

35th
ANNUAL REPORT
2010-2011

SUNIL INDUSTRIES LIMITED

SUNIL INDUSTRIES LIMITED

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SUNIL INDUSTRIES LIMITED

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

MILLS

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

BANKERS

- * Vijaya Bank
- * ICICI Bank
- * State Bank of India

AUDITORS

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

SHARE TRANSFER AGENT

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

SHARES LISTED AT

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

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

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

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

34TH ANNUAL GENERAL MEETING

Date: 30th, September, 2011
Day: Friday
Time: 11.00 a.m.
Place: D-8, MIDC Phase II, Manpada Raod, Dombivili (East), Dist – Thane, 421 203

NOTICE

NOTICE IS HEREBY GIVEN THAT THE **35TH ANNUAL GENERAL MEETING** OF MEMBERS OF THE COMPANY **SUNIL INDUSTRIES LIMITED** WILL BE HELD ON **FRIDAY THE 30TH SEPTEMBER, 2011**. AT **11.00 A.M.** AT THE REGISTERED OFFICE OF THE COMPANY SITUATED D-8, MIDC PHASE II, MANPADA ROAD, DOMBIVALI (EAST), DIST – THANE – 421 201 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended on 31st March, 2011 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of **Mr. Ratan Babulal Lath**, Director of the company who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of **Mr. Ravinder Kumar Gupta**, Director of the company who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint **M/s V. K. Beswal & Associates**, Chartered Accountants, retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modifications, the following resolution as a **Special resolution**:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as “the said Act”) the consent of the Company is hereby accorded for the re-appointment of Mr. Vinod Lath as Managing Director of the Company for a period of 3 (Three) years with effect from September 1, 2011 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Vinod Lath, a draft whereof is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT Mr. Vinod Lath shall be entitled to receive such amount as remuneration as may be decided by the Board of Directors from time to time within the limits permissible under the provisions of Sections 198, 269, 309 and 310, read with Schedule XIII of the Companies Act, 1956, for the performance of his duties as the Managing Director of the Company.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to the Managing Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Managing Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

RESOLVED FURTHER THAT any one of the Director of the Company be and is hereby severally authorised to sign and file the Return in Form No. 25C with the Registrar of Companies, Maharashtra, and to take such other actions to comply with all the formalities required to be fulfilled in connection with the re-appointment of Managing Director.”

6. To consider and if thought fit to pass, with or without modifications, the following resolution as a **Special resolution**:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as “the said Act”) the consent of the Company is hereby accorded for the re-appointment of Mr. Pradeep Rungta as Whole-time Director of

SUNIL INDUSTRIES LIMITED

the Company for a period of 3 (Three) years with effect from September 1, 2011 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Pradeep Rungta, a draft whereof is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT Mr. Pradeep Rungta shall be entitled to receive such amount as remuneration as may be decided by the Board of Directors from time to time within the limits permissible under the provisions of Sections 198, 269, 309 and 310, read with Schedule XIII of the Companies Act, 1956, for the performance of his duties as the Whole-time Director of the Company.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to the Whole-time Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Whole-time Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

RESOLVED FURTHER THAT any one of the Director of the Company be and is hereby severally authorised to sign and file the Return in Form No. 25C with the Registrar of Companies, Maharashtra, and to take such other actions to comply with all the formalities required to be fulfilled in connection with the re-appointment of Whole-time Director."

7. To consider and if thought fit to pass, with or without modifications, the following resolution as a **Special resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as "the said Act") the consent of the Company is hereby accorded for the re-appointment of Mr. Ramesh Khanna as Whole-time Director of the Company for a period of 3 (Three) years with effect from September 1, 2011 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Ramesh Khanna, a draft whereof is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT Mr. Ramesh Khanna shall be entitled to receive such amount as remuneration as may be decided by the Board of Directors from time to time within the limits permissible under the provisions of Sections 198, 269, 309 and 310, read with Schedule XIII of the Companies Act, 1956, for the performance of his duties as the Whole-time Director of the Company.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to the Whole-time Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Whole-time Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

RESOLVED FURTHER THAT any one of the Director of the Company be and is hereby severally authorised to sign and file the Return in Form No. 25C with the Registrar of Companies, Maharashtra, and to take such other actions to comply with all the formalities required to be fulfilled in connection with the re-appointment of Whole-time Director."

