ per cent of the issue price shall be payable on subscription to the warrants.

The warrant holders shall be entitled to apply for and be allotted, in one or more tranches, one equity share of the face value of Rs. 10/- each of the Company per warrant, any time after the date of allotment of such warrants. Upon exercise of the right to apply for equity shares, the warrant holders will be liable to make the payment of the balance amount, being ___ per cent of the issue price. The amount paid will be adjusted / set off against the issue price of the resultant equity shares. The Board (or a Committee thereof) upon receipt of the entire payment towards issue price, shall allot one equity share per warrant. If the entitlement against the warrants to apply for the equity shares is not exercised within the specified period of 18 months, such entitlement shall lapse and the amount paid on such warrants shall stand forfeited.

9) Lock in Period

The warrants issued under the preferential offer shall be subject to lock in for a period of ___ year from the date of allotment. The lock in on the shares allotted on exercise of option attached to the warrants shall be reduced to the extent the warrants have already been locked in.

10) Other terms

The equity shares arising out of issue of warrants pursuant to the Resolution shall rank pari passu in all respects with the existing equity shares of the Company.

11) Auditor's Certificate

M/s. Pradeep Singhi & Associates, Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI guidelines for preferential issues.

The Board recommends this resolution to be passed as a special resolution.

None of the Directors of the Company is concerned or interested in the proposed resolution.

Registered Office :

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

By order of the Board Directors

Sd/-

Shankarlal Somani
Chairman

Place : Surat

Date : 31.07.2010

DIRECTORS' REPORT**To The Members,**

Your Directors have pleasure in presenting the 22nd Annual Report and Audited Statements of Accounts for the year ended 31st March, 2010. The year was an eventful year for Indian economy. Raw Material Prices i.e MEG , PTA have witnessed high fluctuation in their price trend in the last financial year. Price of agricultural products, minerals and metals, oil commodities and food stuffs were headed north and after a long decade economy witnessing double digit inflation.

Despite these your Company has been able to earn net profit of Rs. 11.06 Crores due to efficient usage of Raw material, Energy conservation, Quality of its finished products, Overhead Cost Cutting and better management of Working Capital.

The efforts made by your Company in improving efficiencies in all areas of operations including Working capital management resulting in lower interest cost and foreign currency risk management, have contributed greatly towards the improved performance. We trust you will be quite satisfied with the performance of your Company.

FINANCIAL RESULTS	(Rs. in lacs) 31-03-10	(Rs. in lacs) 31-03-09
Gross profit before interest & Depreciation	3100.11	1446.68
Less: Interest	778.84	487.57
Depreciation	643.20	325.86
Profit before Tax	1678.07	633.25
Less : Provision for Taxation		
Current Tax	-	159.28
Deferred Tax	572.26	92.41
Profit after Tax	1105.81	381.56
Less : Taxation of Previous Year	20.95	1.84
Add : Balance Brought Forward	927.63	379.72
Profit available for appropriation	2012.49	641.23
Prov. for Divided and Dividend tax	471.38	0.00
Balance transfer to General Reserve	0.00	0.00
Balance transfer to Balance sheet	1541.11	1020.95

DIVIDEND

Your Directors have pleasure to recommend Dividend of 10% i.e. Rs. 1/- per share on the paid up equity share capital of the company for the year ended 31st March, 2010 . As per current paid-up capital, the total dividend and divided tax thereon would absorb an apx. sum of Rs. 471.38 Lacs. The dividend will be free of tax in the hands of recipients.

OPERATIONS

During the year under review, the company has successfully commissioned 100000 TPA Continuous Polymerization (C.P.) Plant and commercial production of the same has been started since 1st July, 2009

Another expansion of 23500 TPA POY Plant and 21000 TPA FDY Plant has been successfully commissioned in the month of March, 2010 and the full effect of operation of this plant will be reflected in the next financial year.

The company has posted a satisfactory performance for the year under review. The company has produced 39010.768 Tons of Pet Chips / Polyester / Polypropylene Multifilament Yarn and dispatched 38986.823 Tons of Pet Chips / Polyester / P.P. / Poly yarns. The Company has manufactured 13.66 Lacs Mtrs of Polyester Fabrics and dispatched 14.24 Lacs Mtrs of Polyester Fabrics. The company has also produced 162.680 Tons of Menthol Products.

Income from Operation of the Company has increased by 138 % from Rs. 158.26 Crores to Rs. 376.78 Crores and Net Profit After Tax has increased by 190% from Rs. 3.82 Crores to Rs. 11.06 Crores in comparison to last year.

EXPORTS

The company has been exploring all the possibilities for exporting its products. During the year under review, your Company has exported Polyester Yarns, Pet Chips and Menthol products of Rs. 1139.77 Lacs as compared to Rs. 1119.61 Lacs in the last year.

At present company is exporting Pet Chips and Polyester yarns to South Africa, Bangladesh, Egypt, Saudi Arabia, China, Peru, Argentina, Portugal, Indonesia, Iran, U.S.A & Singapore etc. Exploring exports market has been a key area of focus for the company. Your Company expects reasonable growth in the overall export sales in the current year.

DEPOSITORY SYSTEM

As members are aware, the company's shares are compulsorily tradable in electronic form. As on March 31, 2010, almost 90.83% of the Company's total paid-up capital representing 3,63,26,108 shares were in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization on either of the Depositories.

NEW PROJECTS

The company has successfully commissioned 100000 TPA Continuous Polymerization (C.P.) Plant and 23500 TPA of POY Plant and 21000 TPA of FDY Plant during the year under review and the plants are running satisfactorily.

The Company has chalkout Rs. 530 Crores expansion plan for enhancing its manufacturing capacity of both POY and FDY and Pet Chips in two phases.

In the first phase of expansion production capacity of POY and FDY will be increased from 53000 TPA to 100000 TPA and setting up another 8 MW Gas based Genset Captive Power Plant with project cost of Rs.130.00 Crores. This expansion will utilize balance capacity of Polycondensation Plant as captive consumption by manufacturing POY/FDY directly from MEG & PTA instead of Producing PET Chips. This project will enhance the scale of operation and improve the cost competitiveness of company's product. After completion of this expansion total turnover of the company will be increased by Rs. 100 Crores and EBIDTA by Rs. 40 Crores.

In the second phase of expansion new green field project of 200000 TPA Continuous Poly Condensation (CP) Plant will be setup to manufacture Bright FDY Yarns, POY Yarns, Yarn grade and Bottle grade Pet Chips and setting up another 26 MW Gas based Genset Power Project with total project cost of Rs. 400.00 Crores. After completion of this project, the company will achieve record turnover of Rs. 2500.00 Crores mark.

This expansion will be partly financed by ECB/FCTL/FCCB/TERM Loans and balance will be through internal accruals and Issue of Equity Shares by way of FPO/Rights/ QIP/Preferential Allotment.

GAS BASED POWER PLANT

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

Being new expansion projects in line, the company is also in the process of setting up another 26 MW Gas based Genset captive power Plant nearby its expansion project.

The Gas based Genset Power Plant is eligible to be registered as CDM projects and the project is under validation process for getting registered with UN to be eligible to get carbon credits..

SUBSIDIARY COMPANIES

The company had a only subsidiary named Somani Industries (Nepal) Pvt. Ltd. which has been wind up and the loss of Rs. 33.28 Lacs in investment in the subsidiary company has been accounted for during the year under review.

FIXED DEPOSITS

The Company has not accepted any deposits during the year.

DIRECTORS

Mr. Devi Prasad Saboo and Mr. Mangilal Lahoti retire by rotation and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.

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

AUDITORS

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

COST ACCOUNTING RECORDS :

The Company has maintained cost accounting records in respect of manufacture of Partially Oriented Yarn, Polypropylene Multifilament Yarn, Pet chips and Menthol as required. The company has appointed Mr. V. Srinivasan, Cost Accountant for conducting the audit of such records for the financial year 2009-10.

PERSONNEL

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the company. As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 175 as amended, no employee is drawing remuneration in excess of the prescribed limits.

RISK MANAGEMENT

Risk Management is the systematic process of understanding, measuring, controlling and communicating organization's risk exposures while achieving its objectives. The Board of Directors regularly review risks and threats and takes suitable steps to safeguard its interest. The risk management policy is periodically examined and updated. The focus shifts from one area to another area depending upon the prevailing situation. During the year under review, highest importance was given to the management of foreign currency exchange rate fluctuation risk.

INSURANCE

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

FOREIGN EXCHANGE TRANSACTIONS:

In order to hedge the company's exposure to foreign exchange and interest rate, the company entered into forward contracts. In case of liabilities in respect of foreign currency loans obtained for acquisition of fixed assets, the variation in the liabilities arising out of exchange rates at the year end have been capitalized during the year as per Companies (Accounting Standard) Amendment Rules, 2009.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

During the year the company has successfully commissioned 6 MW Gas based captive power plant and thereby increasing its total captive capacity to 8.5 MW, as a result of which substantial saving in energy costs have been accruing. Further this will also resulted to the company in utilizing stable power supply leading to higher production efficiency.

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

RESEARCH & DEVELOPMENT

The Company is giving great emphasis to innovation in product and process technology and operational efficiencies. For its newly commissioned Continuous Polymerization Plant (CP), the company has set up a fully equipped well designed lab for testing of MEG and PTA and developing better quality of Pet chips and yarns with different deniers and filaments. The enhanced quality so developed will perform well in the domestic as well as in international market. Successful efforts are being made to re-engineer the products & process to reduce cost and optimize material consumption.

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

CONSTITUTION OF AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place : Surat
Date : 09-06-2010

SHANKARLAL SOMANI
Chairman

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

ANNEXURE-1

A. Conservation of Energy:

Energy conservation is a high priority area for the Company. Our continued effort to reduce and optimize the use of energy consumption has shown positive results. Better controls are planned to achieve further reduction in energy consumption. In the year 2006-07, the Company has converted its coal based power plant into Gas base Genset Power Plant and thereby reduced per unit cost of energy. During the year company has successfully commissioned 6 MW Gas based Captive Power Plant.

a) Energy Conservation measures taken by the Company : -

1. Reduction in compressed air consumption in the spinning / winding machines.
2. Optimization of air handling units to reduce air flow and cooling load.
3. Optimising lighting load of entire manufacturing division.
4. PLC based loading and unloading controls on air compressors.
5. Optimum use of compressor by way of Inverter Control System & regular check for air leakages.
6. Monitoring closely high energy consuming equipment.
7. Using of Centralized Cooling Towers.
8. Optimization of electric power generation.
9. Maximisation of heat recovery system from exhaust gas of engines.

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

1. New centrifugal blower in place of Low pressure compressors
2. Optimization of Air Conditioning System
3. Replacement of existing chillers with energy efficient chillers.
4. Cooling tower ID fans were replaced with high flow energy efficient fans.
5. Replacement of old inefficient pumps with new energy efficient pumps in Cooling Tower utilities

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

The measures taken have resulted in savings in cost of production by way of reduction in consumption of electricity and fuel oils with reduction in process time and ultimately gets reduction in cost of production.

