

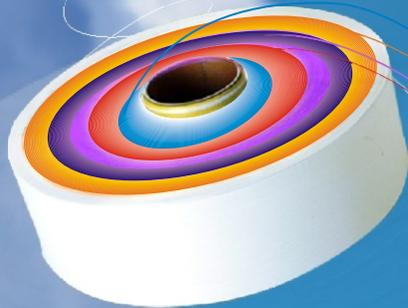
Sumecet

INDUSTRIES LIMITED

Spinning

The story of

Success !!!



24th Annual Report
2011 - 2012





Chairman's Message

Dear Shareholders,

I am pleased to report that your company continues to achieve new milestones in its journey towards sustainable growth through total excellence. Since last two decades, the company has created competitive and world class production facilities continuing encompassing through process re-engineering, technology up-gradation, enhanced value addition to emerge as a future ready enterprise. In the year under review, we have further strengthened our competitive capabilities to deliver more consistent growth.

Government world over have become sensitive and proactive to enforce fiscal corrections to mitigate financial bottlenecks. Ensuring fiscal discipline will be the prime focus with most governments.

Rupee depreciation against Dollar will a cause of concern impacting high input cost. The continuous rise and wide fluctuation in raw materials prices has an impact on the Company's working capital requirements. The company is managing inventory to minimize the impact of price fluctuation.

Polyester is the fibre of the future as it is steadily replacing natural fibre. In the 2011-12, polyester production globally grew by around 8% and in India by over 3%. Exports increased by 17%. The demand is expected to remain buoyant on account of growing population, rising income levels, rapid urbanization, increased organized players. India has great potential to grow its textiles and apparel output by serving both its domestic and export markets.

During the current financial year, your company has successfully commissioned Polyester Filament Yarn (POY & FDY), a direct spinning unit through MEG and PTA, thereby total capacity of the spinning plant has been increased from 53000 TPA to 100000 TPA. The company has also successfully commissioned 8.6 MW Gas based Genset Power Plant, thereby total captive power generation capacity has increased from 8.6 MW to 17 MW.

The year under review, the company has achieved Turnover of Rs. 823.99 Crores and recorded Net Profit after tax of Rs. 24.12 Crores. During the first quarter of the current year, the company has achieved Turnover of Rs. 202.08 Crores and Net Profit of Rs. 7.85 Crores. Your company is continuously paying dividends since last three years and future of the organization holds new promises.

Our strength is our people, dedicated professionals, with acumen to elevate our corporate performance to the next level. We are committed to sustain a culture of operational excellence, responsible resource utilization and creating a platform for sustainable growth to benefit all stakeholders' value in a vastly changed economic and business landscape.

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 repose on us by our shareholders, employees, suppliers, associates and our loyal customers for their continued support.

Shankarlal Somani
Chairman cum Mg. Director

TWENTY FOURTH

ANNUAL REPORT

BOARD OF DIRECTORS

Shri Shankarlal Somani	Chairman cum Mg. 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

COMPANY SECRETARY

Shri Anil Kumar Jain

AUDITORS

PRADEEP SINGHI & ASSOCIATES

Chartered Accountants, Surat

INTERNAL AUDITOR

RRA & CO.

Chartered Accountants, Surat

CORPORATE ADVISOR

Shri Dhiren R. Dave

Practicing Company Secretary, Surat

BANKERS

Bank of Baroda

Bank of India

IDBI Bank Ltd.

Union Bank of India

REGISTERD OFFICE

504, Trividh Chamber, Opp. Fire Station,

Ring Road, Surat - 395 002. (Gujarat)

Ph. : (0261) 2328902

Fax : (0261) 2334189

E-mail : sumeetindus@yahoo.com

Web : www.sumeetindustries.com

FACTORY

Block No. 289, 291, 292, Village : Karanj (Kim),

Tal. : Mandvi, Dist. : Surat-394 110. (Gujarat)

Ph. : 098251 38110

REGISTRAR & SHARE TRANSFER AGENT

M/S. BIGSHARE SERVICES PVT. LTD.

E-2, Ansa Industrial Estate, Sakivihar Road,

Sakinaka, Andheri (E), MUMBAI - 400 072.

Ph. : (022) 40430200 / 28470652

E-mail : investor@bigshareonline.com

24th ANNUAL GENERAL MEETING

DATE : 28th September, 2012

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.

FIVE YEARS OPERATING & FINANCIAL DATA

OPERATING DATA	(₹ in Lacs)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Sales & Income from operation	82447.64	82458.71	37604.10	15847.71	12932.90
Other Income	-541.96	351.96	74.13	-21.31	-15.09
Increase (Decrease) in Inventories	1476.56	-243.11	878.90	824.23	33.41
Total	83382.24	82567.56	38557.13	16650.63	12951.22
Purchase of Finished Goods	19735.21	21226.35	7319.51	3011.22	0.00
Raw Material Consumed	49721.82	48769.17	25651.78	10076.07	9843.14
Staff Cost	741.52	551.09	267.18	108.38	101.55
Manufacturing Expenses	5184.07	4486.02	1652.25	970.63	981.54
Admn Exp & Selling & Dist.Exp.	2181.71	1404.33	566.30	1037.64	705.41
Interest & Depreciation	2282.94	2000.95	1422.04	813.44	796.05
Total	79847.27	78437.91	36879.06	16017.38	12427.69
Profit/(Loss) before Taxation	3534.97	4129.65	1678.07	633.25	523.53
Taxation	1122.97	685.40	572.26	251.69	156.41
Profit & Loss after Taxation	2412.00	3444.25	1105.81	381.56	367.12
Earning per Share (EPS)	4.14	8.61	2.76	0.95	1.82

FINANCIAL DATA					
Share Capital	*6828.97	*4999.52	*4999.52	#3999.52	#2512.29
Share Application Money	870.00	870.00	250.00	0.00	257.00
Reserve & Surplus	10928.11	5684.60	2805.20	2191.72	911.71
Deferred Tax Liability	2332.56	1491.59	1103.52	531.27	464.26
Loan Funds **	38292.42	24246.75	24667.22	14020.80	4807.32
Capital & Funds Employed	59252.06	37292.46	33825.46	20743.31	8952.58
Fixed Assets (Gross) ***	43540.57	25144.37	23824.14	19480.70	8792.62
Depreciation	7164.91	1168.81	4832.33	4270.51	4040.82
Fixed Assets (Net)	36375.66	19143.24	18991.80	15210.19	4751.80
Investments	59.14	126.72	53.69	107.20	155.81
Current Assets	26156.96	21037.12	16874.06	6142.20	4851.86
Current Liabilities & Provisions	3349.97	3033.68	2121.94	745.50	824.95
Net Current Assets	22806.99	18003.44	14752.12	5396.70	4026.91
Misc. Exp. not written off	10.27	19.06	27.85	29.22	18.06
Capital & Funds Applied	59252.06	37292.46	33825.46	20743.31	8952.58

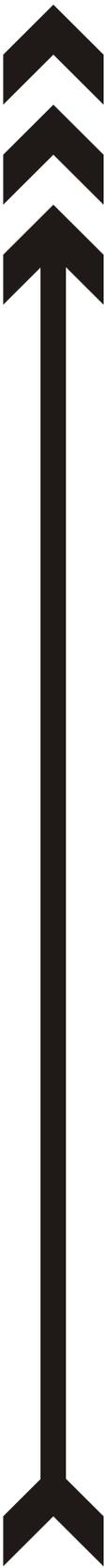
*Includes Preference Share Capital of Rs.5.00 Crores

*Includes Preference Share Capital of Rs.10.00 Crores

** Includes Secured & Unsecured Loan

*** Includes Capital Work in Progress

Milestones and Achievements

2012		Spinning Capacity of the Plant has been increased from 53000 TPA to 100000 TPA with total project cost of Rs. 150.00 Crores
2012		Commissioned 8.6 MW Gas based Genset Captive Power Plant, now total capacity of captive power generation is 17 MW
2010		This Prestigious Expansion cum Backward Integration Plan completed with total investment of Rs. 150.00 Crores and increased company's capacity from 12000 tons to 100000 tons (More than 8 times)
2009		Commissioned 6 MW Gas based Genset Captive Power Plant, enhancing the capacity of captive power generation by 8.5 MW
2009		The Company has commissioned fully imported C.P. PLANT (Continuous Polymerization Plant) of 100000 tones per annum as Expansion cum Backward Integration Project
2007		The Company converted its coal based power plant of 2.5 MW to Gas based Gen Set Power Plant for further reducing its power cost. The Company has tie-up with Gujarat Gas Company for supplying the Gas through Pipeline for the said Power Plant
2006		Installed 60 Water Jet Looms to manufacture 3.5 Million meters Woven Fabric per annum
2005		Installed Polyester Spinning Plant to manufacture 12000 MT Polyester Filament Yarn (POY) per annum with capital investment of Rs. 300 Million
2004		Increased the capacity of Texturising & Twisting to 3900 MT & 2000 MT respectively per annum
1999		Installed coal based power plant of 2.5 MW for captive power generation with capital investment of Rs. 60 Million
1997		Increased the capacity of Polypropylene Multifilament Yarn to 3900 MT per annum with capital investment of Rs. 144 Million
1996		Change of Name of the Company (Sumeet Synthetics Limited to Sumeet Industries Limited)
1995		Installed capacities of Texturising & Twisting of 1500 MT per annum for value addition with total project cost of Rs. 45 Million
1993		Installed capacity of 1500 tons per annum of Polypropylene Multifilament yarn with total project cost of Rs. 200 Million
1992		Conversion from Private Limited to Public Limited
1988		Incorporation of Sumeet Synthetics Private Limited

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of SUMEET INDUSTRIES LIMITED will be held at Bombay Market Hall, Umarwada, Surat on Friday, 28th Day of September, 2012 at 10:00 A.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2012 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 the financial year ended 31st March, 2012.
3. To appoint a Director in place of Mr. Devi Prasad Saboo who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS**5. 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 in its absolute discretion to create, offer, issue and allot equity shares, including unclassified shares after classifying them as Equity share and/or Preference shares and /or Cumulative Convertible Preference Shares and/or Non-convertible debentures, all or any of the aforesaid with or without detachable warrants, and/or warrants of any nature, and/or Secured premium notes, and/or Floating rate notes/Bonds/Convertible Bonds, Foreign Currency Convertibles Bonds, Depository Receipts including ADRs, GDRs, 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), Financial Institutions, Companies, Corporate bodies, Mutual funds, Banks, Insurance companies, Pension funds, Trusts other entities/authorities and to such other persons whether shareholders of the company or not through public issue, rights issue, preferential allotment, conversion of bonds or conversion of loans in to equity 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 aforesaid securities including premium, if any, shall not exceed Rs. 100.00 Crores (Rs. One Hundred 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 lead managers, 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** for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the issue(s), in accordance with applicable regulations, prevalent market practices, including but not limited to the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, face value, premium amount of issue/conversion of Securities/exercise of warrants/redemption of securities, rate of interest, redemption period, listing on one or more stock exchanges in India and/or abroad as the Board, in its absolute discretion may deem fit and to make and accept any modification in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including sign all deeds, documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the company to settle any questions or difficulties that may arise in regard to the issue (s), as it may, in its absolute discretion, deem necessary or desirable for such purpose, including sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating there to and with power on behalf of the company to settle any questions or difficulties that may arise in regard to the issue(s), as it may, in its absolute discretion deem fit."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee of Directors or any one or more Directors of the company with power to delegate to any officer of the company."

6. 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. 90.00 Crores divided in to 8,00,00,000 (Eight 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. 100.00 Crores divided in to 9,00,00,000 (Nine Crores) 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. 100,00,00,000/- (Rs. One Hundred Crores) divided in to :

1. 9,00,00,000 (Nine Crores) Equity Shares of Rs. 10/- (Rs. Ten) each.
2. 1,00,00,000 (One Crore) 6% Non-Convertible Redeemable Preference Shares of Rs. 10/- (Rs. Ten) each.

7. APPOINTMENT OF SHRI SHANKARLAL SOMANI AS CHAIRMAN CUM MANAGING DIRECTOR OF THE COMPANY

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

"RESOLVED THAT in supersession of earlier resolutions passed for appointment of Shri Shankarlal Somani as Whole Time Director of the company and 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, consent of the members be and is hereby accorded for appointment of Shri Shankarlal Somani as Chairman cum Managing Director of the Company for a period of 5 (Five) years with effect from 21.08.2012, 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 Managing Director."

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

Place : Surat
Date : 21-08-2012

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 Monday, 24th September, 2012 to Friday, 28th September, 2012 (both days inclusive) for the purpose of annual closure for the Annual General Meeting and/or payment of dividend.
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 28th September, 2012. In respect of shares held in dematerialized form, the dividend will be paid to the 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 to the Registrar and Share Transfer Agent, **M/s. Bigshare Services Pvt Ltd, E-2, Ansa Industrial Estate, Sakivihar Road, Andheri (E), Mumbai-400072** to avail the benefit of this service.
8. Non-Resident Indian members are requested to inform the company's Registrar and Transfer Agents (Bigshare Services Pvt. Ltd.) immediately of :
 - a) Change in their Residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete name of Bank, branch address, account type and account number with MICR code, if not furnished earlier.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar.
10. Members /Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.