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

**SD/-
VINOD LATH
CHAIRMAN**

**Date: August 30, 2011
Place: Dombivli**

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.**
2. **A proxy Form to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.**
3. **The Register of Members and Share Transfer Register will remain closed from Friday, 23 September 2011 to Friday, the 30th September 2011 (both days inclusive).**
4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the Meeting.
5. Members/Proxies are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
6. Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidate their holdings in one folio.

By Order of the Board
SUNIL INDUSTRIES LIMITED

Sd/-
VINOD LATH
CHAIRMAN

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Explanatory Statement

(As required under section 173 (2) of the Companies Act, 1956.)

Item No. 5:

As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, at its meeting held on August 30, 2011, Mr. Vinod Lath, is re-appointed as an Managing Director of the Company for a period of 3(Three) years with effect from September 1, 2011. The remuneration to Mr. Vinod Lath inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.

Name of director	Mr. Vinod Lath
Age	62 years
Qualification	B. Com
Experience	40 years
Number of directorships in other companies	Nil
Shareholding	274000 Shares

Mr. Vinod Lath will serve as an Managing Director on the Board of the Company from September 1, 2011.

The terms & conditions proposed to be entered into by the Company with Mr. Vinod Lath, in respect of his re-appointment, inter alia, contains the following terms and conditions:

MAJOR TERMS OF REMUNERATION OF MR VINOD LATH, MANAGING DIRECTOR:

TERMS & CONDITIONS:

I) General Terms

Name of Director	:	Mr. Vinod Lath
Designation	:	Managing Director
Date of Appointment	:	Re-appointment w.e.f. September 1, 2011
Period	:	3 (Three) years.
Salary (p.m)	:	Rs. 2,50,000/- p.m. with power to Board to vary from time to time within the limits of Schedule XIII of the Companies Act.
Minimum Remuneration	:	In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Vinod Lath by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. Vinod Lath shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

II) Perquisites:

Mr. Vinod Lath as a Managing Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity: as per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.

Children's education allowance: In case of children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less such allowance is admissible upto a maximum of two children.

Holiday passage for children studying outside India/family staying abroad: Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the managerial person.

Leave travel concession: Return passage for self and family in accordance with the rules specified by the Company to any destination in India.

Leave encashment: Encashment of leave at the end of the tenure.

Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

Bonus: Entitlement to performance bonus as approved by the Board within the limits specified in Schedule XIII of the Companies Act 1956.

- III) Salary and perquisites specified herein shall be payable to the Managing Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- IV) The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- V) The Managing Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- VI) The terms and conditions of the said re-appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the company, except Mr. Vinod Lath himself is considered to be interested or concerned in this resolution.

These Terms & Conditions of re-appointment may be treated as abstracts between the company & Mr. Vinod Lath, Managing Director.

The Copy of the Draft agreement is open for inspection during office hours 10.00 a.m. to 12 noon till the date of Annual General Meeting.

In the beneficial interest of the Company, your Directors recommend the resolution for your approval.

Item No. 6:

As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, at its meeting held on August 30, 2011, Mr. Pradeep Rungta, is re-appointed as an Whole-time Director of the Company for a period of 3(Three) years with effect from September 1, 2011. The remuneration to Whole-time Director inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.

Name of director	Mr. Pradeep Rungta
Age	49 years
Qualification	B. Com
Experience	28 years
Number of directorships in other companies	Nil
Shareholding	12,700 Shares

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Mr. Pradeep Rungta will serve as Whole-time Director on the Board of the Company from September 1, 2011.