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

FROM A

A. Power and Fuel Consumption :

	<u>2009-10</u>	<u>2008-09</u>
1. Electricity :	NIL	NIL
(a) Purchased		
- Units		
- Total Amount		
- Rate/Unit(Rs.)		
(b) Own generation		
(i) Through diesel generator in Units (KWH)	85540	413040
Liters of HSD Consumed	25632	122682
Unit per Ltr. of Diesel	3.34	3.37
(ii) Through steam turbine/generator		
Unit	-	-
Consumed	-	-
Unit per MT of Coal	-	-
(iii) Gas (Generated by Gas based Gen set)		
Quantity (in units KWH)	22068656	14624130
Gas Consumed (in SM 3)	5792736	3835629
Unit per KWH/SM 3	3.81	3.81
2. Gas :	-	-
Quantity (in units)	7830692	3835427
Total amount	127601327	44611147
Average rate	16.30	11.63
3. Furnace Oil :		
Quantity (in Ltrs.)	788003	-
Total amount	21045988	-
Average rate	26.71	-
4. Diesel :		
Quantity (in Ltrs.)	39200	138031
Total cost	1419000	5099044
Cost/unit	36.20	36.94

B. Consumption per unit of production (in tons)

Product : Pet Chips/Polyester/Polypropylene Multi Filament Yarn & Fabrics

	<u>Standard (if any)</u>	<u>2009-10</u>	<u>2008-09</u>
Electricity			
(a) Purchases	-	NIL	NIL
(b) Own Generation	-	568.25	1106.32
(Through Gas based Genset & Diesel Generator)			

Sapace

FROM B

(See Rule 2)

(Forms for disclosure of particulars with respect to Technology Absorption)

I. Research and Development (R & D)

1. Specific areas in which R & D carried out by the company

- a) Modifications in filters.
- b) Modification in textile spinning machines for production of specialty yarn
- c) Modification of creel and tangling on draw warper to accommodate more ends
- d) Installation of creep speed logic on spinning machines to reduce waste
- e) Modernization of ETP Plant for waste water treatment.

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

- a) Reduction in Operating and maintenance cost
- b) Development of Value added product
- c) Better process control

3. Future plan of action:

- a) High tenacity industrial yarn development.
- b) Enhancement of productivity of spinning machines and draw winder machines.
- c) Up-scaling of moisture management yarns

4. Expenditure on R & D / Product development

Capital and Recurring expenditure is incurred by the company regularly.

II. Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption , adoption and innovation :

- a) Thermic flued heater for waste heat recovery system
- b) Setting up plant for manufacturing POY /FDY directly from MEG and PTA.

2. Benefits derived as a result of above efforts

- a) Improvement in product output, Quality and reduction in wastage
- b) Improvement in capacity utilization

3. Information regarding technology imported during the last five year

Technology Imported	Year of Import	Status
Plant & Machinery for manufacturing POY	2005	Absorbed
Waterjet Looms for manufacturing Fabrics	2005	Absorbed
Gas Based Genset Power Plant	2007	Absorbed
Continuous Polymerization Plant (CP)	2008	Absorbed
POY and FDY Plant	2009	Absorbed

C) FOREIGN EXCHANGE EARNING AND OUTGO

I. Activities relating to exports, Initiatives taken to increase export markets for products and services and export plans

Newer markets are being explored and initiative taken to focus on increasing exports.

II. Total Foreign Exchange used and earned

(Rs. in Lacs)

	<u>2009-2010</u>	<u>2008-09</u>
[a] Foreign Exchange Earnings	1139.60	987.24
[b] Foreign Exchange Outgo	17816.30	7975.84

CORPORATE GOVERNANCE REPORT

(As required under clause 49 of the Listing Agreement with Stock Exchange)

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

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

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

Sr. No.	Name of Directors	Category	Attendance Board Meeting	Particulars Last AGM	No. of Other Directorships Committee Memberships/ Chairmanships		
					O.D.	C.M.	C.C.
1.	Shankarlal Somani	Executive/ Non-Independent	16	Yes	2		
2.	Rajkumar Somani	Executive/ Non-Independent	16	Yes	7		
3.	Sumeet Somani	Executive/ Non-Independent	16	Yes	7		
4.	Dinesh Sharan Khare	Executive/ Independent	15	Yes	-		
5.	Bhagchand Chordia	Non Executive/ Independent	16	Yes	1	3	3
6.	Vinod Kumar Ladia	Non Executive/ Independent	13	Yes	5		
7.	Mangilal Lahoti	Non Executive/ Independent	14	Yes	2		3
8.	Devi Prasad Saboo	Non Executive/ Independent	14	Yes	-		3

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

Note : Transaction of Non - Executive with Company is paying Rs, 2,40,000/- P.A. as consultancy fees to Mr. B.C. Chordia.

(B) No. OF BOARD MEETINGS HELD AND DATES

During the Financial Year 2009-10, the Board meeting has been held for 16 times

The Dates of the Board Meetings are :

01.	16/04/2009	05.	22/07/2009	09.	29/10/2009	13.	04/02/2010
02.	21/05/2009	06.	30/07/2009	10.	04/11/2009	14.	19/02/2010
03.	29/06/2009	07.	14/08/2009	11.	10/12/2009	15.	08/03/2010
04.	05/07/2009	08.	17/08/2009	12.	11/01/2010	16.	13/03/2010

3. AUDIT COMMITTEE

COMPOSITION, NAME OF MEMBERS AND CHAIRMAN

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

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

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

During the 2009-10 Audit Committee meeting held 4 times. The necessary quorums were present at the meeting. The date of meetings are as follows :-

01.	25/06/2009	02.	27/07/2009	03.	26/10/2009	04.	07/01/2010
-----	------------	-----	------------	-----	------------	-----	------------

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

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

4. REMUNERATION COMMITTEE

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

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

The following are the details of the remuneration paid to the Chairman, Managing / Executive Director(s) in the financial year 2009-2010.

Sr. No.	Name of Directors	Salary (Rs. In Lacs)	Perquisites (Rs. In Lacs)
01.	Mr. Shankarlal Somani	15.60	-
02.	Mr. Raj Kumar Somani	1.50	-
03.	Mr. Dinesh Sharan Khare	3.51	-
04.	Mr. Sumeet Kumar Somani	1.50	-

Besides above, the Company has not paid any sitting fees to the Non-Executive, Independent Directors. Remuneration Committee meeting held on 27/03/2010 during the year.

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

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

5. INVESTOR'S GRIEVANCES COMMITTEE

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

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

Sr. No.	Directors	Status in Committee	Category	No. of Meeting	
				Held	Attended
01.	Mr. B. C. Chordia	Chairman	Non Executive	22	22
02.	Mr. Mangilal Lahoti	Member	Non Executive	22	20
03.	Mr. Devi Prasad Saboo	Member	Non Executive	22	19

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

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

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

Received during the year 2009-2010 36

Pending as on 31/03/2010 NIL

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

Number of pending Shares Transfer as on 31/03/2010 : NIL

6. GENERAL BODY MEETING

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

Sr. No.	AGM DATE	Location	Time
01.	29/09/2009	Bombay Market Hall, Umarwada, Surat	10:00 A.M.
02.	29/09/2008	Bombay Market Hall, Umarwada, Surat	10:00 A.M.
03.	29/09/2007	Bombay Market Hall, Umarwada, Surat	10:00 A.M.

7. DISCLOSURES

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

8. MEANS OF COMMUNICATION

Half yearly results were not sent to each household of shareholders. However, Company's quarterly/half yearly financial results were published in English and Gujarati news papers and were also sent to Stock Exchange and shareholders can also visit Company's web site www.sumeetindustries.com. All price sensitive information is made available at the earliest through press release and presentation made to media on specific occasions.

**9. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2010 :
ACCORDING TO THE NUMBER OF EQUITY SHARES**

NO. OF SHARES	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF CAPITAL
1 to 5000	25591	89.20	7797672	19.50
5001 to 10000	1727	6.02	774608	1.94
10001 to 20000	757	2.64	775659	1.94
20001 to 30000	191	0.67	577692	1.44
30001 to 40000	106	0.37	280528	0.70
40001 to 50000	75	0.26	181984	0.46
50001 to 100000	110	0.38	1130714	2.83
100001 to 999999999	133	0.46	28476303	71.20
TOTAL	28690	100.00	39995160	100.00

SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2010

Description	Number of Shareholders		Number of shares	
	Nos.	%	Nos.	%
Promoter and Promoter Group				
Indian :				
Individual/Hindu Undivided Family	14	0.05	8869926	22.18
Bodies Corporate	6	0.02	16172235	40.44
Total (A)	20	0.07	25042161	62.61
Public shareholding				
Institutions :				
Mutual Fund, Nationalized Bank, Financial Institutions and Co-operative Banks	1	0.00	495	0.00
Non-institutions :				
Bodies Corporate	296	1.03	3580066	8.95
Individual	28252	98.48	11176987	27.95
Clearing Member	42	0.15	28962	0.07
NRI	76	0.26	155489	0.39
Trust	1	0.00	11000	0.03
Total (B)	28668	99.93	14952999	37.39
Grang Total (A+B)	28688	100.00	39995160	100.00

10. Market Price Data

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

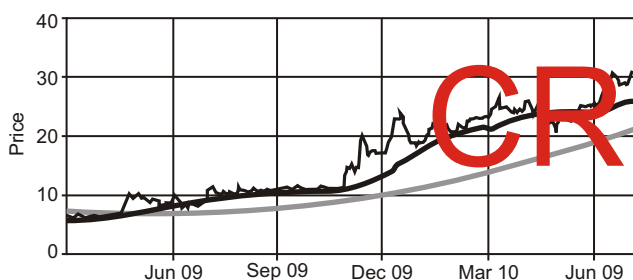
High, Low & volume during each month in the last financial year and volume of Shares at BSE :-

Month	Share Price		BSE SENSEX		Volume
	High Price	Low Price	High	Low	
April 2009	7.38	5.15	11,492.10	9,546.29	156352
May 2009	10.79	5.60	14,930.54	11,621.30	402537
June 2009	10.95	8.06	15,600.30	14,016.95	258493
July 2009	11.58	7.41	15,732.81	13,219.99	337790
August 2009	13.05	9.01	16,002.46	14,684.45	657827
September 2009	11.70	10.20	17,142.52	15,356.72	1144431
October 2009	12.35	10.20	17,493.17	15,805.20	576552
November 2009	17.40	10.50	17,290.48	15,330.56	1151724
December 2009	20.90	13.46	17,530.94	16,577.78	3436627
January 2010	24.85	18.10	17,790.33	15,982.08	4567503
February 2010	22.75	18.70	16,669.25	15,651.99	2012517
March 2010	24.50	20.00	17,793.01	16,438.45	2166663