Important Communication

The Ministry of Corporate Affairs, vide its Circular No.18/2011 dated 29th April, 2011, clarify that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e. documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding shares in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide E-mail ID to the Company's Registrar, M/s. Bigshare Services Pvt. Ltd. and also update the e-mail address as and when there is any change.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 05

The Company has been examining its growth opportunities from time to time in line with the objectives of becoming competitive in its business. Being recently expansion project of enhancing spinning capacity of POY/FDY has been completed with project cost of Rs.150.00 Crores , the company is in need of further funds required for working capital and other general corporate purpose.

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, interalia, 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, iterallia, 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. 06

Being recently expansion project of enhancing spinning capacity of POY/FDY has been completed with project cost of Rs. 150.00 Crores, the company is in need of further funds required for working capital and other general corporate purpose and the same will be financed by issue of Equity shares by way of FPO / Right issues /Preference Shares / Debentures / FCCB / ADRs / GDRs / Convertible Bonds etc.

Therefore, to enable the Company to issue fresh equity shares, it is proposed to increase the Authorised Share Capital of the Company from Rs. 90.00 Crores divided in to 8,00,00,000 (Eight 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. 100.00 Crores divided in to 9,00,00,000 (Nine Crores) 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.

The draft amended copy of the Memorandum and Articles of Association of the company is available for inspection at the registered office of the company during the business hours till the conclusion of the Annual General Meeting.

None of the Directors are concerned or interested in the proposed resolutions except as a member of the company.

ITEM NO. 07

Shri Shankarlal Somani is Chairman and Whole Time Director of the company since many years. On resignation of Shri Raj Kumar Somani as Managing Director of the company, the Board of Directors in their meeting held on 21.08.2012 approved the appointment of Shri Shankarlal Somani as Chairman cum Managing director of the Company for a further period of 5 (Five) years w.e.f. 21.08.2012 on the following terms and conditions.

REMUNERATION & PERQUISITES

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

CATEGORY : A

- i) Housing : a) the Company shall provide owned/leased free furnished accommodation
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 : Fees of Clubs 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, travelling 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 / or of Committee thereof.

Notwithstanding anything contained herein above, Shri Shankarlal Somani shall be entitled to the payment of minimum remuneration which shall be calculated as the salary mentioned in para 1 herein above and perquisites mentioned hereinabove in the event of any adequacy or absence of profits for a period of 5 years from 21.08.2012 to 20.08.2017

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

Shri Sumeet Kumar Somani being relative of Shri Shankarlal Somani, interested in the resolution along with Shankarlal Somani.

The Board recommends the resolution for adoption.

Registered Office :

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

Place : Surat
Date : 21-08-2012

By order of the Board Directors

Sd/-
Shankarlal Somani
Chairman

DIRECTOR'S REPORT**TO,
THE MEMBERS**

Your Directors have pleasure in presenting the 24th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2012.

In the year under review, we have further strengthen our competitive capabilities to deliver more consistent growth focusing on cost rationalization and consolidation capabilities.

Despite rising interest rates, rupee appreciation, high inflation, volatility in capital flows, your company has been able to earn net-profit of Rs. 2412.00 Lacs due to efficient use of raw materials, energy conservation, overhead cost cutting and better management of working-capital.

FINANCIAL RESULTS

	(₹ in lacs) <u>31-03-12</u>	(₹ in lacs) <u>31-03-11</u>
Gross profit before interest & Depreciation	5817.92	6139.39
Less: Interest	1081.19	832.14
Depreciation	1201.75	1177.60
Profit before Tax	3534.98	4129.65
Less: Provision for Taxation		
Current Tax	706.17	818.54
MAT Credit	167.29	(521.21)
Deferred Tax	175.99	388.07
Profit after Tax	2485.53	3444.25
Less : Taxation of Previous Year	73.53	28.51
Profit available for appropriation	2412.00	3415.74
Divided on Pref. Share and Dividend Tax	-	69.96
Equity Dividend & Dividend Dist. Tax	-	466.38
Short Prov. For Dividend for previous year	2412.00	4420.51
Balance transfer to Balance sheet		

OPERATIONS

The company has posted a satisfactory performance for the year under review. The company has produced 68408.420 Tons of Pet Chips / Polyester / Polypropylene Multifilament Yarn and dispatched 67630.95 Tons of Pet Chips / Polyester / P.P. / Poly yarns.

Income from operation of the company has increased from Rs. 820.40 Crores to Rs. 824.48 Crores. EBIDTA has been marginally decreased from Rs. 61.39 Crores to 58.18 Crores and Net profit after Tax has been decreased from Rs. 34.16 Crores to Rs. 24.12 Crores in comparison to last year.

DIVIDEND

Your directors have pleasure to recommend Dividend of 4% i.e. Rs. 0.40 per share on face value of Rs. 10/- on the paid up equity share capital of the company for the year ended 31st March, 2012. The dividend will be free of tax in the hands of recipients.

EXPANSION & MODERNISATION

During the current financial year, your company has successfully commissioned Polyester Filament yarn (POY & FDY) a direct spinning unit through MEG and PTA, thereby total capacity of the spinning has been increased from 53000 TPA to 100000 TPA. The company has also successfully commissioned 8.6 MW Gas based Genset Power Plant, thereby total captive power generation capacity has increased from 8.6 MW to 17 MW. The commercial production of the same has been commenced in the month of May, 2012.

EXPORTS

The company has been exploring all the possibilities for exporting its products. During the year under review, your company has exported Pet Chips and Polyester Chips products of Rs. 908.63 Lacs.

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 export markets has been a key area of focus for the company. Your Company expects reasonable growth in the overall export sales in the current year.

QIP PLACEMENTS

During the year 2011-12, your company has made equity offering to Qualified Institutional Buyers ("QIBs") and allotted 1,82,94,578 Nos. of Equity shares of face value of Rs. 10/- each at a price of Rs. 30.25 (including premium of Rs.20.25 per equity share) to part finance its Rs. 150.00 Crores expansion project for enhancing its spinning capacity.

DEPOSITORY SYSTEM

As members are aware, the company's shares are compulsorily tradable in the electronic form. As on March 31, 2012 almost 94.09% of the Company's total paid-up capital representing 5,82,89,738 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.

FIXED DEPOSITS

The Company has not accepted any deposits during the year.

DIRECTORS

Mr. Devi Prasad Saboo retires by rotation and being eligible offer himself for re-appointment.

Mr. Rajkumar Somani, Managing Director and Mr. Mangilal Lahoti, Director have resigned from the Board. Mr. Shankarlal Somani, Chairman of the Board appointed as Chairman cum Managing Director of the Company, subject to the approval of the shareholders in the Annual General Meeting (AGM).

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 as required. The company has appointed Mr. Vipin M. Patel, Cost Accountant for conducting the audit of such records for the financial year 2011-12.

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, 1956 as amended, no employee is drawing remuneration in excess of the prescribed limits. Your company also appreciates that revenue and profit growth cannot take place without the right equality of people. To that effect, your company has undertaken a series of measures which ensures that the most appropriate people are recruited in to the organization.

RISK MANAGEMENT

Risk Management is the systematic process of understanding, measuring, controlling and communicating organization's risk exposures while achieving its objectives. The company's risk management policy stems from a philosophy of pursuing sustainable growth and creating economic value while calibrating and mitigating risks. The Board of Directors regularly review risks and threats and takes suitable steps to safeguard its interest. 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 machineries 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 enters into forward contracts. The volatility witnessed in the global markets has reiterated the need for robust forex management systems and prudent investment practices. All forex exposures are hedged upon the occurrence of an exposure. 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 2011-12, the company has successfully commissioned 8.6 MW Gas based captive power plant and thereby increasing its total captive capacity to 17 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 recently commissioned Continuous Polymerization Plant (CP) and also for POY and FDY, the company has set up a separate 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. It has institutionalized a multiple-stage quality control system at the material handling, operations and finished goods stage. The enhanced quality so developed has been performing 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.

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 Sumeet Kumar Somani 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 Stock-Exchanges, 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 and National Stock Exchange Limited.

ACKNOWLEDGMENT

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 : 21st AUGUST 2012

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. The company continuously pursues the process of energy conservation through improved operational and maintenance practices.

a) Energy Conservation measures taken by the Company : -

1. Replacement of rewind motors by energy efficient motors.
2. Up-gradation of Fire Hydrant system.
3. Reduction in intermingling air consumption by using modified nozzles.
4. Energy efficient Screw compressors against reciprocating compressors.
5. Installation of Energy efficient pump.
6. Cooling water pump heads optimization.
7. Maximization of heat recovery system from exhaust gas and jacket water of engines.
8. AHU load reduced by optimizing take up temperature, thereby resulting in to power savings.
9. Partitions in various areas to reduce air conditioning load

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

1. Up-gradation of metering system at various service points in utility area.
2. Installation of EMS Energy Monitoring System for greater accuracy of energy consumption report.

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 and power consumption by way of energy savings.

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

FORM A

	<u>2011-12</u>	<u>2010-11</u>
A. Power and Fuel Consumption :		
1. Electricity :	NIL	NIL
(a) Purchased		
- Units		
- Total Amount		
- Rate/Unit (Rs.)		
(b) Own generation		
(i) Through diesel generator in Units (KWH)	18840	78139
Liters of HSD Consumed	5568	24653
Unit per Ltr. of Diesel	3.38	3.169
(ii) Through steam turbine/generator		
Unit Consumed	-	-
Unit per MT of Coal	-	-
(iii) Gas (Generated by Gas based Gen Set)		
Quantity (in units KWH)	59155370	53201030
Gas Consumed (in SM 3)	14898728	13315440
Unit per KWH / SM3	3.97	3.169
2. Gas :		
Quantity (in units)	17904415	17425686
Total amount	414516758	327914105
Average rate	23.15	18.82
3. Furnace oil :		
Quantity (in Ltrs.)	-	15530
Total amount	-	500846
Average rate	-	32.25
4. Diesel :		
Quantity (in Ltrs.)	4400	25300
Total cost	203940	1060761
Cost/unit	46.35	41.93

B. Consumption per unit of production (in tons)

Product : Polyester/Polypropylene Multi Filament Yarn

	<u>Standards (if any)</u>	<u>2011-12</u>	<u>2010-11</u>
Electricity			
(a) Purchases	-	NIL	NIL
(b) Own Generation	-	865.01	689.54
(Through Gas based Genset & Diesel Generator)			

FORM B

(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**

- Development of new POY and FDY product.
- Process optimization for product development
- Further development and indigenization of spares through local vendors
- Further modernization of ETP Plant
- Improvement in power factor to reduce maximum demand level.
- Productivity enhancement of spinning machines & take-up machines

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

- Reduction in wastage and energy / power consumption per unit of yarn.
- Development of Value added product
- Better process control
- Opening up avenues for more business both in domestic and export market

3. Future plan of action :

- High tenacity industrial yarn development.
- Enhancement of productivity of spinning machines and take up machines

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 :**

- Heat recovery system of Thermic Fluid heater.
- Auto Doffer system (German Technology) in new POY & FDY Plant

2. Benefits derived as a result of above efforts

- Improvement in product output, Quality and reduction in wastage
- Improvement in capacity utilization
- Reduction in cost of production

3. Information regarding technology imported during the last five years

Technology Imported	Year of Import	Status
Gas based Genset Power Plant	2008 & 2011	Absorbed
Continuous Polymerization Plant (CP)	2008	Absorbed
POY and FDY Plant	2009 & 2011	Absorbed

III. Foreign Exchange Earning And Outgo**1. 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.

2. Total Foreign Exchange used and earned

	2011-12	2010-11
[a] Foreign Exchange Earnings	908.64	2553.50
[b] Foreign Exchange Outgo	50396.67	324614.77

(₹ in Lacs)

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 with below objectives.

- i) To enhance shareholders' value
- ii) To excel in customer satisfaction
- iii) To ensure ethical corporate conduct

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 of Board Meeting	Attendance Last AGM	No. of Other Directorships/ Committee Memberships/ Chairmanships		
					O.D.	C.M.	C.C.
1	Shankarlal Somani	Executive/ Non-Independent	20	Yes	3	-	-
2	Rajkumar Somani *	Executive/ Non-Independent	20	Yes	8	-	-
3	Sumeet Kumar Somani	Executive/ Non-Independent	20	Yes	5	1	-
4	Dinesh Sharan Khare	Executive/ Independent	18	Yes	-	-	-
5	Bhagchand Chordia	Non-Executive/ Independent	20	Yes	-	3	3
6	Vinod Kumar Ladia	Non-Executive/ Independent	14	Yes	7	-	-
7	Mangilal Lahoti *	Non-Executive/ Independent	16	Yes	2	3	-
8	Devi Prasad Saboo	Non-Executive/ Independent	17	Yes	1	2	-

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

* Mr. Rajkumar Somani and Mr. Mangilal Lahoti has resigned from the Board w.e.f. 21-08-2012.