The terms & conditions proposed to be entered into by the Company with Mr. Pradeep Rungta, in respect of his re-appointment, inter alia, contains the following terms and conditions:

MAJOR TERMS OF REMUNERATION OF MR. PRADEEP RUNGTA, WHOLE - TIME DIRECTOR:

TERMS & CONDITIONS:

I) General Terms

Name of Director	:	Mr. Pradeep Rungta
Designation	:	Whole-time Director
Date of Appointment	:	Re-appointment w.e.f. September 1, 2011
Period	:	3 (Three) years.
Salary (p.m)	:	Rs. 2,50,000/- p.m. with power to Board to vary from time to time within the limits of Schedule XIII of the Companies Act.
Minimum Remuneration	:	In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Pradeep Rungta by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. Pradeep Rungta shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

II) Perquisites:

Mr. Pradeep Rungta as a Whole-time Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration.

Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity: as per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.

Children's education allowance: In case of children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less such allowance is admissible upto a maximum of two children.

Holiday passage for children studying outside India/family staying abroad: Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with the managerial person.

Leave travel concession: Return passage for self and family in accordance with the rules specified by the Company to any destination in India.

Leave encashment: Encashment of leave at the end of the tenure.

Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

Bonus: Entitlement to performance bonus as approved by the Board within the limits specified in Schedule XIII of the Companies Act 1956.

III) Salary and perquisites specified herein shall be payable to the Whole-time Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.

- IV) The Whole-time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- V) The Whole-time Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- VI) The terms and conditions of the said re-appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the company, except Mr. Pradeep Rungta himself is considered to be interested or concerned in this resolution.

These Terms & Conditions of re-appointment may be treated as abstracts between the company & Mr. Pradeep Rungta, Whole-time Director

The Copy of the Draft agreement is open for inspection during office hours 10.00 a.m. to 12 noon till the date of Annual General Meeting.

In the beneficial interest of the Company, your Directors recommend the resolution for your approval.

Item No. 7:

As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, at its meeting held on August 30, 2011, Mr. Ramesh Khanna, is re-appointed as an Whole-time Director of the Company for a period of 3(Three) years with effect from September 1, 2011. The remuneration to Whole-time Director inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.

Name of director	Mr. Ramesh Khanna
Age	61 years
Qualification	B. Com, LLB, MBA
Experience	37 years
Number of directorships in other companies	Nil
Shareholding	Nil

Mr. Ramesh Khanna will serve as Whole-time Director on the Board of the Company from September 1, 2011.

The terms & conditions proposed to be entered into by the Company with Mr. Ramesh Khanna, in respect of his re-appointment, inter alia, contains the following terms and conditions:

MAJOR TERMS OF REMUNERATION OF MR. RAMESH KHANNA, WHOLE - TIME DIRECTOR:

TERMS & CONDITIONS:

I) General Terms

- Name of Director : Mr. Ramesh Khanna
- Designation : Whole-time Director
- Date of Appointment : Re-appointment w.e.f. September 1, 2011
- Period : 3 (Three) years.
- Salary (p.m) : Rs. 2,50,000/- p.m. with power to Board to vary from time to time within the limits of Schedule XIII of the Companies Act.
- Minimum Remuneration : In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Ramesh Khanna by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. Ramesh Khanna shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

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- II) Salary and perquisites specified herein shall be payable to the Whole-time Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- III) The Whole-time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- IV) The Whole-time Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.
- V) The terms and conditions of the said re-appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

None of the Directors of the company, except Mr. Ramesh Khanna himself is considered to be interested or concerned in this resolution.

These Terms & Conditions of re-appointment may be treated as abstracts between the company & Mr. Ramesh Khanna, Whole-time Director.

The Copy of the Draft agreement is open for inspection during office hours 10.00 a.m. to 12 noon till the date of Annual General Meeting.

In the beneficial interest of the Company, your Directors recommend the resolution for your approval.