Stock Performance Index

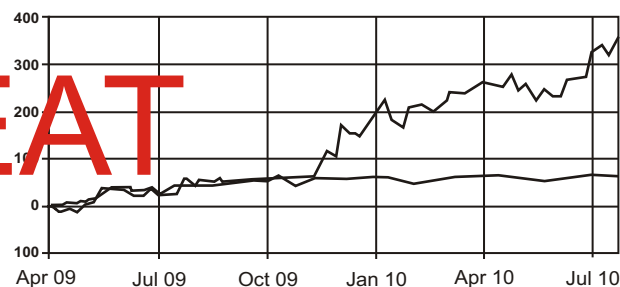
PRICE MOVEMENT CHART

— Price — 50D MA — 200D MA



INDEX COMPARISON CHART

— SUMEEIN — SENSEX



11. GENERAL SHAREHOLDER INFORMATION**(i) Annual General Meeting (Tentative)**

Date	: 30/09/2010, Thursday
Time	: 10:00 A.M.
Venue	: Bombay Market Hall, Umarwada, Surat

(ii) Financial Calendar (Tentative)

Annual General Meeting	: September, 2010
Results for quarter ending June 30, 2010	: Second Fortnight of July, 2010
Results for quarter ending Sept. 30, 2010	: Second Fortnight of October, 2010
Results for quarter ending Dec. 31, 2010	: Second Fortnight of January 2011
Results for quarter ending March 31, 2011	: Second Fortnight of April, 2011

(iii) Date of Book Closure : From 24th September, 2010 to 29th September, 2010 (both days inclusive)

(iv) Dividend payment Date : 30th October, 2010

(v) Listing on Stock Exchange : Mumbai

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

(vii) Share Transfer System :

Presently the share transfers which are received in physical forms are processed and the certificates returned within a period of 15 to 20 days from the date of receipt, subject to documents being valid and complete in all respect. The Company has as per SEBI guidelines offered the facility of transfer cum demat. Under the system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of transfer and the requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. All transfers received are processed and approved by the Share Transfer Committee, which considers transfers and other related matter. The Share Transfer Committee of the Company meets as often as required.

The Company has appointed M/s. Bigshare Services Pvt. Ltd. as their Registrar and Share Transfer Agent as per SEBI directives to have common Registrar for Physical as well as Electronic Registrar. "Registrar & Transfer Agent M/s Bigshare Services Private Limited has been launched Gen-Next Investor Module " **i'Boss** " the most advanced tool to interact with shareholders. Please login into i'Boss [www.bigshareonline.com] and help them to serve you better."

(viii) Dematerialization of Shares and Liquidity:

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

Shares of the company are compulsorily to be delivered in the demat form on Stock Exchange by all investors. As on 31st March, 2010 about 90.83% of the issued capital have already been dematerialized. Shares of the company are listed at Bombay Stock Exchange Limited and being trading regularly. Demat ISIN number of the Equity Share of the Company is INE235C01010.

Those shareholders whose shares are held in physical form are requested to dematerialize the same at the earliest. Thus investor can exercise dematerialization through a recognized Depository Participant (DP) who is connected to NSDL or CDSL.

(ix) Bank Mandate for Dividend :

As per SEBI Guidelines, it is mandatory required to print bank account details of the shareholders on dividend warrants. Those members who have still not furnished their bank account details, are requested to furnish the same immediately either to their DP or to the Registrar of the Company.

- (x) Outstanding GDRs/ADRs/ Warrants or any Convertible instruments : NIL
- (xi) **Plant Location** : Block No. 289, 291, 292, VILL : Karanj, Tal- Mandvi, Dist- Surat, PIN : 394 110.
Company is manufacturer of Polyester Chips, Polyester Filament Yarn, Polyester POY/FDY, Polypropylene Yarn and Menthol Products.
Registered Office : 504, Trividh Chambers, Opp. Fire Brigade Station, Ring Road, Surat- 395 002
- (xii) **Address for Correspondence:**
Unit : Sumeet Industries Limited
Investor Correspondence : Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai- 400 072.

12. Secretarial Audit Report

The Secretarial Audit Report of the Company in terms of SEBI circular no. D & CC/ FITTC/CIR-16/2002, reconciling the total shares held in both the depositories, viz NSDL and CDSL and in physical form with the total issued / paid-up capital of the company were placed before the Board of Directors every quarter and also submitted to the Stock Exchange(s) every quarter.

13. CEO and CFO Certifications

The Chairman and Chief Financial Officer of the company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chairman and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

14. DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(D) of the Listing Agreement, it is hereby affirmed that all the Board members and senior management personnel have complied with code of conduct of the Company.

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

(On Compliance with the condition of Corporate Governance under Caluse 49 of the Listing Agreement)

To,
The Members of
SUMEET INDUSTRIES LIMITED
Surat.

We have examined the compliance of condition of Corporate Governance by SUMEET INDUSTRIES LIMITED for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement with Stock Exchange.

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

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

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

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

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09-06-2010

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)**1. Economic Review :**

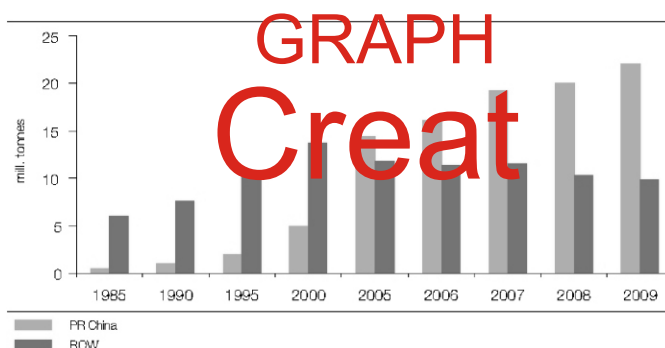
In India economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement. Industrial recovery has become more broad-based and is expected to take firmer hold on the back of rising domestic and external demand. After a continuous decline for nearly a year, exports and imports have expanded since October/November, 2009. Flow of resources to the commercial sector from both bank and non-bank sources has picked up. The RBI in its Annual Monetary policy for 2010-11 has projected India's GDP Growth at 8.0 per cent with an upside. The developments on the inflation front are, however, worrisome. Headline wholesale price index (WPI) inflation accelerated from 1.5 per cent in October 2009 to 9.9 per cent by March 2010

a) Global Scenario

The world economy seems to be recovering from the slump in almost as synchronized a manner as it experienced the downturn. The year 2009-10 have shown steady growth throughout the year .

In line with GDP growth following a period of slow down in 2008, global textile consumption has improved. Polyester demand for textile applications during 2009 increased 3.4% to 32.4 MMT , Staple fibre demand increased by 2.5% to 12.4 MMT while filament demand increased by 4% to 20.0 MT. The Textile demand for the next five years is expected to grow at more than 3% CAGR , with polyester growing at a faster rate than any other fibre.

The fundamental change of the polyester business has continued in favour of PR China taking in a 69% Share. The only growth region was Asia, increasing its contribution by 7.6% to 29.7 million tones. Double digit growth has been witnessed in PR China (+ 10.0% at 22.0 million tones) , India (+10.5% at 2.3) , Malaysia (+25.5% at 0.3) and Vietnam (+17% at 0.2). The output in Greater Europe dropped by 21.0% to 9.6 Lacs ton and the manufacturing volume in the Americas declined by 16.6% to 1.13 million tons. The textile powerhouse, China as well as India , Malaysia and Vietnam succeeded in increasing output substantially. The textile filament markets in Greater Europe were characterized by sluggish demand, resulting in lower manufacturing activity and imports.#



Polyester staple fibre markets would witness demand growth faster than capacity addition , thus favoring healthy operating rates. The staple business grew by 4.4% to 12.6 million tones. The only growth region was Asia, now accounting for a 89% market share. The development in the synthetic fibre segment was remained favorable. The total market was up 3.7% to 40.3 million tones.#

b) Domestic Scenario

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial out put , employment generation and export earnings of the country. Currently, it contributes about 14 % to industrial production , 4% to the GDP , and 17 percent to the country's export earnings.#

The Government, in an effort to give a fillip to investments in down stream textile industries has extended Textile Up-gradation Fund Scheme (TUFS) till March 31, 2012. The " scheme for integrated Textile Park" (SITP) was launched in 2005 to provide the industry world class infrastructure facilities for setting up their textile units. A strategic plan has been executed under the banner of " Flagship program" with a tag '100 days agenda'. Vision of the program is to construct a globally competitive industry with strong brand equity of it products and maintains its consistency. The web technology has been well proven in establishing an enhanced and enriched electronic platform for providing more effective and e-governance services.*

Oerlikon (The Fibre year 2009-10)

The production of man made staple fibre industry which decreased by 14% in 2008-09 as compared to 2007-08 is expected to increase by 19% during 2009-10. The production of all manmade fibre except polypropylene stable fibre are expected to record a positive growth in 2009-10 as compared to previous year.*

India imposed antidumping duty on yarns and fabrics imported from China , Thailand and Vietnam to guard domestic industries against cheap imports.

Oerlikon (The Fibre year 2009-10)

* Annual Report 2009 - 2010 (M.I.T)

The total production of man made filament yarn is expected to increase by 7% during 2009-10. The production of viscose , nylon and polyester filament yarn are expected to increase by 1%, 6% and 8% respectively. The Installed capacity and details of production of man made staple fibre and filament yarn are given below.

Statement on Availability of Man-made Filament Yarns :

(In Mn. Kg.)

Item Name	Parameters	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2009-2010 (Apr)	2010-2011 (Apr)	% Var.
Viscose	Installed Capacity	79.70	79.70	79.70	80.10	80.10	80.10	80.10	Nil
Filament	Opening Stock	5.60	3.62	5.31	2.79	1.72	1.72	1.94	13%
Yarn	Production	53.09	53.99	51.07	42.42	42.70	6.96	6.73	-3%
	Import	2.54	1.98	2.79	4.83	12.19	1.69	2.16	28%
	Export	9.91	11.92	14.58	4.72	3.65	0.48	1.00	108%
	Availability	51.32	47.67	44.59	45.32	52.96	9.89	9.83	-1%
Nylon	Installed Capacity	24.00	32.00	32.00	32.00	32.00	32.00	32.00	Nil
Filament	Opening Stock	2.44	2.80	4.06	3.19	1.71	1.71	3.10	81%
Yarn	Production	36.84	32.25	27.62	28.07	30.35	4.71	5.33	13%
	Import	11.16	9.15	2.57	3.71	1.50	0.26	0.18	-31%
	Export	5.01	1.83	2.35	2.92	1.67	0.20	0.28	40%
	Availability	45.43	42.37	31.90	32.05	31.89	6.48	8.33	29%
Polyester	Installed Capacity	1253.35	1924.10	1972.00	2013.49	2058.49	2058.49	2058.49	Nil
Filament	Opening Stock	33.27	23.06	48.23	44.87	23.16	23.16	27.59	19%
Yarn	Production	1075.82	1270.87	1420.04	1330.26	1434.33	243.01	243.93	Nil
	Import	92.65	91.34	85.79	71.41	28.47	3.20	4.26	33%
	Export	105.66	175.40	228.58	90.05	122.89	8.25	30.14	265%
	Availability	1096.08	1209.87	1325.48	1356.49	1363.07	261.12	245.64	-6%

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

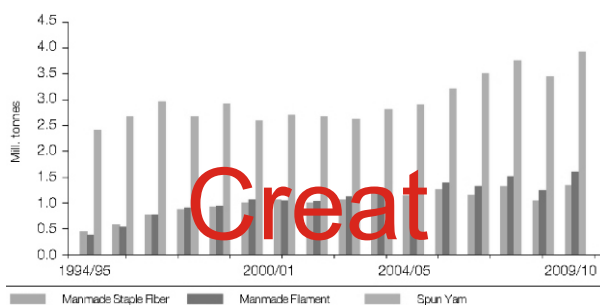
Source : O/o Textile Commissioner, Mumbai.