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 2011-12, the Board meeting has been held for 20 times.

The Dates of the Board Meetings are :

01.	29/04/2011	06.	15/07/2011	11.	26/08/2011	16.	15/11/2011
02.	11/05/2011	07.	20/07/2011	12.	03/09/2011	17.	14/12/2011
03.	01/06/2011	08.	28/07/2011	13.	23/09/2011	18.	25/01/2012
04.	06/06/2011	09.	10/08/2011	14.	17/10/2011	19.	13/02/2012
05.	29/06/2011	10.	16/08/2011	15.	09/11/2011	20.	27/03/2012

3. AUDIT COMMITTEE

COMPOSITION, NAME OF MEMBERS AND CHAIRMAN

The Audit committee of the company has been constituted as per requirement of clause 49 of the Listing Agreement. The Audit committee was reconstituted in the year 2006-07. During the year 2010-11, the committee was again reconstituted by induction of Shri Sumeet Kumar Somani, Director and CFO of the Company as a member of the committee. Mr. Devi Prasad Saboo left from the committee membership due to their busyness in other work.

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

Sr. No.	Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
1	B. C. Chordia	Chairman	Non-Executive	5	5
2	Sumeet Kumar Somani	Member	Executive	5	5
3	Mangilal Lahoti	Member	Non- Executive	5	5

During the 2011-12 Audit Committee meeting was held 5 times. The necessary quorums were present at the meeting. The date of the meetings are as follows :-

01.	07/05/2011	02.	11/07/2011	03.	25/07/2011	04.	04/11/2011	05.	09/02/2012
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The terms of the reference regarding role of the Audit committee are as under :-

- a) Review of the company's financial reporting process, the financial statements and financial /risk management 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.	Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
1	B. C. Chordia	Chairman	Non-Executive	1	1
2	Mangilal Lahoti	Member	Non-Executive	1	1
3	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 2011-2012.

Sr. No.	Name of the Director	Salary (₹ in Lacs)	Perquisites (₹)
1	Shankarlal Somani	30.00	-
2	Rajkumar Somani	3.00	-
3	Dinesh Sharan Khare	3.98	-
4	Sumeet Somani	3.00	-

Besides above, the Company has not paid any sitting fees to the Non-Executive, Independent Directors. Remuneration Committee meeting held on 28/03/2012 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 redressal of Investors' complaints like Transfer of Shares, Issue of Duplicate/Replacement/Split Shares, Non-receipt of rights, Bonus, Split share certificates and 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.	Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
1	B. C. Chordia	Chairman	Non-Executive	26	26
2	Mangilal Lahoti	Member	Non-Executive	26	24
3	Devi Prasad Saboo	Member	Non-Executive	26	22

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

01.	15/04/2011	07.	24/06/2011	13.	15/09/2011	19.	15/12/2011	25.	15/03/2012
02.	29/04/2011	08.	30/06/2011	14.	19/09/2011	20.	31/12/2011	26.	31/03/2012
03.	30/04/2011	09.	08/07/2011	15.	15/10/2011	21.	13/01/2012		
04.	14/05/2011	10.	30/07/2011	16.	31/10/2011	22.	14/01/2012		
05.	31/05/2011	11.	16/08/2011	17.	15/11/2011	23.	31/01/2012		
06.	15/06/2011	12.	31/08/2011	18.	30/11/2011	24.	29/02/2012		

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 2011-2012 93

Pending as on 31/03/2012 2

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 31/03/2012: NIL

6. GENERAL INFORMATION TO THE SHAREHOLDERS

I) GENERAL BODY MEETING

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

Sr. No.	AGM DATE	Location	Time
1	26/09/2011	Bombay Market Hall, Umarwada, Surat	10:00 A.M.
2	30/09/2010	Bombay Market Hall, Umarwada, Surat	10:00 A.M.
3	29/09/2009	Bombay Market Hall, Umarwada, Surat	10:00 A.M.

II) DISTRIBUTION OF SHAREHOLDING (IN SHARES) AS ON 31st MARCH, 2012

NO. OF SHARES	NO. OF HOLDERS	% OF HOLDERS	NO. OF SHARES	% OF CAPITAL
1 To 500	25677	89.84	4092415	7.02
501 To 1000	1607	5.62	1281863	2.20
1001 To 2000	704	2.46	1054859	1.81
2001 To 3000	199	0.70	503475	0.87
3001 To 4000	106	0.37	374652	0.64
4001 To 5000	50	0.18	232780	0.40
5001 To 10000	96	0.34	678741	1.16
10001 To 999999999	141	0.49	50070953	85.90
TOTAL == >	28580		58289738	100.00

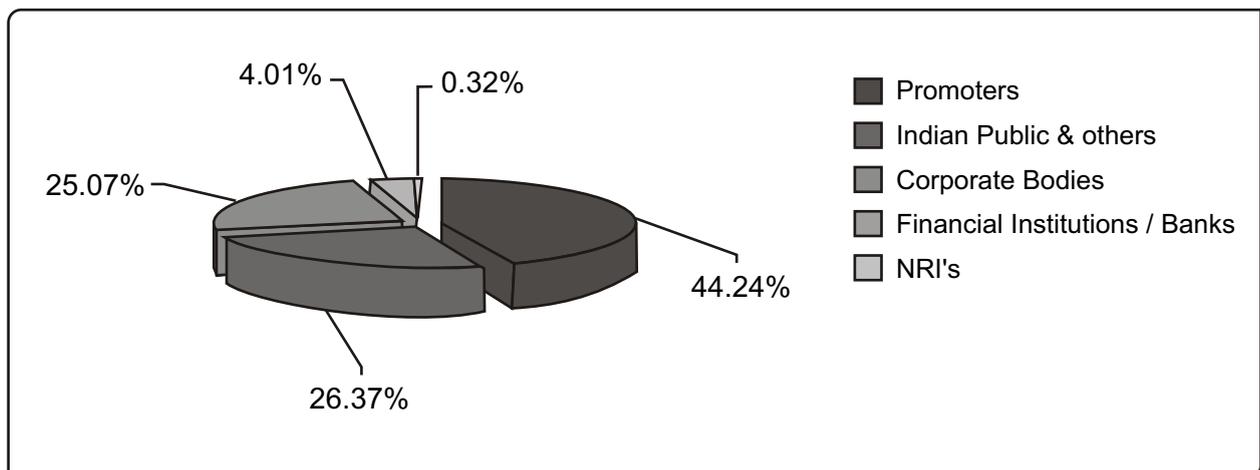
III) SHAREHOLDING PATTERN OF THE COMPANY AS ON 31st March, 2012

Description	Number of Shareholders		Number of Shares	
	Nos.	%	Nos.	%
A) Promoter and Promoter Group Indian:				
Individuals/ Hindu Undivided Family	11	0.04	8379844	14.38
Bodies Corporate	8	0.03	17408000	29.86
Total (A)	19	0.07	25787844	44.24
B) Public shareholding :				
Institutions :				
Mutual Funds, Nationalized Bank, Financial Institutions and Co-operative Banks	2	0.01	2336695	4.01

Sumeet INDUSTRIES LTD.

Description	Number of Share holders		Number of Shares	
	Nos.	%	Nos.	%
Non-institutions:				
Bodies Corporate	328	1.15	14610849	25.07
Individuals	28108	98.35	11683715	20.04
Clearing Member	18	0.06	6956	0.01
Directors/Relatives	9	0.03	3679232	6.31
NRI	96	0.34	184447	0.32
Total (B)	28561	99.93	32501894	55.76
Grand Total (A+B)	28580	100.00	58289738	100.00

Category	Number of share held	Percentage of holding
Promoters	25787844	44.24
Indian Public & others	15369903	26.37
Corporate Bodies	14610849	25.07
Financial Institutions / Banks	2336695	4.00
NRI's	184447	0.32
GRAND TOTAL	58289738	100.00



IV) MARKET PRICE DATA

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

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

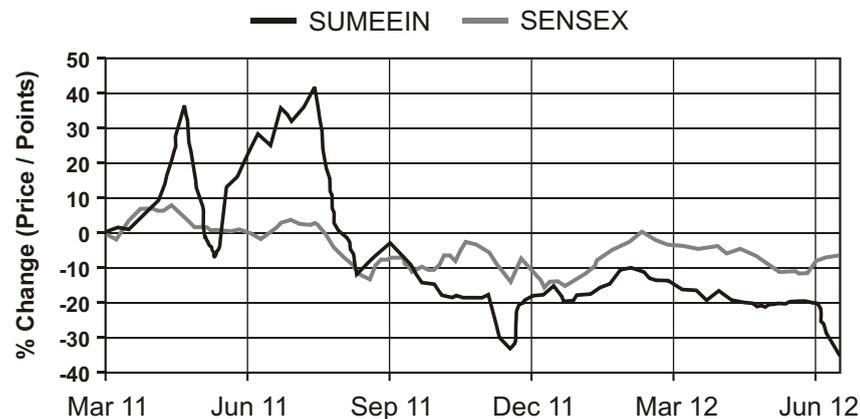
Month	Share Price		BSE SENSEX		Volume
	High Price	Low Price	High Price	Low Price	
April, 2011	41.80	29.10	19,811.14	18,976.19	83,34,726
May, 2011	42.30	25.80	19,253.87	17,786.13	1,39,73,195
June, 2011	40.00	32.25	18,873.39	17,314.38	1,12,46,079
July, 2011	46.40	35.15	19,131.70	18,131.86	83,50,889
Aug, 2011	38.85	24.90	18,440.07	15,765.53	47,80,219
Sep, 2011	30.40	22.60	17,211.80	15,801.01	14,02,792
Oct, 2011	28.05	22.85	17,908.13	15,745.43	44,04,954
Nov, 2011	25.00	17.60	17,702.26	15,478.69	40,66,457
Dec, 2011	26.90	22.10	17,003.71	15,135.86	18,83,800
Jan, 2012	26.15	22.80	17,258.97	15,358.02	4,14,730
Feb, 2012	28.00	24.00	18,523.78	17,061.55	11,82,334
Mach, 2012	25.85	23.00	18,040.69	16,920.61	8,47,607

V) STOCK PERFORMANCE INDEX

PRICE MOVEMENT CHART



INDEX COMPARISON CHART



VI) APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. Mangilal Lahoti and Mr. Devi Prasad Saboo, who retire by rotation and being eligible, offer themselves for re-appointment. Their details are mentioned below.

Name of the Director	Mr. Devi Prasad Saboo
Date of Birth	20.04.1932
Date Appointment on the Board	05.02.2007
Qualification	B.S. in Mechanical Engineering
Expertise in specific functional areas	Mechanical Engineer
List of Other Directorship \	- Yashobhav Enterprises Pvt Ltd
Committees Memberships of the companies	- Remuneration Committee, Member - Investor Grievances Committee, Member
No. of shares held in the Company	30000

VII) ANNUAL GENERAL MEETING (TENTATIVE)

Date : 28/09/2012, Friday

Time : 10:00 A.M.

Venue : Bombay Market Hall, Umarwada, Surat

(VIII) FINANCIAL CALENDAR (TENTATIVE)

Annual General Meeting : September, 2012

Results for quarter ending June 30, 2012 : Last Fortnight of July, 2012

Results for quarter ending Sept 30, 2012 : Last Fortnight of October, 2012

Results for quarter ending Dec 31, 2012 : Last Fortnight of January 2013

Results for quarter ending March 31 , 2013 : Last Fortnight of April, 2013

(IX) 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 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 "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] which facilitate to serve more better."

(X) DEMATERIALIZATION OF SHARES AND LIQUIDITY :

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

Shares of the company are compulsorily to be delivered in the demat form on Stock Exchange by all investors. As on 31st March, 2012 about 94.09% of the issued capital have already been dematerialized. Shares of the company are listed at Bombay Stock Exchange Limited & National Stock Exchange of India 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.

(XI) 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. Format of Bank Mandate form is available on last page of Annual Report for crediting dividend directly to your Bank account under ECS system.

(XII) OUTSTANDING GDRS/ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS : NIL

(XIII) 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.

Ph. : 022- 28470652/40430200

(XIV) BOOK CLOSURE :

The books will be closed from Monday, 24th September, 2012 to Friday, 28th September, 2012 (both days inclusive) as annual closure for the Annual General Meeting.

(XV) DIVIDEND DATE :

Equity Shares : The Board has recommended dividend @4% (i.e. Rs. 0.40 per share on face value of Rs. 10/- each) for the financial year ended 31st March, 2012 subject to approval of the members at the Annual General meeting. The dividend will be paid on or before 23.10.2012. Ex-dividend date is 20.09.2012.