C) Industry Scenario

The total output of spun yarns and manmade fibres amounted to 6.9 million tons, consolidating its second position in world textile industry

The India textile industry includes both an "organized" sector (large scale spinning units and composite mills) and an "unorganized" sector (small scale spinning units , power looms , handlooms , hosiery units). More than 90% of yarn is produced in the organized sector.

The projected and sustainable higher growth rate of the Indian economy in the coming years augers well for synthetic textile yarn. The demand for polyester products grew by around 15% in F.Y. 2009-10 . The growth momentum is led by PET with 26% followed by Polyester Filament Yarn (PFY) at 14% and Polyester Staple Fibre (PSF) at 12% .



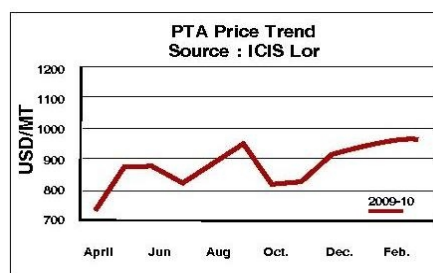
In order to achieve better cost economics , many POY/FDY producers and Texturisers implemented backward integration to produce polyester yarn during the year and also commissioned new polymerization plants. This is expected to continue in the coming years as well.

The government of India partially rolled back stimulus package , by raising the excise duty on Polyester from 4% to 8% in July,2009 and increased it by another 2% on Polyester in the Union Budget 2010-11.

In over all scenario , with huge domestic market , rising income levels and increased growth in rural spending on textile products and handsome growth in export opportunities after quota regime have translated growth in whole textile setup in the country.

Business Overview :

The prices of raw-material, fuels and other commodities has remained cause of concern in the year 2009-10 due to its high volatility in its price trend as exhibit in below picture. Volatility and high margin prices may affect margins of the company.



During the year under review, the company has successfully commissioned fully imported C.P. Plant (Continuous Poly Condensation Plant) of 100000 TPA and POY /FDY Spinning Plant of 48300 Tons per annum and 6 MW Gas based Genset Captive Power Plant as Expansion cum Backward Integration Project with total cost of Rs. 145.00 Crores. Full result of this project will be reflected in the current year's operation.

The company has established its presence in entire Polyester Yarns value chain (Manufacturing Pet Chips and POY & FDY directly from MEG and PTA, Twisting & Texturising).

The business out look is very impressive and positive. Value addition and operating margin in Polyester FDY Yarn is much higher than Polyester Chips and also POY. The company has chalked out further plan for expansion in the production capacity of POY and FDY by 47000 TPA and another 8 MW Captive Genset Power Project with total project cost of approx 130.00 Cores. After this expansion POY/FDY capacity will be as under :

	Present Capacity (In TPA)	Planned Expansion Capacity (In TPA)	Total Capacity (In TPA)
Polyester POY	35000	12000	47000
Polyester FDY	18000	35000	53000
Total	53000	47000	100000

By implementation of this project we expect to increase Turnover by around 100 Crores and Operating Profit by Rs. 40.00 Crores as such this project will improve operating margin substantially.

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

Financial Overview :

Turnover : Sumeet Industries Limited has achieved a turnover of Rs. 36382.26 Lacs in 2009-10 as against 15778.68 Lacs during the previous year recording an increase of over 130%. Increase in turnover was due to backward integration project of production of Pet Chips.

Other Income : Other income consists of Export Incentives, Profit from Forex Transactions etc. Other Income for the year amounted to Rs. 1221.85 Lacs as against Rs. 69.03 Lacs in the previous year.

Consumption of Raw material : Consumption of raw material increased from 10076.07 Lacs to 32971.29 Lacs. This was mainly due to commissioning of 100000 M.T. Continuous Polymerization Plant and production of the same has been started since 01.07.2009.

Employee Cost : Employees cost were increased from Rs. 108.38 Crores to 267.18 Crores. This increase is mainly due to higher increase given to employees and recruitment of employees in C.P. Division.

Interest Cost : Interest cost were increased by 60% from Rs. 487.58 Lacs to 778.84 lacs due to increase in working capital limits for our new projects.

Depreciation : Depreciation was increased by Rs. 5.62 Lacs due to capitalization of assets of new project of C.P. Plant.

EBIDTA : The Company's EBIDTA stood at Rs. 3100.11 Lacs against 1446.69 Lacs in previous year reflecting an increase of 114%.

PAT : The profit after tax (PAT) has shown an impressive growth of 190% from Rs. 381.56 Lacs to 1105.81 Lacs.

STRATEGY

As a business Strategy, we believe in specialization in our core business segments and to become a vertically integrated player in the Polyester Industry to remain cost efficient & competitive in the market with its peer group.

The Company has chalked out to invest Rs. 530 Crores in the Green field Project of 200000 Ton per annum of new Continuous Poly Condensation (CP) Plant in next two years and further expansion in the production capacity of POY and FDY by 47000 TPA and another 26 MW Gas based Genset Captive Power Project in two phases.

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

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

INFORMATION TECHNOLOGY

The company always endeavors to use the latest and make appropriate advances in the area of information technology to maximize advantages as per its business requirement.

The Company has implemented ERP Platforms across all its divisions and offices covering entire value chain making online real time basis data recording and retrieving. System access controls are being augmented to minimize risk of unauthorized intrusion in the business system.

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

OPPORTUNITIES AND STRENGTH

The improvement in the global economic and liquidity situation coupled with growth in GDP, lowering tariff rate, rising per capital income the stimulus package by the Indian Government, rising in export of polyester yarns and fabrics has pushed an opportunity for growth of this industry.

Opportunity also exists in the new emerging sector of Technical Textile Industry for which there is huge market world over. In India Technical Textiles has been added under High-Tech Products Export Promotion Scheme and now entitled to duty credit scrip equivalent to 1.25% of FOB value of exports.

The company has achieved major breakthrough in their earning potential after successful commissioning of Continuous polymerization plant having capacity of 100000 TPA and enhancement in capacity of production of POY/FDY. Looking to the overwhelming response of Pet Chips and POY/FDY, the company has chalk out mega expansion program in the enhancement of capacity of Pet Chips and POY and FDY to be completed in the next two years.

10. THREAT, RISKS AND CONCERNS

The objective of risk management frame work is to identify events that may affect the company, and manage risk in order to provide reasonable assurance regarding achieving the company's objective. The company is operating in an environment that is becoming more and more competitive. As it is moving in to the expansion mode, it is poised to exploit several new opportunities. The company seeks to ensure that the risks if undertakes are commensurate with returns.

10.1 RISK AGAINST FIRE, FLOOD AND ACCIDENTS

Risk against fire, flood, accident, health related problems and accidents of workforce are common risks attached to the working of any plant/company. Management has taken reasonable steps to counter the risk. Company has taken Comprehensive all risk Insurance policy, which covers company's assets against all risks. Accidents due to human failure are being tackled through the continuous training to our technical and other staff and through regular monitoring and supervision. All the employees of the Company are also insured under Group Insurance Policy with Life Insurance Corp. of India.

10.2 ECONOMIC RISK

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

10.3 COMPETITION RISK

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

The company has a well defined TQM system of control points, comprehensive budgetary controls and review system to monitor its operations to remain cost competitive than its peer group.

10.4 STRATEGIC RISK

Strategic plans for the company's business take in to account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. The annual plans that are drawn up consider the risks that are likely to impact the Company's objectives in that year, and the counter-measures put in place.

All major new project proposals include a view on risks and counter-measures, at the time of evaluation. The company strives to adopt a 'de-risking' strategy in its operation while making growth investments.

10.5 PRICE RISK

Crude oil and Petroleum products are globally traded commodities and therefore, the prices are influenced by the international market forces of demand-supply and other geo political uncertainties etc.

The price of raw material and finished goods move in tandem with international prices, which in turn, have correlation with the prices of petrochemical products.

Sumeet follows conservative foreign exchange risk management policy to minimize or eliminate the risks associated with operating activities.

10.6 LIQUIDITY RISK

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

10.7 MARKET RISK

Market risks relate to the possibility that the fair value or future cash flows of a financial instrument could fluctuate due to variations in market prices. Market risks include currency risk and interest-rate risk.

Sensitivity analysis is used to understand risk exposures that may exist and allow our management to take the necessary steps to address such risks. The company also converting its working capital in to fund/non fund based facilities, borrowing under ECB/FCCB schemes and under appropriate hedging strategies to minimize interest and interest rate risk.

11. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

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

12. SAFETY, HEALTH AND ENVIRONMENT CONTROLS (EHS)

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

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

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

13. HUMAN RESOURCES

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

Recruitment Policy

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

Performance Appraisal System

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

Labour Relations

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

14. CAUTIONARY STATEMENT

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

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

Anil Kumar Jain
Company Secretary

Surat, 29th June, 2009

AUDITOR'S REPORT

TO,
THE MEMBERS OF
SUMEET INDUSTRIES LIMITED
SURAT.

We have audited the attached Balance Sheet of **SUMEET INDUSTRIES LIMITED, SURAT** as at **31st March, 2010** and also the Profit and Loss Account for the year ended and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also 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 provide a reasonable basis for our opinion.

- (1) As required by the Companies (Auditor's Report) Orders 2004 issued by the company law Board in terms of section 227 (4A) of the companies Act, 1956, we annex hereto Annexure 'A' on the matters specified in paragraphs 4 and 5 of the said order.
- (2) Further to our comments in the Annexure 'A' referred to in paragraph (1) above, we report that:
 - (A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (B) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books;
 - (C) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;
 - (D) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.