(XVI) LISTING :

Equity shares of Sumeet Industries Limited are listed on the BSE Limited and National Stock Exchange of India Limited.

STOCK CODES :

BSE : 514211

NSE : SUMEETINDS

ISIN No. : INE235C01010

All listing and custodial fees to the Stock Exchanges and depositories have been paid to the respective institutions.

(XVII) BUILD UP OF EQUITY SHARE CAPITAL

Date of Allotment	Reason for Allotment	No. of Equity Shares Issued	Face Value (₹)	Cumulative Share	Cumulative Paid-up Capital (₹ In Lacs)
25.07.1988	Subscription to the MOA	20	10.00	20	200.00
12.12.1991	Further Allotment	1,99,980	10.00	2,00,000	20,00,000.00
13.05.1992	Further Allotment	7,95,000	10.00	9,95,000	99,50,000.00
07.07.1992	Further Allotment	10,55,000	10.00	20,50,000	2,05,00,000.00
20.07.1992	Further Allotment	9,50,000	10.00	30,00,000	3,00,00,000.00
08.08.1992 & 12.08.1992	Further Allotment	26,00,000	10.00	56,00,000	5,60,00,000.00
24.10.1992	Further Allotment	4,00,000	10.00	60,00,000	6,00,00,000.00
12.01.1993	Initial Public Offering	56,00,000	10.00	1,16,00,000	11,60,00,000.00
15.03.2005 *	Bonus in the ratio of 1:2	57,99,300	10.00	1,73,99,300	17,39,93,000.00
13.04.2007	Preferential Allotment to Bennett Coleman & Co. Ltd.	6,67,000	10.00	1,80,66,300	18,06,63,000.00
13.04.2007	Preferential Allotment to Vishvas Infrastructure Ltd.	2,50,00	10.00	1,83,16,300	18,31,63,000.00
21.01.2008	Bonus in the ratio of 1:10	18,06,630	10.00	2,01,22,930	20,12,29,300.00
17.01.2009	Right Issue 1:1	1,98,72,230	10.00	3,99,95,160	39,99,51,600.00
28.04.2011	Allotment to " QIBs " under QIP Placement	1,82,94,578	10.00	5,82,89,738	58,28,97,380.00

* Record Date

(XVIII) CORPORATE BENEFITS TO INVESTORS

A) BONUS ISSUE OF FULLY PAID UP EQUITY SHARES

Financial Year	Ratio
2004-05	1:2
2007-08	1:10

B) DIVIDEND DECLARATION DURING THE LAST 5 YEARS

Financial Year	Dividend Declaration	Dividend per share
2007-08	27 / 01 / 2007	10%
2009-10	30 / 09 / 2010	10%
2010-11	26 / 09 / 2011	10%
2011-12	Proposed	4%

(IXX) PLANT LOCATION : Block No. 289-291-292, Vill : Karanj (Kim), Tal : Mandvi, Dist : Surat (Gujarat)
PIN : 394 110.

Company is the manufacturer and exporter of Polyester Chips, Polyester Filament Yarn (POY & FDY) and Polypropylene Multifilament Yarn.

(XX) REGISTERED OFFICE :

504, Trividh Chambers, Opp. Fire Brigade Station, Ring Road, Surat-395 002 (Gujarat).
Phone : 0261-2328902. Fax : 0261-2334189. E-mail : sumeetindus@yahoomail.com
Visit us at : www.sumeetindustries.com

7. DISCLOSURES OF NON COMPLIANCE BY THE COMPANY

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

8. MEANS OF COMMUNICATION

Quarterly/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 Exchanges and for details of the same, 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. 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.

10. CEO AND CFO CERTIFICATIONS

The Chief Financial Officer of the company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement. The CEO / CFO certification of the financial statements for the year is enclosed forming part of the Annual Report.

11. COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, M/s Pradeep Singhi & Associates confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report. This Certificate has also been forwarded to the Stock Exchanges where the securities of the Company are listed.

12. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its directors, management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. Anil Kumar Jain, Company Secretary is the Compliance Officer of the company.

13. 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 Clause 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, 2012 as stipulated in Clause 49 of the Listing Agreement with Stock Exchange(s).

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
FIRM NO. 108029W

Place : Surat
Date : 06th AUGUST 2012

CEO/CFO CERTIFICATION TO THE BOARD

(Under Clause 49(V) of Listing Agreement)

I, Sumeet Kumar Somani, Chief Financial Officer of Sumeet Industries Limited hereby certify to the Board that :

- a) I have reviewed the financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief :
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) There are, to the best of our knowledge and belief, no transactions entered into by Sumeet Industries Limited during the year under review which are fraudulent, illegal or violative of the company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee
- Significant changes in internal control over the financial reporting during the year 2011-12;
 - Significant changes in accounting policies during the year 2011-12 and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.
- e) We further declare that all Board members and senior management have affirmed compliance with code of conduct for the year ended 31st March, 2012.

By order of the Board Directors

Sd/-

Sumeet Kumar Somani

Executive Director and
Chief Financial Officer

Place : Surat

Date : 06th AUGUST 2012

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)**REVIEW OF THE ECONOMIC SCENARIO****WORLD ECONOMY**

The year 2011 witnessed near stagnant growth in developed and emerging economics. The growth rate of advanced economies is expected to be 1.9% and that of emerging economies around 6.1% in 2011.

As per the estimate of International Monetary Fund, the global economic growth lowered to 3.5% in 2012 from 3.9% in 2011. However, the macroeconomic fundamentals were revived moderately and the GDP growth rate of the US accelerated to 3% while in the Euro Zone it declined by 1.2% in Q4 of FY 2012. In China, GDP declined from 9.6% in the first half of 2011 to 8.1% in Q1 of 2012. Brazil witnessed sharp slow down in its GDP growth while modest growth was observed in Russia and South Africa in Q4 of 2011.

The global economy continues to recover amidst on going policy support and the improving financial conditions of consumers and business alike. The recovery process is led by emerging market economies, especially those in ASIA. Advanced economies are expected to grow at a much slower rate. According to IMF, the world economy Real GDP growth rates :-

Country	2010	2011	2012 (E)	2013 (E)
USA	3	2.7	2.8	2.7
UK	1.4	1.6	2.3	2.4
China	10.4	9.5	9.5	9.4
Japan	4	1.3	2	1.6
European Union	2	1.7	2	2.1

(Source : Forecasts 2011, 2012 & 2013 IMF, Actial Data (2010) and World Bank)

INDIAN ECONOMY

At the beginning of 2011, the Indian economy commenced its journey with considerable confidence and a stable currency. However, as the year progressed, an unfortunate combination of high inflation fueled by spiraling commodity-fuel prices, widening current account deficits, declining industrial output, high interest rates, weakening rupee and policy gridlock choked the growth momentum. This has lead to decrease in growth rate from estimated 6.9% in 2011-12 against 8.4% in 2010-11. However, the long-term prospects of the country continue to be optimistic. The fundamentals are strong in the medium-term, driven by positive growth prospect with increasing consumer spending. Nevertheless, India's GDP growth for the year 2011-12 was reasonably good compare to major economies of the world.

GDP Progress

	2007-08	2008-09	2009-10	2010-11	2011-12 (E)
GDP	9.3	6.7	8.4	8.4	6.9
Agriculture	5.5	0.4	1.7	6.8	2.5
Industry	10.3	4.7	8.6	7.4	4.5
Services	39.9	10.0	10.5	9.3	9.4

(Source : Economic Survey)

INDUSTRY SCENARIO

The MMF industry can be classified into synthetic and cellulosic fibres comprising polyester, olefin, nylon, acrylics, viscose etc. Polyester is the fibre of the future, finding varied applications across home furnishing, apparel industry, automotive industry, sportswear market, technical textiles and more. The Globally synthetic fibers, led by polyester (polyester staple fibre and polyester filament yarn) have been growing rapidly owing to a growing demand of fibres. The proportion of synthetics in total fibre consumption worldwide has risen from 47% to 57% in the last 15 years while cotton has reduced from 42% to 36%.

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.

According to Crisil research, Polyester stable Fibre (PSF) and POY demand is expected to grow at 7.5% CAGR over the next 2 years driven by rising consumption of blended and non-cotton yarns. Demand will accelerate to 9% CAGR after 2012-13 due to limited availability of cotton and higher substitution by Polyester. *The share of MMF is poised for higher growth and is expected to share 45% by FY2017 of the overall fibre consumption pie by the textile industry, mainly driven by growth in home textiles, women's wear, automotive segment and huge price differential between Cotton and MMF. Exports are expected to grow at a higher 10-15% between 2011-12 and 2014-15 due to rising demand from export destinations in Asia, Middle East, Europe etc.

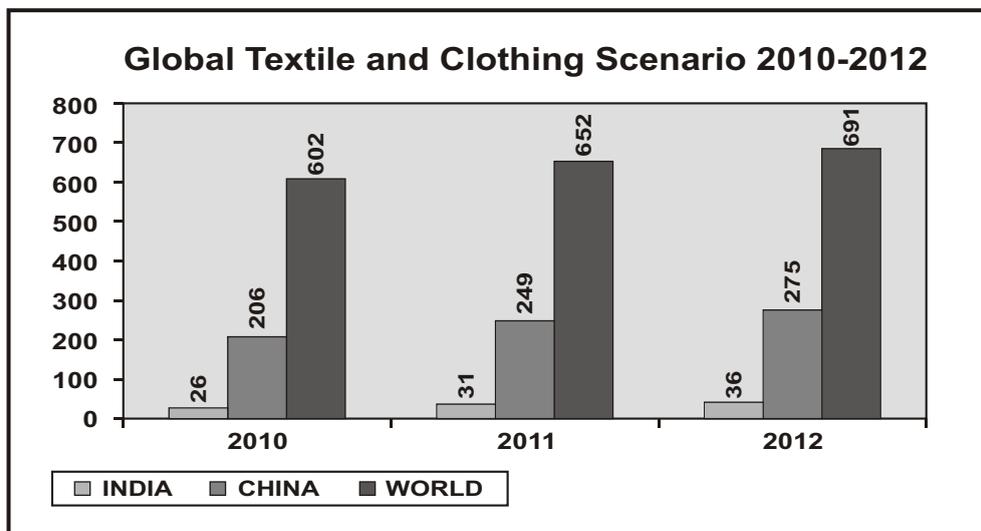
*Care Research

WORLD TEXTILE OVERVIEW

*The production volume in the world textile industry in 2011 rose by 6.4% to 85.9 million tones. Natural fibres were up by 7.1% to 33.2 million tones and manmade fibres were up by 6.0% to 52.7 million tones. In 2011, India is expected to grow 16% to reach US \$ 31 billion in the global textile and clothing exports.

In 2011-12, Polyester production globally grew by around 8% and in India by over 3%, export increased by 17%. The year 2012 will remain a year to significant change for major exporting countries in textile trade on account of growing population, rising income levels, rapid urbanization, increased organized players etc.

The manmade fibers segment has witnessed considerable expansions in polyester spinning and texturing, nylon filament particular in PR China and India. Fibres prices and textile products in general will likely be subject to appreciation. The recent acceleration in fibre demand reflects the impact of rapidly rising disposable incomes in populous nations like the BRIC- countries.



*The Fibre Year 2011-12

INDIAN TEXTILE OVERVIEW

The Indian Textile Industry is one of the key and integrated industries in the Indian economy. It is the largest employer after agriculture. It employs approximately 35 mn people directly and 50 mn people indirectly. The industry accounts for approximately 14% of industrial production, 17% to gross export earnings and 4% to national GDP.

Polyester alone accounted for approximately 82% of the total MMF consumption in FY11. The polyester segment consumption can be segregated in to PFY-63% and PSF-37%. FY 2011-12*, witnessed robust growth in Polyester Filament Yarn segment. The continued increase in the price of cotton gave favourable boost to the increased demand of PFY. Polyester has been steady replacing natural fibre.

During 2011-12, the industry witnessed a negative growth owing to high volatility in raw material prices, piling up of stocks combined with unfavourable exchange rate fluctuation and margin pressure. During April-November, 2011 man-made fibre production and filament yarn production recorded a decrease of about 2% and 7% respectively but outlook will remain positive with more capacity additions anticipated between 2013 and 2015. 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	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	%Var.
Viscose Filament Yarn	Installed Capacity	79.70	79.70	80.10	80.10	73.70	76.22	3%
	Opening Stock	3.62	5.31	2.79	1.72	1.94	1.49	-23%
	Production	53.99	51.07	42.42	42.70	40.92	42.36	4%
	Import	1.98	2.79	5.21	11.70	13.17	13.88	5%
	Export	11.92	14.58	4.20	5.17	5.45	4.59	-16%
	Availability	47.67	44.59	46.22	50.95	50.58	53.14	5%
Nylon Filament Yarn	Installed Capacity	32.00	32.00	32.00	32.00	32.00	32.00	Nil
	Opening Stock	2.80	4.06	3.19	1.71	3.10	6.40	106%
	Production	32.25	27.62	28.07	30.35	33.46	27.89	-17%
	Import	9.15	2.57	3.45	1.69	2.14	1.62	-24%
	Export	1.83	2.35	2.39	1.75	1.97	1.75	-11%
	Availability	42.37	31.90	32.32	32.00	36.73	34.16	-7%
Polyester Filament Yarn	Installed Capacity	1924.10	1972.00	2013.49	2058.49	2069.42	2074.04	Nil
	Opening Stock	23.06	48.23	44.87	23.16	28.09	42.67	52%
	Production	1270.87	1420.04	1332.09	1434.88	1462.28	1378.61	-6%
	Import	91.34	85.79	69.96	28.61	19.22	15.73	-18%
	Export	175.40	228.58	81.51	132.06	245.61	218.50	-11%
	Availability	1209.87	1325.48	1365.41	1354.59	1263.98	1218.51	-4%

Availability = Opening Stock + Production + Import - Export

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

Source : O/o Textile Commissioner, Mumbai.

* Care Research

GOVERNMENT SUPPORT TO TEXTILES

The government has announced the National Textile Policy to promote India in the World Textile Industry by strengthening the existing policy framework and providing institutional and technological support and achieving rapid growth in demand of fibres in the country over the next decades. This policy also envisages the extension of Technology up gradation Fund Scheme (TUFS) to MMF production and technical textiles. The GOI has allowed 100% FDI in the textile sector through automatic route.

*Under industry sector 16 schemes have been sanctioned. The total plan allocation under this sector during 2010-11 and 2011-12 were Rs. 3284.50 crore and Rs. 3835.00 crore against which expenditure was Rs.3265.56 crore (99.42% over BE) and Rs. 2354.91 crore (61.41% over BE) (as on 30.12.2011) respectively. The major allocation during 2010-11 and 2011-12 was under Technology Upgradation Fund Scheme (TUFS); the allocation being Rs. 2267.50 crore and Rs. 3100.00 crore respectively. The allocation for 2010-11 and 2011-12 under Scheme for Integrated Textile Parks (SITP), National Institute of Fashion Technology (NIFT), Jute Technology Mission were Rs. 350.00 crore & Rs. 347.00 crore, Rs. 210.00 crore & Rs. 128.00 crore and Rs. 72.00 crore & Rs. 54.00 Crores respectively.

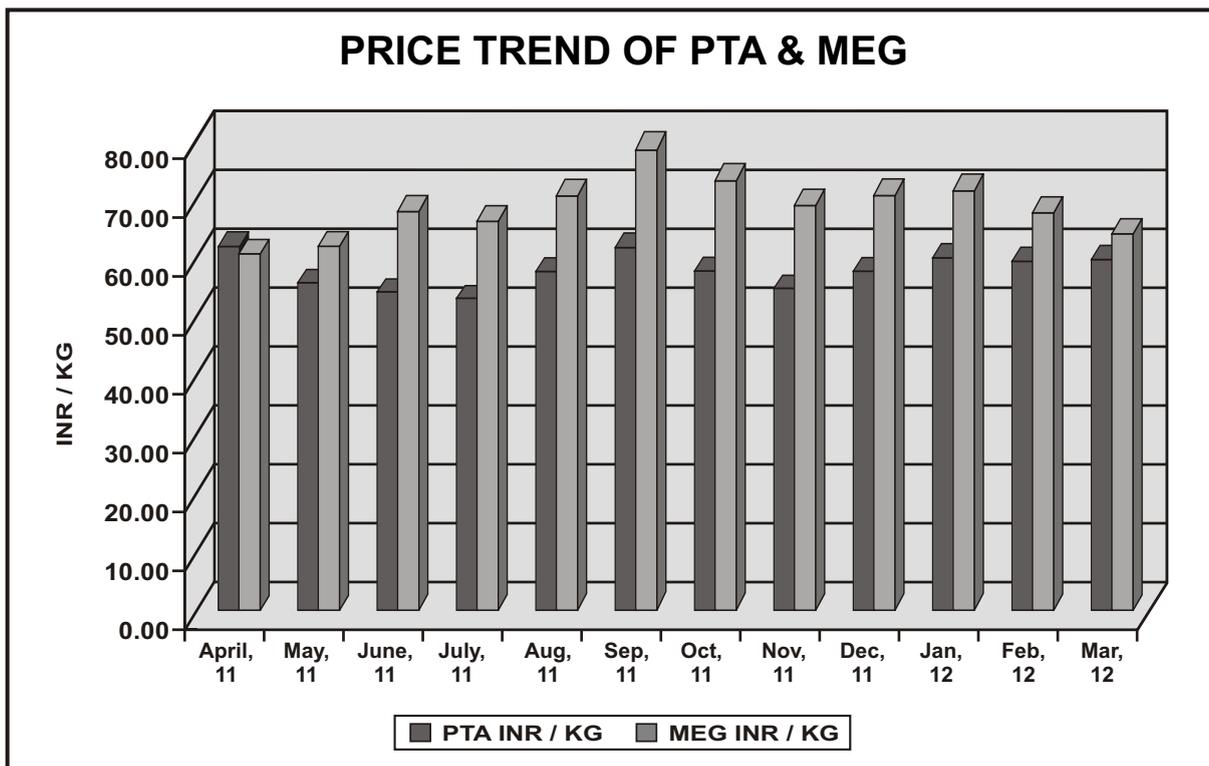
*Annual Report (2011-12) Ministry of Textiles

GLOBAL FEED STOCK SCENARIO (PTA & MEG)

Rawmaterial prices and availability play a crucial role in the MMF industry. Raw material cost contributes 75-85% to total operating cost. The key raw materials used are Purified Terephthalic Acid (PTA), Mono Ethylene Glycol (MEG). The prices of raw materials used for synthetic MMFs are affected by the crude oil prices and move in tandem with the global prices.

PTA availability likely to remain comfortable as new capacities in China, Portugal and Poland has come up. MEG in general is likely to remain tight as no new MEG capacities are coming up in the world in the year 2012-13 and higher capacity utilization is likely to result in upward trend of prices. Rupee depreciation, particularly against U.S. Dollar, further impacted their prices. The price movement can be seen as exhibits in below graphs.

Prices of PTA, MEG & PX



BUSINESS OVERVIEW

Recently, the company has successfully commissioned its expansion in spinning capacity of POY and FDY. The project has been imported from Barmag, Germany having latest high speed winder equipped with state of art technology of Auto Doffer system and 8.6 MW Gas based Genset Captive Power Plant with total cost of Rs. 150.00 Crores.

The company has established its presence in entire Polyester Yarns value chain (Manufacturing Polyester Chips and POY & FDY directly from MEG and PTA, Twisting & Texturing). The business outlook is very impressive and positive. Value addition and operating margin in Polyester FDY and POY is much higher than Polyester Chips.

By implementation of this project, we expect to increase turnover of the company by more than Rs. 300 Crores and Operating Profit by Rs. 25.00 Crores as such this project will improve operating margin substantially. The company is gaining a substantial market share and enjoying significant competitive advantages over other players being to economies of scale, advanced technologies, superior quality of products & better client relationship.

FINANCIAL OVERVIEW

Turnover : Sumeet Industries Limited has achieved a turnover of Rs. 82398.68 Lacs in the year 2011-12 as against 81847.12 Lacs during the previous year recording a marginal increase over previous year due to better realization of prices.

Other Operating Income : Other operating income consists of Export Incentives, Vat refund etc. Other Operating Income for the year 2011-12 amounted to Rs. 48.95 Lacs as against Rs. 192.95 Lacs during the previous year.

Other Income : Other income consisting receipt of Dividend, Discounts and Interest on Fixed Deposit and Profit/(Loss) from Forex Transactions. Other income for the year 2011-12 is amounting of Rs. (541.95 Lacs) against Rs. 770.60 Lacs in the previous year. Losses from foreign transactions was incurred amounting to Rs. 2224.71 Lacs due to sharp depreciation in the value of rupees against dollars.

Consumption of Raw material : Consumption of raw material increased from Rs. 48769.17 Lacs to Rs. 49721.82 Lacs a marginal increase over previous year noticed due to increase in raw-material prices.

Employee Cost : Employees cost were increased from Rs. 584.57 Lacs to Rs. 741.52 Lacs. This increase is mainly due to higher increments given to employees and recruitment of employees in new POY and FDY spinning division.

Interest Cost : Interest cost were increased from Rs. 832.14 Lacs to Rs. 1081.19 Lacs due to increase in working capital limits and increase in interest rates also.

Depreciation : Depreciation was marginally increased by Rs. 24.15 Lacs.

EBIDTA : The Company's EBIDTA stood at Rs. 5817.92 Lacs against Rs. 6139.39 Lacs in previous year reflecting a marginal decrease of 5.3 % over previous year.

PAT : The profit after tax (PAT) were decreased from Rs. 3444.25 (2010-11) Lacs to 2485.53 (2011-12) Lacs mainly due to forex losses incurred due to sharp depreciation in the value of rupees against dollars.

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.

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 yarns 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 applications 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. Additional modules in ERP like Production planning, Costing, Quality management has added additional advantages in improving product costing.

ENERGY CONSERVATION

The Conservation of energy in all the possible areas is undertaken as an important means of achieving cost reduction. Saving in electricity, fuel and power consumption receive due attention of the management on a continuous basis. Various measures have been taken to reduce fuel consumption, reducing leakages, optimizing process controls etc. resulting in energy savings.

OPPORTUNITIES AND STRENGTH

We believe polyester is the fiber of the future, finding varied applications across home furnishing, apparel industry, automotive industry, sportswear market, technical textiles etc. Global economic recovery is also accelerating coupled with rising per capita income, expanding middle class, continuing urbanization witnessing high growth opportunities. Rural market is also playing important role in the economy which offers a major opportunity growth in the Polyester Industries.

Our product mix spread over four important Polyester products : Pet Chips, POY, FDY and Polypropylene Multifilament yarns. We will keep opportunity of further backward and forward integration cum expansion program to lead to the company to a new high.

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.

a) 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 under Life Insurance Corp. of India.

b) 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 includes rising in interest rate, depreciation of rupees, inflation, change in tax structure, fiscal and monetary policies, scarcity of credits etc. Over capacity in the POY and Chips industry can also affect margins.

c) 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/FDY 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 large economies of scale and the unorganized sector is virtually absent. Lack of modernization in the weaving sector and shortage of skilled weavers are major restraining factors to the growth of textile industry.

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.

d) 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.

Project execution is largely dependent upon timely delivery by the equipment suppliers, project management skills, civil works etc. Any delay in project implementation will impact revenue and profit for that period. The company strives to adopt a 'de-risking' strategy in its operation while making growth investments.

e) 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.

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

f) 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 by 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 which are included in liquidity planning.

The company continues to maintain adequate liquidity to meet unanticipated expenditures and accordingly invests surplus in fixed deposits of reputed bank. Though interest cost has gone up during the year largely on account of additional borrowings for the new projects, but with better working capital management maintained lower interest costs in spite of higher working capital utilization.

g) 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.

The company also converting its working capital in to fund/non-fund based facilities, borrowing under ECB/FCCB schemes and appropriate hedging strategies has undertaken to minimize interest and interest rate risk and currency risk for depreciation of rupees against dollar.

The volatility witnessed in the global markets has reiterated the need for robust forex management systems and prudent investment practices. All forex exposures are hedged immediately upon the occurrence of an exposure. The company uses only forward contracts to hedge both its imports and exports and continues to maintain the philosophy of protecting cash flows.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company's well defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure 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 various modules that ensure reliable and timely financial reporting. It provides a comprehensive data warehouse with analytical capability that helps in better and speedier decisions.

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 (MIS) 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.

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 staffs and labours for maintaining hygienic and green surroundings. Being providing continual efforts and stress on fire and safety, no major incident was happened in 2011-12.

The Company is aware of its responsibilities as a good corporate citizen, in health, safety and environmental management. The company has setup state of art ETP plant for treating polluted water of the plant. 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.
- First Aid training camps organized.
- State-of-the-art fire and safety installations to meet emergencies with in the company, as well as near by areas.
- Training and counseling of employees, contractors, sub-contractors and transporters to ensure effects of environment, health and safety.
- Training and motivating employees to understand their EHS responsibilities and to participate actively in EHS program.
- Imparting fire fighting training to personnel and mock drills to ensure safety preparedness.
- Sale of Polymer and Fibre waste for recycle use.
- Other solid wastes are handled through registered recyclers authorized by the concerned pollution control boards.
- Toilets and drinking water facility provided and they are being regularly inspected for cleanness.
- Proactive measures to increase usage of recycled water.