On the basis of written representations received from the directors, as on **31st March 2010** 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 director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance sheet, of the state of affairs of the company as at **31st March 2010**,
 - (ii) In the case of the Profit and Loss account, of the profit of the company for the year ended on the date.
- And
- (iii) In the case of cash flow statement, of the cash flows for the year ended on that Date.

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09.06.2010

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

ANNEXURE 'A' TO THE AUDITOR'S REPORT

(i) Fixed Assets:-

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

(ii) Inventory :-

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

(iii) Loans & Advances :-

- (a) The company has granted unsecured loans to companies, Firms or other parties mentioned under the register maintained U/S 301 of the companies Act, 1956. There are Two such Parties Covered U/S 301 of the companies Act. 1956. Total amount Debited is Rs.15.00 Lacs and Credited is Rs. 8.00 Lacs.
- (b) As per information and explanations given to us, the rate of interest is 6% P.A. on the loan granted by the company wherever applicable. Other terms and conditions, if applicable on loan given are not prima facie prejudicial to the interest of the company.
- (c) The receipt of Principal amount and interest are also regular.
- (d) As informed to us, the company has taken reasonable steps for recovery of the principal amount and interest above Rs. 1 Lacs.
- (e) The company has taken unsecured loans from companies, Firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. There is Three Such Parties Covered U/S 301 of the Companies Act. 1956. Total amount Credited is Rs. 17.78 Crore and Debited Rs. 4.64 Crore.
- (f) As per information and explanations given to us, the rate of interest is 6% P.A. on the loans taken by the company. Other terms and conditions, if applicable on loan taken are not prima facie prejudicial to the interest of the company.
- (g) The Payment of Principal amount and interest are also regular as per mutual understanding with parties.

(iv) Internal control procedure :-

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

(v) Transaction with Parties u/s 301 :-

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

(vi) Public Deposits :-

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

(vii) Internal Audit System :-

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

(viii) Cost Records :-

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

(ix) Statutory Dues:-

(a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including P.F. & E.S.I.C., Income-Tax, Wealth-Tax, Sales-Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which has remained outstanding as at **31st March, 2010** for a period more than six months from the date they became payable.

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

(x) Accumulated/ Cash Losses:-

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

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

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

(xii) Granting of Loan & Advances:-

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

(xiii) Chit Fund / Nidhi / Mutual Fund:-

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

(xiv) Dealing or Trading in Shares etc.: -

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

(xv) Guarantee Given by Company:-

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

(xvi) Utilization of Term Loans:-

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

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

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

(xviii) Allotment of Bonus Shares:-

The Company has not issued any Bonus Shares during the year.

(xix) Creation of Securities for Debenture Issued:-

The Company has not issued any Debenture during the year.

(xx) Preferential Allotment of Shares :-

The company has made preferential allotment of Preference Shares during the year under consideration. In our opinion and according to the information provided to us, the price at which such shares have been issued is not prima facie prejudicial to the interest of the company.

(xxi) Fraud noticed or Reported:-

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

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

Place : Surat
Date : 09-06-2010

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

AUDITED BALANCE SHEET AS AT 31st MARCH 2010

	Schd. No.	As At 31.03.10	As At 31.03.09
I. SOURCES OF FUNDS:			
SHARE HOLDER FUNDS:			
Share Capital	1	499,951,600	399,951,600
Share Application Money		25,000,000	-
Reserve and Surplus	2	280,520,111	219,172,405
		805,471,711	619,124,005
LOAN FUNDS:			
Secured Loans	3	2,269,607,327	1,298,174,411
Unsecured Loan	4	197,115,108	103,906,101
		2,466,722,435	1,402,080,512
Deferred Tax Liability (Refer Note No.8 On Schedule 22)		110,352,746	53,126,988
		3,382,546,891	2,074,331,504
Total			
II. APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block		2,342,489,707	848,496,017
Less Depreciation		483,233,025	427,051,175
Net Block		1,859,256,682	421,444,842
Capital Work In Progress including Advances & Net of creditors		39,924,183	1,099,574,465
		1,899,180,865	1,521,019,307
INVESTMENTS	6	5,368,889	10,719,848
CURRENT ASSETS , LOANS AND ADVANSES			
(a). Inventories	7	646,609,849	391,626,483
(b). Sundry Debtors	8	392,319,857	63,452,411
(c). Cash & Bank Balance	9	416,117,341	40,448,788
(d). Loans & Advances	10	232,359,200	118,692,857
		1,687,406,248	614,220,539
Less : Current Liabilities & Provisions	11	212,193,828	74,550,878
Net Current Assets		1,475,212,420	539,669,661
MISC. EXPENDITURE			
Preliminary Expenses	12	2,784,717	2,922,689
Total		3,382,546,891	2,074,331,505
NOTES FORMING PART OF THE ACCOUNTS	22		

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09-06-2010

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 09-06-2010

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

	Schd. No.	As At 31.03.10	As At 31.03.09
I. INCOME :			
Sales	13	3,638,225,593	1,577,868,575
Other Operating Income	14	122,185,478	6,902,867
Other Income	15	7,412,931	(2,131,247)
Increase (Decrease) in Finished Goods & WIP Stocks		87,890,214	82,422,828
Total		3,855,714,216	1,665,063,023
II. EXPENDITURE:			
Purchase Of Finished Goods		-	301,122,123
Raw Material Consumed	16	3,297,129,389	1,007,607,111
Manufacturing and Other Expenses	17	165,225,072	97,063,029
Administrative & Other Expenses	18	34,543,862	94,910,342
Salary, Wages & Benefites to employees	19	26,718,470	10,838,083
Financial Charges	20	77,883,783	48,757,770
Selling & Distribution Expenses	21	22,086,364	8,671,265
Depreciation	5	64,320,101	32,585,785
Total		3,687,907,041	1,601,555,508
III. PROFIT BEFORE TAX (I - II)		167,807,175	63,507,515
Add : Claim received		-	92,000
Less : Prior period expenses		-	274,152
		167,807,175	63,325,363
IV. PROVISION FOR TAXATION			
Current Tax		28,518,060	15,728,004
Fringe Benefit Tax		-	200,000
MAT Credit		(28,518,060)	2,540,383
Deferred Tax		57,225,759	6,701,290
Profit After Tax		110,581,416	38,155,686
Less : Taxation of Previous Year		2,153,827	184,286
Fringe Benefit Tax		(58,635)	-
Add. Balance Brought Forward		92,763,203	64,123,233
		201,249,427	102,094,633
V. Appropriation			
Prov for Dividend and Dividend Dist Tax		47,138,518	-
Balance Carried Forward To Balance Sheet		154,110,909	102,094,633
Earning Per Equity Share (EPS)		2.70	0.95
NOTES FORMING PART OF THE ACCOUNTS	22		

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09-06-2010

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 09-06-2010

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	Schd. No.	As At 31.03.10	As At 31.03.09
SHARE CAPITAL	1		
AUTHORISED			
4,00,00,000 Equity Shares of Rs.10/- each & 1,00,00,000 (One Crore) 6% Non Convertible Redeemable Preference shares of Rs. 10/- each		500,000,000	500,000,000
ISSUED, SUBSCRIBED & PAID UP			
3,99,95,160 Equity Shares of Rs.10/- each fully paid up (Out of which 76,05,930 Shares are issued for consideration other than Cash)		399,951,600	399,951,600
1,00,00,000 (One Crore) 6% Non Convertible Redeemable Preference shares of Rs. 10/- each		100,000,000	-
		499,951,600	399,951,600
RESERVE & SURPLUS	2		
General Reserve		6,208,052	6,208,052
Balance of Profit & Loss Account		154,110,909	102,094,633
		160,318,961	108,302,685
Less: Adjustment of Exchange Difference as per AS 11 (Notification no. G.S.R. 225(E))		-	9,331,430
		160,318,961	98,971,255
Capital Reserve		2,500,000	2,500,000
Share Premium Account		117,701,150	117,701,150
		280,520,111	219,172,405
SECURED LOAN	3		
(1) Bank Of Baroda Cash Credit		3,569,600	52,470,820
(2) Bank Of Baroda Packing Credit (PCFC)		-	50,903,398
(3) Bank Of Baroda (FCNR Working capital Loan)		-	164,475,071
(4) IDBI Bank Ltd. Cash Credit		12,763,717	62,699,236
(5) Bank Of Baroda (in FCNR -B)		17,178,607	28,699,588
(6) Vehicle Loan*		10,088,814	2,126,140
(7)ECB From BOB NEW YORK *		51,859,500	92,056,800
(8) Term Loan (GBPP)		24,077,996	31,499,772
(9) Term Loan (WJL)		8,072,541	12,113,656
(10) ECB Loan (BOB & BOI)		898,000,000	789,871,943
(11) HDFC (Term Loan)		-	308,737
(12) Life Insurance Corpn. of India		10,949,250	10,949,250
(13) Buyer Credit		1,233,047,302	-
Total		2,269,607,327	1,298,174,411

NOTES :

- (1). Working Capital borrowings (Item 1 to 4 & 13 above) are secured by 1st pari passue charge on all current assets of the company and 2nd pari passue charge on fixed Assets of the company Buyer's credit Secured by Letter of comfort issued. by B.O.B & I.D.B.I by earmarking working capital limit/FDR.
- (2). Term Loan (Item No. 5, 7, 8, 9 & 10) is secured by 1st charge on all Fixed Assets of the Company and 2nd pari passue charge on all Current Assets of the Company.
- (3). Vehicle Loan (Item No. 6) are secured by hypothecation of vehicles.
- (4). All the above facilities (Item No. 1 to 5 & 7 to 10) are further secured by Personal Gaurantee of Shri Shankarlal Somani, Shri Raj Kumar Somani, Shri Sumeet Kumar Somani, Smt. Ganga Devi Somani and Corporate Guarantee of M/s. Sitaram Prints Pvt. Ltd. and Mortgage of Fixed Assets of M/s. Sitaram Prints Pvt. Ltd. and Residence Bunglow of Shri Shankarlal Somani and Smt. Ganga Devi Somani.