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 because revenue and profit growth cannot take place without the right equality of people. To that effect, company has taken a series of measures that ensures that the most appropriate people are recruited in to the organization.

a) RECRUITMENT POLICY

Recruitment based on merit by following well defined and systematic selection procedures eliminating discrimination, sustain motivated and quality work force through appropriate and fair performance evaluation to retain the best talent.

b) 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. Employees are promoted to higher positions on the basis of their performance, attitude and potential to motivate them for further improvement in their work.

c) PERSONNEL TRAINING

The company from time to time fosters a culture of training, people development and meritocracy to ensure that the maximum efficiencies are derived from its human capital. The newly recruited employees under go a comprehensive induction program. Safety training is given on regular basis to all employees including temporary employees.

d) 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.

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, 6th August, 2012

AUDITOR'S REPORT

**TO,
THE MEMBERS
SUMEET INDUSTRIES LIMITED,
SURAT.**

We have audited the attached Balance Sheet of **SUMEET INDUSTRIES LIMITED, SURAT** as at **31st March, 2012** 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.
 - (E) On the basis of written representations received from the directors, as on **31st March 2012** and taken on record by the Board of Directors, we report that none of the directors are disqualified as on **31st March, 2012** from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the companies act, 1956.
 - (F) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance sheet, of the state of affairs of the company as at **31st March 2012**,
 - (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
FIRM NO. 108029W

Place : Surat
Date : 06th AUGUST 2012

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

ANNEXURE 'A' TO THE AUDITOR'S REPORT

(i) Fixed Assets :-

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

(ii) Inventory :-

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

(iii) Loans & Advances :-

- (a) The company has taken unsecured loans from companies, firms or other parties listed in the register maintained U/s. 301 of the Companies Act, 1956. There are Ten Such Parties Covered u/s 301 of the Companies Act. 1956. Total amount Credited is Rs. 41.41 Crore and Debited Rs. 7.43 Crore.
- (b) 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. 11.95 Crore and credited is Rs. 5.21Crore.
- (c) As per information and explanations given to us, the rate of interest is 6% P.A. on the loan taken by the company. Other terms and conditions, if applicable on loan taken are not prima facie prejudicial to the interest of the company.
- (d) 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.
- (e) The parties to whom advances in the nature of loans have been given are repaying the principle amounts as stipulated wherever applicable.
- (f) There is no overdue amount of loans taken or granted by the company.

(iv) Internal control procedure :-

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

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

- (a) The transaction made in pursuance 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,2012** 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 1,82,94,578 Nos. of Equity share of Rs.10 each at a premium of Rs. 20.25 to Qualified Institutional Buyers ("QIBs").

(xxi) Fraud noticed or Reported :-

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

For, **PRADEEP SINGHI & ASSOCIATES**

Chartered Accountants

PRADEEP KUMAR SINGHI

Proprietor

M. NO. 200/24612

FIRM NO. 108029W

Place : Surat

Date : 06th AUGUST 2012

Note: 1

Corporate information :-

Sumeet Industries Ltd. is a Public Limited Listed Company domiciled in India and Incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing and exporting Polyester Chips, POY & FDY and Polypropylene Yarns. The company caters to both domestic and international markets.

Note: 2

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) **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.
- (f) **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.
- (g) **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 capitalized 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.

- (h) **Excise duty** : The liability of excise duty amounting to Rs. 98,08,848/- has been provided for the goods manufactured but not cleared as on 31.3.2012, the effect of which on profit and loss account of the year is Nil.
- (i) **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.
- (j) **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 debited to CENVAT Account.
- (k) **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.
- (l) **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 recognized 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.
- (m) **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.
- (n) Quantity discount, Rate difference, Rebate and interest are accounted as and when settled. It is general practice prevailing in this type of industry.

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612
FIRM NO. 108029W

Place : Surat
Date : 06th AUGUST 2012

AUDITED BALANCE SHEET AS AT 31st MARCH, 2012

	Note No.	As At 31.03.12	As At 31.03.11
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	682,897,380	499,951,600
(b) Reserves and Surplus	4	1,092,811,015	568,459,981
(c) Money received against Share Warrants		-	-
(2) Share Application Money pending allotment		87,000,000	87,000,000
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	5	2,264,034,067	1,165,408,647
(b) Deferred Tax Liabilities (Net)		233,255,966	149,159,712
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions		-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	6	1,565,208,499	1,259,266,244
(b) Trade Payables	7	199,144,943	97,801,359
(c) Other Current Liabilities	8	56,919,263	68,978,374
(d) Short-Term Provisions	9	78,933,590	136,588,429
TOTAL		<u>6,260,204,724</u>	<u>4,032,614,347</u>
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		1,905,676,998	1,887,759,761
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		1,731,889,394	26,564,254
(iv) Intangible assets under development		-	-
(b) Non-Current Investments	11	5,913,894	12,672,507
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans and Advances	12	29,243,289	25,017,341
(e) Other Non-Current Assets		-	-
(2) Current Assets			
(a) Current Investments			
(b) Inventories	13	1,258,672,327	915,520,106
(c) Trade Receivables	14	669,480,533	641,338,011
(d) Cash and Cash Equivalents	15	58,570,077	101,336,322
(e) Short-Term Loans and Advances	16	158,891,162	133,030,492
(f) Other Current Assets	17	441,867,050	289,375,553
TOTAL		<u>6,260,204,724</u>	<u>4,032,614,347</u>

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 06-08-2012

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 06-08-2012

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	As At 31.03.12	As At 31.03.11
I. Revenue from Operations	18	8,244,764,040	8,204,006,714
II. Other Incomes	19	(54,195,558)	77,060,553
III. Share of profits/losses in a Partnership firm/AOP		-	-
IV. Share of profits/losses in a Limited Liability Partnership		-	-
V. Total Revenue (I + II+III+IV)		<u>8,190,568,481</u>	<u>8,281,067,267</u>
VI. Expenses:			
<u>Manufacturing Expenses</u>			
Cost of Materials Consumed	20	5,490,588,589	5,325,519,240
Purchases of Stock-in-Trade		1,973,521,245	2,122,634,664
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(147,656,234)	24,311,455
<u>Administrative & Selling Expenses</u>			
Employee Benefit Expenses	22	74,152,384	58,456,760
Other Expenses	23	218,170,528	136,205,921
Finance Costs	24	108,119,290	83,214,482
Depreciation and Amortization Expense	10	120,175,082	117,759,683
VII. Total Expenses		<u>7,837,070,884</u>	<u>7,868,102,205</u>
VIII Profit before Exceptional and Extraordinary Items and Tax (V - VII)		353,497,597	412,965,062
IX Exceptional Items		-	-
X Profit before Extraordinary Items and Tax (VIII - IX)		<u>353,497,597</u>	412,965,062
XI Extra Ordinary Items		-	-
XII Profit before Tax (X - XI)		353,497,597	412,965,062
XIII Tax Expense:			
(1) Current tax		70,617,268	81,853,970
(2) Deferred Tax		17,598,565	38,806,967
(3) MAT credit		16,728,820	(52,121,311)
Profit After Tax		<u>248,552,943</u>	344,425,436
Less: Taxation for previous year		<u>7,352,861</u>	2,851,185
XIV Profit/ (Loss) for the period from Continuing Operations (XII - XIII)		241,200,082	341,574,251
<u>Appropriation:</u>			
6% Dividend & Dist. Tax		-	6,996,525
Prov. for Dividend & Dividend Dist. Tax		-	46,637,856
Short Prov. for Dividend & Dividend Dist. Tax for previous year		20,816,565	-
		<u>20,816,565</u>	53,634,381
Profit/(loss) from the period from continuing operations		<u>220,383,517</u>	<u>287,939,870</u>
XV Profit/Loss from Discontinuing Operations		-	-
XVI Tax Expense of Discontinuing Operations		-	-
XVII Profit/ (Loss) from Discontinuing Operations (after Tax)		-	-
Profit/ (Loss) for the Period (XIV + XVII)		<u>220,383,517</u>	<u>287,939,870</u>
Earnings Per Equity Share		4.14	8.37

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

PRADEEP KUMAR SINGHI
Proprietor M. NO. 200/24612

Place : Surat
Date : 06-08-2012

For and on behalf of Board of Directors
Shankarlal Somani Chairman
Raj Kumar Somani Managing Director
Anil Kumar Jain Company Secretary

Place : Surat
Date : 06-08-2012

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	<u>As At 31.03.12</u>	<u>As At 31.03.11</u>
NOTE # 3		
SHARE CAPITAL :		
Authorised Capital:		
800,00,000 Equity Shares of Rs.10/- each &	800,000,000	800,000,000
100,00,000 6% Non-convertible Redeemable	100,000,000	100,000,000
Preference Shares of Rs.10/- each	<u>900,000,000</u>	<u>900,000,000</u>
Issued, Subscribed and Paid up	582,897,380	399,951,600
5,82,89,738 Equity Shares of Rs.10/- each fully paid up (out of which 76,05,930 shares are issued for consideration other than cash)		
100,00,000 6% Non-convertible Redeemable	100,000,000	100,000,000
Preference shares of Rs.10/- each	<u>682,897,380</u>	<u>499,951,600</u>

A. Reconciliation of the number of shares at the beginning & end of the Reporting Period :

Authorised Share Capital

Previous Year	90,000,000	50,000,000
Increased by	-	40,000,000
Current Year	<u>90,000,000</u>	<u>90,000,000</u>

Number of shares at the beginning	49,995,160	49,995,160
Add : Addition during the year	18,294,578	-
Number of shares at the end	<u>68,289,738</u>	<u>49,995,160</u>

B. Shares held by each shareholder holding more than 5% shares, specifying the number of shares held. :

Name	No. of Shares	% of Holding
SOMANI OVERSEAS PRIVATE LIMITED	8,200,000	14
SITARAM PRINTS PRIVATE LIMITED	3,734,000	6

NOTE # 4

Reserves and Surplus :

(a) Capital Reserve		
As per last Balance Sheet	2,500,000	2,500,000
(b) Securities Premium	117,701,150	117,701,150
As per last Balance Sheet	370,465,205	-
Addition during the year	<u>488,166,355</u>	<u>117,701,150</u>
(c) Other Reserve		
General Reserve	6,208,052	6,208,052
(d) Surplus i.e. Balance in the Statement of Profit & Loss :		
As per last Balance Sheet	442,050,779	154,110,909
Profit during the year	220,383,517	287,939,870
Less: Deferred Tax Asset of Previous Year Adjusted	66,497,689	-
	<u>595,936,608</u>	<u>442,050,779</u>
Total (a + b + c + d)	<u><u>1,092,811,015</u></u>	<u><u>568,459,981</u></u>

	As At 31.03.12	As At 31.03.11
NOTE # 5		
Long-Term Borrowings		
Term Loans		
- From Banks	2,160,560,371	937,687,465
- From Others	17,167,233	16,435,497
Loans and advances from Corporates	77,779,764	209,782,132
Loans From Directors- Unsecured in nature	8,526,699	1,503,553
	2,264,034,067	1,165,408,647

A. Borrowings shall be further classified as Secured/ Unsecured. Nature of security to be disclosed.

Term Loan From Banks :

(Secured by way of hypothecation of 1st charge on all fixed assets of the company and 2nd pari passue charge on all current assets of the company.

Mortgage of Fixed Assets of M/S. Sitaram Prints Pvt. Ltd. and Residence Bunglow of Shri Shankar Lal Somani and Smt. Ganga devi Somani.

Term Loan From Others :

Vehicle Loans are secured by hypothecation of vehicles itself.

LIC has Key Man Insurance policy hypothecated against Premium Amt. Paid.

Loans & Advances from Corporates :

Loans taken here are unsecured in nature.

B. All loans taken from Bank have been guaranteed by Directors/ Others, Jointly & the aggregate amount is as below :

Name of Directors / Others	
Mr. Shankarlal Sitaram Somani	
Mr. Rajkumar Sitaram Somani	244.60 Crores &
Mr. Sumeetkumar Shankarlal Somani	USD 30 Million.
Smt. Gangadevi Shankarlal Somani	
Corporate Guarantee of M/S. Sitaram Prints Private Limited.	
Mr. Shankarlal Sitaram Somani has personally gauranteed amount of Euros 10441142.30 for loan taken from KBC. Bank Deutschland AG.	

NOTE # 6

Short-Term Borrowings

Cash Credit facilities	120,262,533	40,246,720
Working capital facilities - OD against FD.	-	47,602,026
Buyer's Credit	1,444,945,966	1,171,417,498
	1,565,208,499	1,259,266,244

A. Borrowings shall be further classified as Secured/ Unsecured. Nature of security to be disclosed.

Classification of secured borrowings and Nature of security :

Cash Credit facility is secured by 1st pari passue charge on all current assets of the company and 2nd pari-passue charge on fixed assets of the company. Buyers credit secured by letter of comfort issued by Bank of Baroda & IDBI Bank Ltd. by earmarking working capital Limit /FDR.