	Schd. No.	As At 31.03.10	As At 31.03.09
UNSECURED LOAN :	4		
Agency Deposits		1,994,396	1,869,396
Loan From Corporate Bodies		195,120,712	102,018,632
Loan From Directors		-	18,073
		197,115,108	103,906,101

SCHEDULE - 5 : FIXED ASSETS

Schedules To And Forming Part Of Accounts

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 01.04.2009	Addition	Deletion	As At 31.03.2010	As At 01.04.2009	For the Year	Adjustment	As At 31.03.2010	As At 31.03.2010	As At 31.03.2009
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	78,183,671	100,537,239	-	178,720,910	40,932,772	7,336,492	-	48,269,264	130,451,646	37,250,899
3	Plant & Machinery	737,759,434	1,403,941,601	24,148,644	2,117,552,391	365,978,042	53,181,899	6,979,933	412,180,008	1,705,372,383	371,781,392
4	Furniture, Fixture & Equipments	9,243,908	2,211,191	-	11,455,099	7,298,462	626,156	-	7,924,618	3,530,481	1,945,446
5	Vehicle	20,952,749	13,092,047	1,639,744	32,405,052	12,841,899	3,175,554	1,158,318	14,859,135	17,545,917	8,110,850
TOTAL		848,496,017	1,519,782,078	25,788,388	2,342,489,707	427,051,175	64,320,101	8,138,251	483,233,025	1,859,256,682	421,444,842
PREVIOUS YEAR		866,506,511	6,364,241	24,374,735	848,496,017	404,082,116	32,585,785	9,616,726	427,051,175	421,444,842	462,424,395

	Schd. No.	As At 31.03.10	As At 31.03.09
INVESTMENTS (AT COST)	6		
(A) Other Than Trade - Quoted			
500 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Rajasthan Petro Synthetics Ltd.		16,250	16,250
151 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Tata Iron & Steel Co. Ltd.		22,405	22,405
113 Convertble Prefrence Shares of Rs.100/- each of M/s. Tata Iron & Steel Co. Ltd.		11,300	11,300
1000 Fully Paid-up Equity Shares Of Rs. 1/- Each Of M/s. Paras Petrofils Ltd.		1,000	1,000
700 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Chandra Synthetics Ltd.		5,075	5,075
400 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Haryana Petrochemicals Ltd.		6,200	6,200
5000 Fully Paid-up Equity Shares Of Rs. 1/- Each Of M/s. Paras Petro Chemicals Ltd.		17,000	17,000
100 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Parasrampur Ind. Ltd.		1,050	1,050
100 Fully Paid-up Equity Shares Of Rs. 10/- Each Of M/s. Rajasthan Syntex Ltd.		2,025	2,025
20000 Fully Paid-Up Equity Shares Of Rs. 10/- Each of M/s. Questfin Ltd.		137,543	137,543
30000 Fully Paid-up Equity Shares Of Rs. 10/- Each of United Phos Ltd.		4,649,041	-
Investment in Mutual Fund		500,000	500,000
		5,368,889	719,848

	Sched. No.	As At 31.03.10	As At 31.03.09
(B) Other Than Trade - Unquoted 160000 Fully Paid-up Equity Shares of NRs. 100/- each of M/s. Somani Industries Nepal Pvt. Ltd.		-	10,000,000
		<u>5,368,889</u>	<u>10,719,848</u>
Aggregate Book Value Of Investments			
Unquoted Cost		-	10,000,000
Quoted Cost		4,868,889	782,305
Market Value *		4,577,529	765,446

* To The Extent Available

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

The following Shares and Bonds purchased during the year.

Name of the Company	Nos. Of Shares	Purchase Cost
Bank of Baroda	2000	1058782
Chambal Fertilizer & Chemical	5000	320011
Fortis Healthcare Ltd.	7000	1008196
IDFC	10000	1507898
Reliance Ind Ltd.	1000	1070900
Sterlite Ind Ltd.	2000	1680004
United Phos Ltd.	45000	6968541

	Sched. No.	As At 31.03.10	As At 31.03.09
INVENTORIES :	7		
(As Taken, Valued, And Certified By The Management)			
Stores & Spares, Packing Material & LDO		109,729,839	74,794,974
Raw Material		226,099,695	93,941,408
Finished Goods		106,484,298	28,094,697
Work In Progress		204,296,017	194,795,404
Total		<u>646,609,849</u>	<u>391,626,483</u>

	Sched. No.	As At 31.03.10	As At 31.03.09
SUNDRY DEBTORS:	8		
(Unsecured Considered Good)			
(a) Over Six Months			-
(b) Other Debts		392,319,857	63,452,411
Total		<u>392,319,857</u>	<u>63,452,411</u>

	Sched. No.	As At 31.03.10	As At 31.03.09
CASH AND BANK BALANCES:	9		
Cash On Hand		165,246	157,310
Balances With Scheduled Banks : In Current Accounts		6,584,242	39,904,689
In Fixed Deposit Accounts / Margin Account		409,367,854	386,789
Total		<u>416,117,341</u>	<u>40,448,788</u>

Note : Fixed deposits aggregating **Rs. 409,367,854** (P. Y. 3,86,789) lodged with bank as margin money for the issue of gurantees and letter of credits.

	Sched. No.	As At 31.03.10	As At 31.03.09
LOANS & ADVANCES :	10		
Advances (Recoverable In Cash Or In Kind or for value to be received)		77,154,457	49,420,870
T.D.S. Receivable		853,521	935,502
Advance Income Tax (A.Y. 2010-11)		3,000,000	-
Advance Income Tax (A.Y. 2009-10)		-	1,000,000
Advance FBT		-	100,000
Advance To Staff		388,780	594,276
Prepaid Expenses		1,207,711	1,126,341
Custom Duty Refund Receivable		13,125,323	-

	Schd. No.	As At 31.03.10	As At 31.03.09
Export Incentive Receivable		6,259,572	3,726,527
Modvat Receivable		80,542,688	51,879,598
Service Tax Receivable		255,407	-
Tuf Subsidy Receivable		507,120	1,128,579
MAT Credit		28,518,060	-
VAT Receivable		207,730	-
Balance With Excise Dept. (PLA)		8,763	8,763
Sundry Deposits		20,330,068	8,772,401
Total		232,359,200	118,692,857
 <u>CURRENT LIABILITIES & PROVISIONS</u>			
A) CURRENT LIABILITIES			
Sundry Creditors			
For Goods & Expenses		102,164,260	52,096,239
Other Liabilities & TDS Payable		25,382,944	5,188,617
Advance Received from customer		7,682,768	18,915
Unpaid Dividend		1,307,278	1,319,103
 B) PROVISION			
Prov. For Fringe Benefit Tax		-	200,000
Prov. For Taxation		28,518,060	15,728,004
Prov For Dividend and Dividend Dist. Tax		47,138,518	-
Total		212,193,828	74,550,878
 <u>PRELIMINARY EXPENSES</u>			
Opening Balance	12	2,922,689	3,653,361
Add : During the Year		740,875	-
		3,663,564	3,653,361
Less: Write off		878,847	730,672
		2,784,717	2,922,689
 <u>SCHEDULES TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNTS</u>			
SALES :			
Domestic Sales	13	3,810,535,973	1,542,173,788
Export Sales		113,977,467	111,960,709
Total		3,924,513,440	1,654,134,497
Less : Excise Duty		286,287,847	76,265,922
Net Sales		3,638,225,593	1,577,868,575
 <u>OTHER OPERATING INCOME :</u>			
Export Incentives	14	5,309,964	6,902,867
Profit From Forex Transaction		107,503,826	-
Excise Refund Received		9,371,688	-
		122,185,478	6,902,867
 <u>OTHER INCOME :</u>			
Dividend Received	15	4,530	2,462
Brokerage and Commision		17,567	1,343,756
Profit / Loss on Trading in Shares & Commodities		156,652	(1,757,079)
Profit/Loss on Sale of Fixed Assets		470,240	(6,085,322)
Discount Received		1,095,539	139,187
Loss on Investment of Subsidiery co.		(3,327,545)	-
Claim Received		-	80,851
Interest Received			
On Fixed Deposit		8,995,948	4,144,898
Total		7,412,931	(2,131,247)

	Schd. No.	As At 31.03.10	As At 31.03.09
RAW MATERIAL CONSUMED :			
Opening Stock	16	93,941,408	76,297,868
Add : Purchase (Net)		<u>3,429,321,276</u>	<u>1,025,250,651</u>
		3,523,262,684	1,101,548,519
Less : Closing Stock		<u>226,133,295</u>	<u>93,941,408</u>
Total		<u>3,297,129,389</u>	<u>1,007,607,111</u>
MANUFACTURING EXPENSES :			
Power & Fuel	17	99,217,516	64,235,840
Labour & Security Expenses		111,657	322,795
Packing Materials		49,203,490	19,385,645
Stores and Spares		10,505,407	9,467,914
Freight and Octroi		2,066,308	1,568,658
Rapairs to Plant & Machineries		2,810,973	1,760,151
Repairs to Factory Building		153,716	125,883
Factory Expenses		203,853	119,515
Job Charges		952,153	76,628
Total		<u>165,225,072</u>	<u>97,063,029</u>
ADMINISTRATIVE & OTHER EXPENSES :			
Rent, Rates And Taxes	18	4,871,244	60,899,230
Postage, Telegram and Telephone Expenses		1,096,873	705,098
Printing and Stationary		674,899	554,887
Insurance Expenses		2,820,937	2,530,489
Electricity Expenses		289,840	279,787
Legal & Professional Expenses		5,152,902	2,090,748
Loss on Foreign Exchange		-	15,017,440
Travelling and Conveyance		1,537,205	554,755
Vehicles Expenses		13,259,700	9,896,630
Director's Remuneration		1,860,000	550,000
Auditor's Remuneration		677,878	351,966
Membership and Subscription		171,440	78,679
Donation		51,402	652
Other Repairs		571,001	249,140
Office and General Expenses		629,694	420,169
Preliminary & Pre-operative Expenses		878,847	730,672
Total		<u>34,543,862</u>	<u>94,910,342</u>
SALARY , WAGES AND BENEFIT TO EMPLOYEEES:			
Wages, Salaries & Bonus Cont. To P.F. & F.P. F.	19	26,193,904	10,469,334
Welfare And Other Expenses		524,566	368,749
Total		<u>26,718,470</u>	<u>10,838,083</u>
FINANCIAL CHARGES:			
Interest To :	20		
Banks & Financial Institution		57,483,263	46,544,978
Bank Charges & Guarantee Commision		20,400,520	2,212,792
Total		<u>77,883,783</u>	<u>48,757,770</u>
SELLING & DISTRIBUTION EXPENSES :			
Commission, Brokerage & Discount	21	4,310,407	4,848,024
Carriage Outward & Shipment Charges		15,134,350	1,411,929
Sales Promotion		2,641,607	2,411,312
Total		<u>22,086,364</u>	<u>8,671,265</u>