B. Loan taken as C.C. facilities have been guaranteed by Directors/ Others & the aggregate amount of loans is as below :

Name of Directors / Others	
Mr. Shankarlal Sitaram Somani	
Mr. Rajkumar Sitaram Somani	244.60 Crores &
Mr. Sumeetkumar Shankarlal Somani	USD 30 Million.
Smt. Gangadevi Shankarlal Somani	
Corporate Guarantee of M/S. Sitaram Prints Private Limited.	

Mr. Shankarlal Sitaram Somani has personally gauranteed amount of Euros 10441142.30 for loan taken from KBC. Bank Deutschland AG.

	As At 31.03.12	As At 31.03.11
NOTE # 7		
Trade Payables		
Sundry Creditors for Goods	199,144,943	97,801,359
	199,144,943	97,801,359

NOTE # 8

Other Current Liabilities

Trade Payables for expenses	22,997,394	31,608,484
Advance from Customers	1,350,392	10,380,105
Vat & Additional Vat Account	2,527,099	-
Agency Deposits	1,994,396	1,994,396
CST Payble A/c	1,112,853	-
Outstanding Interest Payable	13,036,592	11,578,290
TCS Payable	7,590	8,097
TDS Payable	426,309	941,975
TDS Payable(salary)	852,725	837,451
Unpaid Dividend	1,296,578	1,301,228
Other Liabilities	11,317,335	10,328,348
	56,919,263	68,978,374

NOTE # 9

Short-Term Provisions

Provision For Employees Benefit

Gratuity Payable	1,069,099	849,378
	1,069,099	849,378

	As At 31.03.12	As At 31.03.11
Others		
Provision for Taxation A.Y 2011-12	-	81,853,970
Provision for Taxation A.Y 2012-13	70,617,268	-
Provision for Dividend & Dividend Distribution Tax	7,247,223	53,885,081
	77,864,491	135,739,051
	78,933,590	136,588,429

NOTE # 10

Depreciation	119,296,235	116,880,836
Preliminary Expenses W/O	878,847	878,847
	120,175,082	117,759,683

FIXED ASSETS

Schedules To And Forming Part of Accounts

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As At 01.04.2011	Addition	Deletion	As At 31.03.2012	As At 01.04.2011	For the Year	Adjust- ment	As At 31.03.2012	As At 31.03.2012	As At 31.03.2011
1	Land	2,356,255	-	-	2,356,255	-	-	-	-	2,356,255	2,356,255
2	Building	185,143,844	-	-	185,143,844	61441449	12,353,090	-	73,794,539	111,349,305	123,702,395
3	Plant & Machinery	2,252,545,305	126,646,699	7,225,160	2,371,966,844	510793561	100,965,119	2,919,157	608,839,523	1,763,127,321	1,741,751,744
4	Furniture, Fixture & Equipments	13,494,403	5,129,122	-	18,623,525	8841937	1,344,112	-	10,186,049	8,437,476	4,652,466
5	Vehicle	34,333,815	9,743,654	-	44,077,469	19036914	4,633,914	-	23,670,828	20,406,641	15,296,901
TOTAL		2,487,873,622	141,519,475	7,225,160	2,622,167,937	600,113,861	119,296,235	2,919,157	716,490,939	1,905,676,998	1,887,759,761
PREVIOUS YEAR		2,342,489,707	145,383,915	-	2,487,873,622	483,233,025	116,880,836	-	600,113,861	1,887,759,761	1,859,256,682

NOTE # 11

Non-Current Investments

Investments in Equity Instruments	5,409,284	7,167,897
Investments in Preference Shares	4,610	4,610
Investments in Mutual Funds	500,000	5,500,000
	5,913,894	12,672,507

A. Non-Current Investments are Trade Investments.

B. - Name of Body Corporate (also indicating whether it is a subsidiary/associate/JV/SPE)

- Nature & Extent of Investment so made (showing separately investments that are partly paid)

Particulars	As At 31.03.12	As At 31.03.11
Investment in Equity shares : At Cost		
Other Than Trade - Quoted Investments :		
Fully Paid-up Equity Shares of Rs. 10/- Each Of M/s. Aventis Pharma Ltd	-	1,758,613
10000 Fully Paid-up Equity Shares of Rs. 10/- Each of M/s. IFCI Share Ltd	545,005	545,005
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.	10,295	10,295
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 M/s. United Phos Ltd.	4,649,041	4,649,041
	5,390,484	7,149,097
Investment in Preference shares : At Cost		
113, Convertible Preference Shares of Rs. 100/- each of M/s. Tata Iron & Steel Co. Ltd.	4,610	4,610
	5,395,094	7,153,707
TSL Right Issue	18,800	18,800
Investment in Mutual funds	500,000	5,500,000
Total	5,913,894	12,672,507

	As At 31.03.12	As At 31.03.11
Aggregate Book Value Of Investments		
Unquoted Cost	708,553	5,708,553
Quoted Cost	5,205,341	6,963,954
Market Value *	4,389,900	6,845,234

NOTE # 12

Long-Term Loans and Advances

Security Deposits

a) Secured, Considered good	29,243,289	25,017,341
Other Deposit		
	29,243,289	25,017,341

A. Long Term Loans and Advances be further classified as : - Secured, considered Good.

NOTE # 13

Inventories

Raw Materials	570,743,551	448,839,719
Work-in-Progress	354,765,486	192,419,600
Finished Goods	79,359,608	94,049,260
Stores and Spares	253,803,682	180,211,527
	1,258,672,327	915,520,106

Mode of Valuation.

Raw Materials, Stores & Spares have been valued at Cost.

Finished Goods & WIP have been valued at Cost or Net Realisable value whichever is less as per AS 2 issued by Institute of Chartered Accountants of India.

NOTE # 14

Trade Receivables

Unsecured, Considered Good

- Outstanding for a period exceeding six months	-	-
- Others	669,480,533	641,338,011
Less: Allowance for Bad & Doubtful Debts	-	-
	669,480,533	641,338,011

NOTE # 15

Cash and Cash Equivalents

Cash-in-Hand	413,480	546,100
Balance with Banks	12,956,597	5,290,222
Fixed deposits / Margin Money / Security against borrowings	45,200,000	95,500,000
	58,570,077	101,336,322

	As At 31.03.12	As At 31.03.11
NOTE # 16		
Short-Term Loans and Advances		
Advance to Suppliers	88,375,678	80,212,754
Others	70,515,484	52,817,738
	158,891,162	133,030,492

A. Short-Term Loans & Advances shall be further classified as : - Unsecured, considered Good.

NOTE # 17

Other Current Assets (Residual Head)

Accrued Interest	246,752	-
Advance Tax(A.Y. 2011-12)	-	12,500,000
Advance Tax(A.Y. 2012-13)	5,000,000	-
Cenvat Receivable	116,885,753	69,817,807
Claim Receivable	97,466,726	67,519,900
Custom duty refund receivable	2,080,467	4,036,920
DEPB Purchase	92,286,296	-
Excise duty refund	8,434,321	26,236,405
Export Incentive receivable	18,000,359	14,919,964
Mat credit	63,910,551	80,639,371
Balance with Excise dept. PLA a/c.	8,763	8,763
Preliminary Expenses	1,027,023	1,905,870
Prepaid Expenses	1,162,211	1,253,324
Service tax receivable	2,041,514	2,072,404
TDS Receivable	23,932,451	8,031,231
TUF subsidy receivable	-	372,052
Vat receivable	-	61,542
Insurance Claim receivable	9,383,863	-
	441,867,050	289,375,553

NOTE # 18

Revenue From Operations

Domestic sales	8,805,447,174	8,558,842,956
Export sales	90,863,884	255,350,118
Total sales	8,896,311,058	8,814,193,074
Less:Excise duty	656,442,919	629,481,253
	8,239,868,139	8,184,711,821
Export Incentives	4,895,901	18,399,082
VAT refund	-	895,811
	8,244,764,040	8,204,006,714

	As At 31.03.12	As At 31.03.11
NOTE # 19		
Other Incomes		
Dividend received	548,028	2,268,043
Commission received	33,179,114	-
Profit/(loss) on sale of fixed assets	(1,206,003)	-
Discount received	265,338	177,534
Int. on FDR'S (Net Of Int. on Buyers credit & LOU. Commission)	129,901,100	25,964,764
Profit from forex transaction	(222,470,735)	41,864,772
Others - Interest	8,709,278	6,595,165
Profit/(loss) on trading of shares & commodity	(3,121,678)	190,275
	(54,195,558)	77,060,553
NOTE # 20		
Cost of Materials Consumed		
a) Purchases of Raw Materials and Stores		
Opening stock	448,873,319	226,133,295
Add:Purchase(net)	5,094,085,835	5,099,657,585
	5,542,959,154	5,325,790,880
Less:Closing Stock	570,777,151	448,873,319
Sub Total (a)	4,972,182,003	4,876,917,561
b) Direct/Production expenses		
Labour & Security	507,258	200,408
Power & Fuel	401,634,610	329,461,780
Freight & Octroi	3,082,067	1,189,396
Stores & Spares	14,970,927	29,388,769
Factory Expense	1,520,557	755,701
Job Charges(Packing)	22,515	170,729
Repair & Maintenance:Factory Building	470,463	231,982
Repair & Maintenance:Plant&Machinery	6,249,659	5,978,085
Packing	89,948,530	81,224,829
Sub Total (b)	518,406,586	448,601,679
Total (a + b)	5,490,588,589	5,325,519,240
NOTE # 21		
Change in inventories		
Opening Stock	286,468,860	310,780,315
Less:Closing Stock	434,125,094	286,468,860
	(147,656,234)	24,311,455
NOTE # 22		
Employment Benefit Expenses		
Salary	65,192,625	51,218,686
Bonus	3,333,742	2,062,494
P.F.	587,528	680,513
Leave Encashment	1,054,462	747,751
Diwali Exp.	-	-
Rent for staff accomodation	44,000	48,000
Directors Remuneration	3,600,000	3,300,000
Staff Welfare	340,027	399,316
	74,152,384	58,456,760

	As At 31.03.12	As At 31.03.11
NOTE # 23		
Other Expenses		
Electricity Expenses	354,122	331,274
Vehicle Expense	12,855,381	11,059,240
Travelling & Conveyance	1,210,702	1,187,932
Repairs Other	118,050	785,838
Brokerage & Commission	11,396,366	13,329,419
Office & General Expenses	2,580,054	1,129,030
Insurance Expenses	3,382,930	4,027,615
Books & Periodicals	9,658	10,709
Legal & Professional	33,356,618	11,860,533
Postage & Telegram & Telephone	1,458,598	1,237,545
Membership & Subscriptions	255,495	141,240
Printing & Stationery Expenses	939,697	1,156,019
Auditors Remuneration	733,549	696,910
Rates & Taxes	26,513,411	13,712,555
Rate difference & Discounts	91,016,938	37,438,713
Sales Promotion Expenses	101,986	10,159
Advertisement & Publicity	6,125,908	3,727,600
Carriage Outward	25,168,987	34,239,543
Donation	380,303	115,250
Securities Transaction Tax Paid	198,658	-
Demat Charges	13,117	8,797
	218,170,528	136,205,921

NOTE # 24**Financial Cost**

Interest paid to Banks	87,648,697	66,466,733
Interest paid to others	3,741,755	3,341,413
Bank Charges & Guarantee commission	16,598,302	13,017,621
Overseas Bank Charges	130,536	388,715
	108,119,290	83,214,482

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

PRADEEP KUMAR SINGHI
Proprietor
M. NO. 200/24612

Place : Surat
Date : 06-08-2012

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Managing Director

Anil Kumar Jain Company Secretary

Place : Surat
Date : 06-08-2012

Other Notes to Accounts:

(1) Advances include Rs. 674.07 Lacs to companies in which directors are interested.

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

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for is NIL, (Previous Year : U.S. \$ 1806000 and Euro 113680000)

(b) Export sale bills raised on overseas buyers purchased by company's banker outstanding is NIL, (Previous year Rs. 88.71 Lacs.)

(c) Letter of credit outstanding Rs. 1549.29 Lacs. as on 31.03.2012.

	Current year ₹	Previous year ₹
(3) Payment to Auditors:		
(i) As Auditors :	4,85,000	4,35,000
(ii) As Advisor or in any other capacity in respect of :		
Company Law matter	Nil	Nil
Taxation matter	15,000	15,000
Others	Nil	Nil
(4) Managerial Remuneration :		
Salary	36,00,000	33,00,000
Perquisite	Nil	Nil
(5) Earnings Per share (AS 20) :		
Net profit attributable to share holder	24,12,00,082	33,45,77,727
Number of equity shares	5,82,89,738	3,99,95,160
Earning per share of Rs 10 each	4.14	8.37

(6) **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:

(₹ in '000)

Name of the related parties Key management Personnel	Nature of Relationship	Nature of Transactions	Amounts
Shankarlal Somani	Chairman	Remuneration	3000
Rajkumar Somani	Managing Director	Remuneration	300
Sumeet Somani	Relative of Key Management Personal (Director)	Remuneration	300
Dinesh Khare	Director	Salary	398
Vibha Khare	Relative of Director	Salary	330
Somani Overseas (P) Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	7000 NIL
National Poly Yarn (P) Limited	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	2836 88

Name of the related parties Key management Personnel	Nature of Relationship	Nature of Transactions	Amounts
Sitaram Prints Pvt Ltd	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	11174 939
Sumeet Menthol Pvt Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	2763 78
Priyanshi Creations Pvt. Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	2519 22
Sanya Fashions	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	40723 471
Shankarlal Somani	Chairman	Loan Outstanding (Cr.) Interest Paid	6681 90
Sumeet Somani	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	1845 77
Dhanvirdhi Financial Consultants Pvt. Ltd.	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	2507 80
Bajrang Processors Pvt. Ltd	Relative of Key Management Personal (Director)	Loan Outstanding (Cr.) Interest Paid	755 43

(7) Deferred Tax (AS 22) :

The movement of deferred tax account is as follows : (₹ in '000)

Opening Balance	215657
Provision for current year deferred tax liability (Net)	17599
Total	233256

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

(₹ in '000)

Deferred Tax liabilities	234719
Deferred Tax Assets	1463
Balance of DTL	233256

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

Deferred tax liabilities :

(₹ in '000)

Particulars	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)	216889	17829	234718

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

(₹ in '000)

Provision for gratuity	289	58	347
Provision for Bonus	510	139	649
C/f. Speculation Loss	433	34	467
Total (B)	1232	231	1463
Net Deferred Tax liability (A-B)	215657	17598	233255

Pursuant to Accounting Standards (AS) 22 Accounting for taxes on income, the impact of deferred tax liability of Rs.1,75,98,565/- for the year-ended 31.3.2012 has been debited to Profit and Loss account.

(8) Additional Information's :

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

A. Capacity :	Units	2011-2012	2010-2011
a) Polypropylene/ Polyester POY / FDY			
i) Licensed Capacity	* TPA		
ii) Installed Capacity	** TPA	82800	82800
b) PET CHIPS			
c) Twisted			
i) Installed Capacity	** TPA	2500	2500
d) Texturised	** TPA	3300	3300
e) Draw twisted	** TPA	700	700
f) Menthol Product	** TPA		
--- Distilling		0	720
--- Freezing	TPA	0	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.

B. Production :	Unit	2011-12	2010-11
C.P.Plant & Spinning Unit	Ton	68408.420	77267.696

* 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.

(₹ in '000)

C. Turnover :	Unit	2011-12		2010-11	
		Quantity	Value	Quantity	Value
C.P.Plant & Spinning Unit	Ton	67630.95	6259163	77565.130	5971417
Sales on High-Seas	Ton	--	1973521	-	2122634
Wastage	Kgs.	1025.37	7186	1116.386	90660
	Total		8239870		8184711

(₹ in '000)

D. Raw Materials Consumed	Unit	2011-12		2010-11	
		Quantity	Value	Quantity	Value
C.P.Plant & Spinning Unit	Ton	82451.55	6945703	93934.12	6999552
	Total		6945703		6999552

(₹ in '000)

E. Purchase :	Unit	2011-12		2010-11	
		Quantity	Value	Quantity	Value
Purchase on High Seas		-	1973521	-	2122634
	Total		1973521		2122634

(₹ in '000)

F. Finished Stock	Unit	2011-12		2010-11	
		Quantity	Value	Quantity	Value
a. Opening Stock :					
*PPMFY/ Polyester /FDY	Kgs.	609708	67721	729474	60172
Menthol	Kgs.	18806	26328	33080	46312
b. Closing Stock :					
*PPMFY/ Polyester /FDY	Kgs.	805133	79359	609708	67721
Menthol	Kgs.	-	-	18806	26328

* Excluding Wastage of Poly Yarn and PPMF Yarn

(₹ in '000)

G. Value of Raw Materials Consumed :	2011-12		2010-11	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	4841788	69.71	3235531	46.23
Indigenous	2103915	30.29	3764021	53.77
Total	6945703	100.00	6999552	100.00

(₹ in '000)

H. Value of Stores & Spares Purchased :	2011-12		2010-11	
	Amount	% of Total Consumption	Amount	% of Total Consumption
Imported	3495	8.11	7667	15.14
Indigenous	39614	91.89	42955	84.86
Total	43109	100.00	50622	100.00

(₹ in '000)

I. Expenditure in Foreign Currencies on account of (on Accrual Basis) :	2011-12	2010-11
Interest	54490	86149
Commission to selling Agent	336	2549
Foreign Traveling	196	153
Overseas Banking Charges	130	388

(₹ in '000)

J. C.I.F. Value of import	2011-12	2010-11
i) Raw Material	3940450	3235531
ii) Stores and Spares	3495	7667
iii) Capital Goods	1095722	9263

(₹ in '000)

K. Earnings in Foreign Currency (FOB Value of Exports)	2011-12	2010-11
PET Chips / POY / FDY / PP	90863.88	255350

- (9) Figures of previous year have been regrouped and / or recast wherever necessary.
- (10) There are no sundry creditors due to small-scale industrial undertakings to whom the company owe a sum exceeding Rs. 1.00 lacs, which is outstanding for more than 30 days for the year, ended **31st March 2012**. This disclosure is on the basis of information available with the company regarding the status of suppliers.
- (11) Cash Flow statement is as per Annexure "A"
- (12) **Signature** to notes "1" to "24"

As per our report of even date

For PRADEEP SINGHI & ASSOCIATES

Chartered Accountants

PRADEEP KUMAR SINGHI

PROPRIETOR

M. No.200/24612

FIRM NO. 108029W

Place : Surat

Date : 06-08-2012

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Director

Anil Kumar Jain Company Secretary

Place : Surat

Date : 06-08-2012

ANNEXURE "A"

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	2011-2012		2010-2011	
	₹	₹	₹	₹
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and Extraordinary Items		353,497,597		412,965,063
Adjustment For :				
Depreciation	119,296,235		116,880,836	
Interest Income	(138,610,378)		(32,559,929)	
Dividend Income	(548,028)		(2,268,043)	
Miscellaneous expenditure written off	-		878,847	
Profit / Loss on Sale of Fixed Assets	1,206,003		-	
Profit / Loss on Sale of Investments	3,121,678		-	
Dividend Declared	(20,816,565)			
Interest Paid	91,390,452	55,039,397	69,808,145	152,739,856
Operating Profit before Working Capital Changes		408,536,994		565,704,919
Adjustment For :				
Trade & Other Receivables	(2107206374)		(462,176,470)	
Inventories	(343,152,221)		(268,910,257)	
Trade Payables and Other Liabilities	3162963376	(522,243,225)	37,539,953	(693,546,774)
Cash Generated From Operations		(113,706,231)		(127,841,855)
Interest Paid	(91,390,452)		(69,808,145)	
Provision for Taxation	(87,346,088)		(29,732,659)	
Previous Year Taxation	(7,352,861)	(186,089,401)	(2,851,185)	(102,391,989)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(299,795,632)		(230,233,844)
(B) CASH FLOW FROM INVESTING ACTIVITIES :				
Income Form sale of investments:				
Loss from Forex Transaction	-		-	
Interest Income	138,610,378		32,559,929	
Dividend Income	548,028		2,268,043	
Purchases of Fixed Assets	(1,846,844,615)		(145,383,915)	
Sale of Fixed Asset	3,100,000		-	
Purchases of Investment	(101,906,838)		(7,113,343)	
Sale of Investment	105,543,773		-	
Adjustment For Exchange Difference				
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(1,700,949,274)		(117,669,287)
(C) CASH FLOW FROM FINANCING ACTIVITIES :				
Increase/Decrease in borrowings	(124,979,222)		14,170,577	
Increase in Term Loan	1,529,546,897		(42,858,191)	
Increase in share capital	182,945,780		-	
Increase in Share Premium	370,465,205		-	
Increase in Share Application Money			62,000,000	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		1,957,978,660		33,312,386

	2011-2012		2010-2011	
	₹	₹	₹	₹
Net Increase in Cash & Cash equivalents (A+B+C)		(42,766,245)		(314,781,020)
Cash and Cash equivalents as on 1st April, 2011		101,336,322		416,117,342
Cash and Cash equivalents as on 31st March, 2012		58,570,077		101,336,322

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

As per our report of even date

For PRADEEP SINGHI & ASSOCIATES

Chartered Accountants

PRADEEP KUMAR SINGHI

PROPRIETOR

M. No.200/24612

FIRM NO. 108029W

Place : Surat

Date : 06-08-2012

For and on behalf of Board of Directors

Shankarlal Somani Chairman

Raj Kumar Somani Director

Anil Kumar Jain Company Secretary

Place : Surat

Date : 06-08-2012

AUDITORS' REPORT

We have examined the above cash flow statement of the SUMEET INDUSTRIES LIMITED for the year ended 31st March 2012. 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 **06th August, 2012** to the members of the company.

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

PRADEEP KUMAR SINGHI

Proprietor

M. NO. 200/24612

FIRM NO. 108029W

Place : Surat

Date : **06TH AUGUST 2012**

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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 - 28.09.2012

(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 24th ANNUAL GENERAL MEETING of the Company at Conference Hall, Bombay Market, Umarwada, Surat - 395 010 on Friday, 28th September, 2012

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 - 28.09.2012

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 24th ANNUAL GENERAL MEETING of the company to be held on
Friday, 28th day of September, 2012 at 10:00 A.M. any adjournment(s) thereof.

Signed thisday of.....2012.

Folio No./ DP ID & Client ID

Number of Shares held

Signature of the Proxi

Affix
1 Rupee
Revenue
Stamp

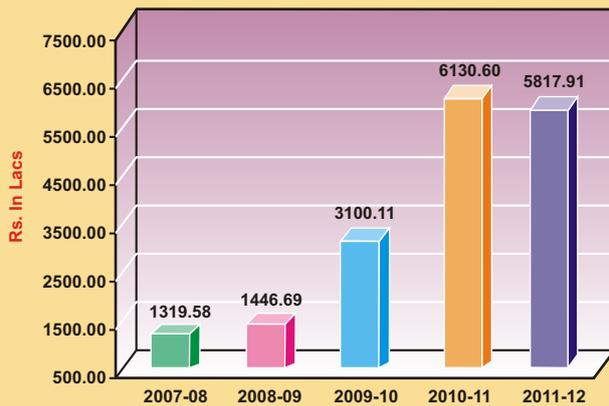
Signature

- 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.

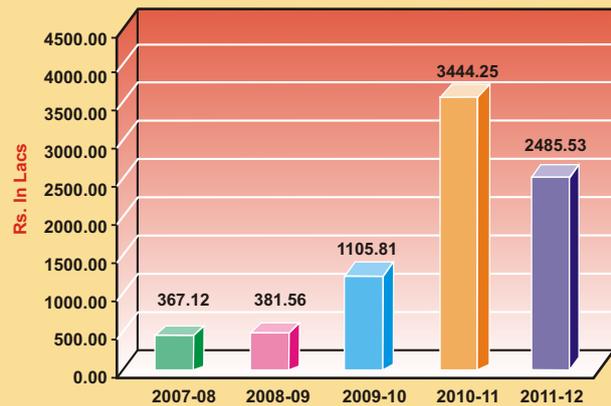
SALES



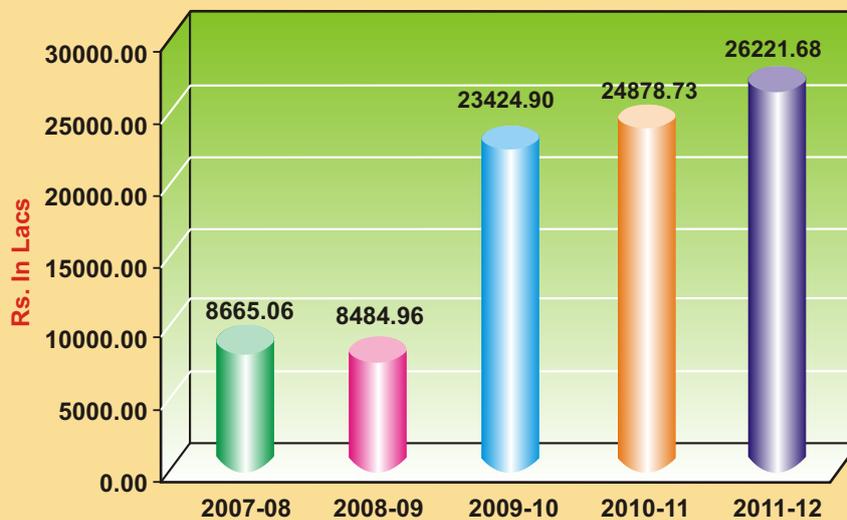
EBITDA



PAT



FIXED ASSETS



BOOK-POST

To,

if undelivered please return to:

SUMEET INDUSTRIES LIMITED

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

Ph. : 0261 2328902