SCHEDULE 22 : NOTES ON ACCOUNTS**(1) Significant Accounting Policies :**

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

- (a) **Basis of Accounting (AS 1) :** The financial statements are prepared under historical cost convention on an accrual basis. The company follows mercantile system of Accounting and recognizes income & expenditure on accrual basis.
- (b) **Fixed Assets (AS 10) :** Fixed Assets are stated at cost of acquisition (net of cenvat) or construction less accumulated depreciation. Cost comprises of purchase price and all other cost attributable to bringing the asset to its working condition for its intended use. An effect of Notification No. G.S.R. 225(E) to AS 11 of Companies (Accounting Standard) Amendment Rules, 2009 has been given to the carrying amount of Fixed Asset with corresponding effect to General Reserve and balance of Profit & Loss account.
- (c) **Depreciation (AS 6) :** Depreciation is provided on fixed assets (except land) on written down value method at the rates specified in schedule XIV to the Companies Act, 1956 except on trucks, addition in the vehicle from 01.04.2003, cater pillar D.G. Sets one Himson Texturising machine and all additions in plant & machinery from 01.04.2002, where depreciation has been provided on straight line methods as per schedule XIV to the companies Act, 1956.
- (d) **Investments (AS 13) :** Investments are stated at cost. Investment in shares and securities are considered as long term and valued at cost. No provision for shortfall in value at the end of the year is provided for.
- (e) **Investment in Subsidiary Company (AS 23) :** The company has made an investment of Rs. One crore in wholly subsidiary company named M/s. Somani Industries (Nepal) Pvt. Limited. At present, the company has stopped all of its business activities in Nepal due to political unrest. During the year under review, the company has settled its investment against unsecured loan from the subsidiary and the balance amount i. e. loss of Rs. 33.28 lacs is transferred to Profit & Loss A/c.
- (f) **Inventories : (AS 2) :**
- | | |
|----------------------------------|--------------------------------------------------------|
| (A) Stores & Spares and fuel Oil | : At Cost. |
| (b) Raw Material | : At Cost. |
| (c) Goods in Transit (Raw Mat.) | : At Cost. |
| (c) Work-in-Progress | : At Cost + Procurement charges |
| (d) Finished Goods | : At Cost or Net Realizable values whichever is lower. |
| (e) Wastage | : At Net Realizable Value |
- Cost of inventories is ascertained on the "First-in-First-Out" basis.
- (g) **Retirement Benefits (AS 15) :** Provision for gratuity has been made in the accounts, only in case of those employees who have become eligible for the retirement benefits. Leave encashment, LTA, Medical Assistance are accounted as and when paid. The Company is a member of recognized Provident Fund scheme established by the regional Government of Gujarat. The Company is contributing 12% of Salary & Wages of eligible employees under the scheme every month. The amount of contribution is being deposited each and every month well within the time under the rules of EPF Scheme.
- (h) **Foreign Currency Transactions (AS 11) :**
- In the case of liabilities in respect of foreign currency loans obtained for acquisition of fixed assets, the variation in the liabilities arising out of exchange rates at the year end are capitalised w.e.f. F.Y. 2007-08 as per Notification NO. G.S. R. 225(E) of Companies (Accounting Standard) Amendment Rules, 2009.
- Sales in foreign currencies are accounted at the rate prevailing on the date of purchase of bills by the collecting bank. Current assets in foreign currencies as at the balance sheet date (not covered above) are reconverted at the rate prevailing at the year end and the resultant net gains and losses are adjusted in the profit and loss account. Losses on foreign currency derivatives transactions are included in determining the net profit for the year.
- (i) **Excise duty:** The liability of excise duty amounting to Rs. 61,97,746/- has been provided for the goods manufactured but not cleared as on 31.3.2010, the effect of which on profit and loss account of the year is Nil.

(j) **Revenue Recognition (AS 9)** : Expenses and incomes, not specifically referred to otherwise consider payable and receivable respectively are accounted for on accrual basis.

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

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

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

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

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

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

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

(2) Advances include Rs. 563.64 Lacs to companies in which directors are interested.

(3) **Contingent Liabilities (AS 29)** :

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.168.87 Lacs against which advance of Rs. 75.40 Lacs given (Previous year Rs. 289.98 Lacs Advance Rs.84.30 Lacs).

(b) Export sale bills raised on overseas buyers purchased by company's banker outstanding Rs. 630.05 Lacs. (Previous year Rs 80.61 Lacs.).

(c) Buyer's credit outstanding Rs.4663.08 Lacs as on 31.03.2010. (Previous year Rs. 3185.00 Lacs)

	Current year Rs.	Previous year Rs.
(4) Payment to Auditors :		
As Auditors	4,35,000	1,85,000
As Advisor or in any other capacity in respect of :		
Company Law matter	Nil	Nil
Taxation matter	15,000	15,000
Others	Nil	Nil
(5) Managerial Remuneration :		
Salary	18,60,000	5,50,000
Perquisite	Nil	Nil
(6) Earnings Per share (AS 20) :		
Net profit attributable to share holder	10,80,81,409	3,81,55,686
Number of equity shares	3,99,95,160	3,99,95,160
Earning per share of Rs 10 each	2.70	0.95

(7) Related Party Transaction (AS 18) :

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

(Rs. in '000)

Name of the related parties Key management Personnel	Nature of Relationship	Nature of transactions Amounts
Shankarlal Somani	Chairman	Remuneration 1560
Rajkumar Somani	Managing Director	Remuneration 150
Sumeet Somani	Relative of key Management Personal (Director)	Remuneration 150
Dinesh Khare	Director	Salary 351
Vibha Khare	Relative of Director	Salary 327
Somani Overseas (P) Ltd.	Relative of key Management Personal (Director)	Loan Outstanding (Cr.) 194966 Interest Paid 430
National Poly Yarn (P) Limited	Relative of key Management Personal (Director)	Loan Outstanding (Cr.) 4884 Interest Paid 1470
Sitaram Prints Pvt Ltd	Relative of key Management Personal (Director)	Advance against Supply 154

(8) Deferred Tax (AS 22) :

The movement of deferred tax account is as follows :

(Rs. in '000)

Opening Balance	53127
Provision for current year deferred tax liability (Net)	57226
Total	110353

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

The following amounts are shown in the balance sheets.

Deferred Tax liabilities	123852
Deferred Tax Assets	66626
Balance of DTL	57226

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

Deferred tax liabilities:

(Rs. in '000)

	Opening	Charged/Credited to P & L	Closing
Tax impact of difference between carrying amount of fixed asset in the financial statements and the income tax return (A)	53613	123852	177465

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

Provision for gratuity	282	(6)	275
Provision for Bonus	204	135	340
C/f. Loss	-	66497	66497
Total (B)	486	66626	67112
Net Deferred Tax liability (A-B)	53127	57226	110353

Pursuant to Accounting Standards (AS) 22 Accounting for taxes on income, the impact of deferred tax liability of Rs. 5,72,25,759/- for the year ended 31.3.2010 has been debited to Profit and Loss account.

(9) Additional Information's :

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

(Rs. in ' 000)

A. Capacity :		Units	2009-2010	2008-2009
a) Polypropylene/Polyester POY				
i) Licensed Capacity	*	TPA		
ii) Installed Capacity	**	TPA	56000	12900
b) PET CHIPS			44000	Nil
c) Twisted		TPA		
i) Installed Capacity	**		2500	2500
d) Texturised	**	TPA	3300	3300
e) Draw twisted	**	TPA	700	700
f) Weaving Unit (Fabrics)	**	Mtrs	3500000	3500000
g) Menthol Product	**			
Distilling		TPA	720	720
Freezing		TPA	120	120

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

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

(Rs. in ' 000)

B. Production :		Units	2009-2010	2008-2009
C.P.Plant & Spinning Unit		Ton	39010.768	13550.032
Polyester Fabrics		Mtrs.	1365813	4245379
Menthol Product		Kgs.	162680	180251

(Rs. in ' 000)

C. Turnover :	Unit	2009-2010		2008-2009	
		Quantity	Value Rs.	Quantity	Value Rs.
C.P.Plant & Spinning Unit	Ton	38986.823	3515336	17094.188	1394710
Wastage	Kgs.	483502	7988	301493	1808
Fabrics Local	Mtrs	-	-	-	-
Weaving Unit (Fabrics)	Mtrs	1424391	28026	4074442	72436
Menthol Product	Kgs.	129600	86876	180251	108914
Total			3638226		1577868

(Rs. in ' 000)

D. Raw Materials Consumed :	Unit	2009-2010		2008-2009	
		Quantity	Value Rs.	Quantity	Value Rs.
C.P.Plant & Spinning Unit	Ton	48035.204	3207720	14244.468	834038
Polyester Yarn / Menthol / Gum	Kgs.	160322	18918	645735	179911
Total			3297129	112000	1013949

(Rs. in ' 000)

E. Purchase :	Unit	2009-2010		2008-2009	
		Quantity	Value Rs.	Quantity	Value Rs.
Poly Yarn	Kgs.	174600	18155	3411264	301122
Total			18155		301122

(Rs. in ' 000)

F. Finished Stock :	Unit	2009-2010		2008-2009	
		Quantity	Value Rs.	Quantity	Value Rs.
a) Opening Stock :					
PPMFY*	Kgs.	149512	10833	248860	24034
Polyester Fabrics	Mtrs	58578	16837	409641	7373
Menthol	Kgs.	500	425	-	-
b) Closing Stock :					
PPMFY*	Ton	80011	60172	149512	10833
Polyester Fabrics	Mtrs	-	-	58578	16837
Menthol	Kgs.	33080	46312	500	425
* Including texturised and twisted yarn and wastage stock					

(Rs. in ' 000)

G. Value of Raw Materials Consumed :	2009-2010		2008-2009	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	1465108	44.43	129740	12.88
Indigenous	1832021	55.57	877867	87.12
Total	3297129	100.00	1007607	100.00

(Rs. in ' 000)

H. Value of Stores & Spares Consumed :	2009-2010		2008-2009	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	1718	16.76	899	9.49
Indigenous	8531	83.24	8569	90.51
Total	10249	100.00	9468	100.00

(Rs. in ' 000)

I. Expenditure in Foreign Currencies on account of (on Accrual Basis) :	2009-2010	2008-2009
Interest	78649	29825
Commission to selling Agent	72	388
Foreign Traveling	268	555
Overseas Banking Charges	140	2437

(Rs. in ' 000)

J. C.I.F. Value of import :	2009-2010	2008-2009
i) Raw Material	1465108	63395
ii) Stores and Spares	1718	739
iii) Capital Goods	235675	700245

(Rs. in ' 000)

K. Earnings in Foreign Currency (FOB Value of Exports) :	2009-2010	2008-2009
Fabrics / Yarn / Menthol	1139.60	98724

- (10) Figures of previous year have been regrouped and / or recast wherever necessary.
- (11) There are no sundry creditors due to small-scale industrial undertakings to whom the company owe a sum exceeding Rs. 1 lacs, which is outstanding for more than 30 days for the years, ended **31st March 2010**. This disclosure is on the basis of information available with the company regarding the status of suppliers.
- (12) Part IV of schedule VI to the companies Act is as per Annexure "A".
- (13) Cash Flow statement is as per Annexure "B"
- (14) **Signature** to schedules "1" to "22"

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09-06-2010

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 09-06-2010

Annexure "A" to the Notes to Accounts

I. Registration Details

Registration No.	11049	State Code	04
Balance Sheet Date	3 1 0 3 2 0 1 0		
	Date Month Year		

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

Public Issue	NIL	Rights Issue	Nil
Bonus Issue	NIL	Private Placement	1000

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

Total Liabilities	35,947	Total Assets	35,947
Sources of Funds			
Paid-up Capital	5,000	Reserves & Surplus	2,805
Share Application Money	250	Secured Loans	22696
Unsecured Loans	1,971	Deferred Tax Liability	1104
Application of Funds			
Net Fixed Assets	18,992	Investments	54
Net Current Assets	14,752	Pre-operative Exp.	NIL
Misc. Expenditure	28	Accumulated Losses	NIL

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

Turnover / Other Income	38,557	Total Expenditure	36,879
Profit/Loss Before Tax	1,678	Profit/Loss after Tax	1,106
Earning Per Share in Rs.	2.70	Dividend %	10 %

V. Generic Names of Three Principal Products/Service of the company (As per monetary terms)

Product Description	Item Code No. (ITC Code)
P.P & Poly POY / Texturised / Twisted Yarn	54023900
Menthol Product	33012590

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 09-06-2010

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 09-06-2010

Annexure B
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2009-10		2008-09	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
A. Cash Flow From Operating Activities				
Net Profit before tax and Extraordinary Items		167,807,175		83,325,363
Adjustment For :				
Depreciation	64,320,101		32,585,785	
Interest Income	(8,995,948)		(4,144,898)	
Dividend Income	(4,530)		(2,462)	
Miscellaneous expenditure written off	878,847		730,672	
Profit / Loss on Sale of Fixed Assets	(470,240)		6,085,322	
Profit / Loss on Sale of Investments	3,170,893		1,757,079	
Interest Paid	57,483,263	<u>116,382,386</u>	46,544,978	<u>83,556,476</u>
Operating Profit before Working Capital Changes		284,189,561		146,881,839
Adjustment For :				
Trade & Other Receivables	(442,533,789)		12,037,474	
Inventories	(254,983,366)		(116,745,981)	
Trade Payables and Other Liabilities	90,504,432	<u>(607,012,723)</u>	(7,944,377)	<u>(112,652,884)</u>
Cash Generated From Operations		(322,823,162)		34,228,955
Interest Paid	(57,483,263)		(46,544,978)	
Provision For Taxation	-		(18,468,387)	
Previous Year Taxation	(2,095,192)	<u>(59,578,455)</u>	(184,286)	<u>(65,197,651)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES(A)		(382,401,617)		(30,968,696)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Income Form sale of investments:				
Interest Income	8,995,948		4,144,898	
Dividend Income	4,530		2,462	
Purchases of Fixed Assets	(460,131,796)		(1,093,183,104)	
Sale of Fixed Assets	18,120,377		30,441,370	
Purchase / Sale of Investment	(4,492,389)		3,103,921	
Adjustment For Exchange Difference	-	<u>(437,503,330)</u>	(31,100,113)	<u>(1,086,590,566)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES (B)				
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Increase in borrowings	99,881,462		120,546,817	
Increase in Term Loan	971,432,914		800,801,715	
Increase in share capital	100,000,000		123,022,300	
Increase in Share Application Money	25,000,000		99,361,150	
Preliminary Expenses W/off	(740,875)	<u>1,195,573,501</u>	(1,847,227)	<u>1,141,884,755</u>
NET CASH FLOW FROM FINANCING ACTIVITIES ©				
Net Increase in Cash & Cash equivalents (A+B+C)		375,668,554		24,325,493
Cash and Cash equivalents as on 1 st April, 2009		40,448,788		16,123,295
Cash and Cash equivalents as on 31 st March, 2010		416,117,341		40,448,788

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

Place : Surat	For and on behalf of Board of Directors	Raj Kumar Somani Managing Director
Date : 09-06-2010	Shankarlal Somani Chairman	Anil Kumar Jain Company Secretary

AUDITORS' REPORT

We have examined the above cash flow statement of the SUMEET INDUSTRIES LIMITED for the year ended 31st March 2010. The Statement has been prepared by the company in accordance with the requirements of Listing Agreement as per clause 32 with Bombay stock Exchange Ltd. and is based on and is in agreement with the corresponding Profit and Loss Account and Balance sheet of the company covered by our report dated 09.06.2010 to the members of the company.

Place : Surat	For, PRADEEP SINGHI & ASSOCIATES	PRADEEP KUMAR SINGHI
Date : 09-06-2010	Chartered Accountants	Proprietor

M. NO. 200/24612

Sumeet

INDUSTRIES LIMITED

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

ATTENDANCE SLIP

ANNUAL GENERAL MEETING - 30.09.2010

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

Name & Address of the Member

Folio No / DP ID & Client ID

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING of the Company at Conference Hall, Bombay Market, Umarwada, Surat - 395 010 on Thursday, 30th September, 2010

Number of Shares Held

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

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

Sumeet

INDUSTRIES LIMITED

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

PROXY FORM

ANNUAL GENERAL MEETING - 30.09.2010

I/We.....
of in the District
of..... being a member/members of
the above named Company hereby appoint.....
or failing to him/her.....
of in the District of.....
as my/our proxy to vote for me/our behalf at the 22nd ANNUAL GENERAL MEETING of the company to be held on
Thursday, 30th day of September, 2010 at 10:00 A.M. any adjournment(s) thereof.

Signed thisday of.....2010.

Folio No./ DP ID & Client ID

Number of Shares held

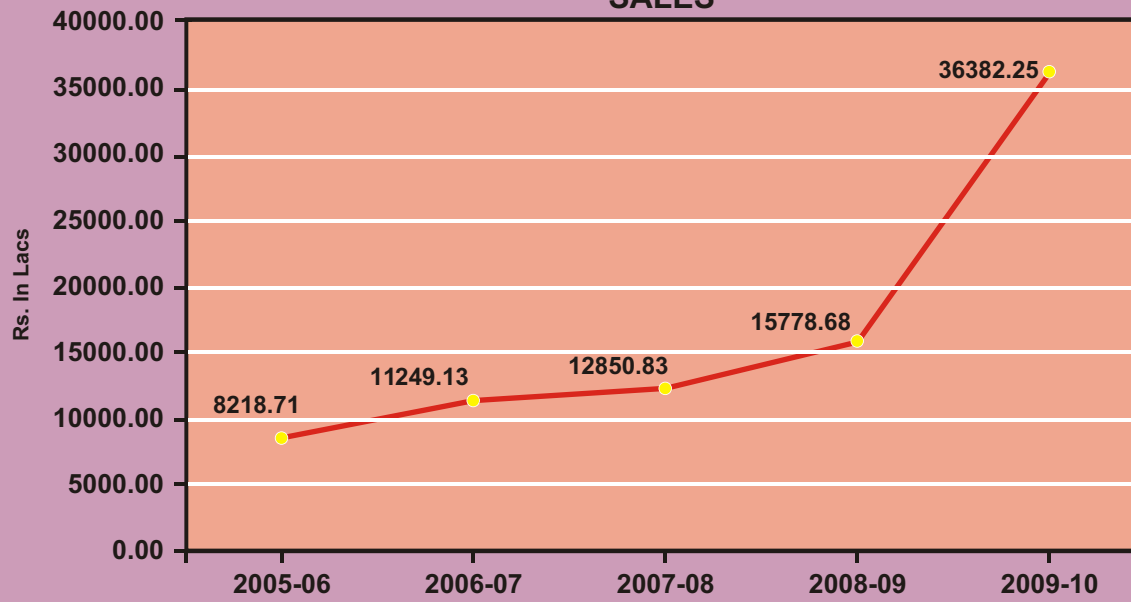
Signature of the Proxi

Affix
1 Rupee
Revenue
Stamp

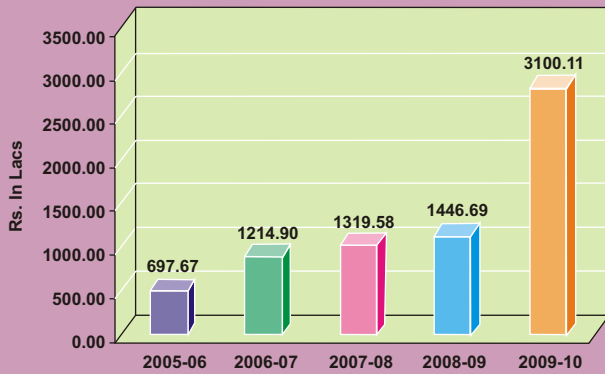
Signature

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

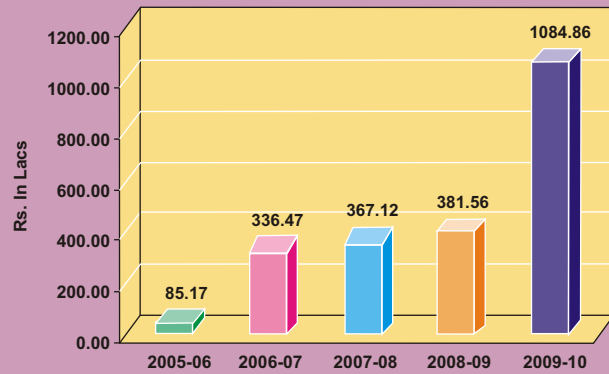
SALES



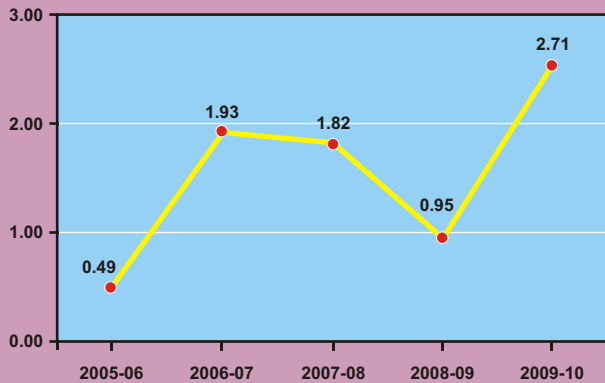
EBITDA



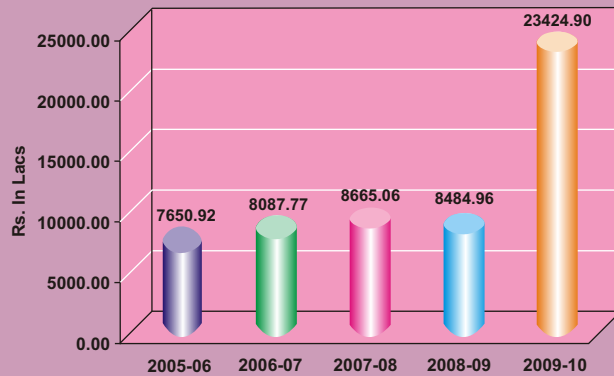
PAT



EPS



FIXED ASSETS



* After Right Issue (1:1)

BOOK-POST

If Undelivered please return to :

SUMEET INDUSTRIES LIMITED

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