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

**SD/-
VINOD LATH
CHAIRMAN**

**Date: August 30, 2011
Place: Dombivli**

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,
The Members,
SUNIL INDUSTRIES LIMITED
Mumbai

Your Directors have great pleasure in presenting **35TH ANNUAL REPORT** along with the Audited Balance Sheet and Profit And Loss Account for the year ended on **31st March, 2011**.

1. FINANCIAL RESULTS:

The Financial Results are briefly indicated below

Particulars	(Amt in Rs.)	
	For the year ended on	
	31.03.2011	31.03.2010
Total Income	62,35,70,318	54,38,35,832
Total Expenditure	61,28,76,361	52,40,72,638
Net Profit/ (Loss) before tax	1,06,93,957	1,97,63,194
Provision for tax	22,04,702	81,13,650
Net profit/ (Loss) after tax	84,89,255	1,16,49,544
Profit/ (Loss) b/f previous year	(50,87,818)	(1,85,14,491)
Balance c/f to Balance sheet	44,87,651	(50,87,818)

a) FINANCIAL OPERATIONS

During the year ended, Your Company reported total Income of Rs. 62,35,70,318/- in comparison to Rs. 54,38,35,832/- of previous year. The Net Profit After Tax reduced to Rs.84,89,255/- as compared to Rs. 1,16,49,544/- in previous year due to increase in material cost and Manufacturing, Administrative and Selling expenses.

b) DIVIDEND

In order to conserve the reserves, your Company do not recommend dividend for the financial year 2010-11.

c) DEPOSITS

The company has not accepted any deposits from the Public therefore provisions of Section 58A, 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 are not applicable to the Company.

d) PARTICULARS OF EMPLOYEES:

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

e) DIRECTORS:

- Mr. Vinod Lath was appointed by the Board as the Managing Director of the Company w.e.f. 1st September, 2011. Consequently, appropriate Resolution in this regard is being placed for your approval at the forthcoming Annual General Meeting.

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- Mr. Pradeep Rungta and Mr. Ramesh Khanna were appointed by the Board as Whole - Time Directors of the Company w.e.f. 1st September, 2011. Consequently, appropriate Resolution in this regard is being placed for your approval at the forthcoming Annual General Meeting.
- Mr. Ravinder Kumar Gupta and Mr. Ratan Babulal Lath are retiring by rotation and being eligible, offer themselves for re-appointment. Hence, you are requested to re-appoint themselves in the forthcoming Annual General Meeting of the Company.

f) **SUBSIDIARIES:**

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

g) **DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors hereby confirms:

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

h) **CORPORATE GOVERNANCE:**

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

i) **LISTING:**

The Company's shares were listed on Bombay Stock Exchange, However due to non-compliance of the listing agreement; shares of the Company are suspended for trading on the Stock Exchange. Your company has made good all the non compliances and has also filed an application with Bombay Stock Exchange for revocation of suspension of trading of securities of the Company.

j) **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:**

Statement giving the particulars relating to conservation of energy, technology absorption & foreign exchange earnings & outgo, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 is attached as Annexure I.

k) **AUDITORS:**

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

l) AUDITORS REPORT:

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

m) COMMITTEES OF THE BOARD

Pursuant to provisions of section 292 (A) of Companies Act, 1956 and clause 49 of listing agreement, the Board has formed Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee in compliance with listing agreement.

n) COMPLIANCE CERTIFICATE

The Company has obtained Compliance Certificate pursuant to provisions of Section 383A of Companies Act, 1956 from M/s HS Associates, Company Secretaries and is annexed hereto.

o) ACKNOWLEDGEMENTS:

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

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

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

**SD/-
VINOD LATH
CHAIRMAN**

**Date: August 30, 2011
Place: Dombivli**

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ANNEXURE - I

Form A: Disclosure of particulars with respect to Conservation of Energy.

		31/03/2011	31/03/2010
A.	POWER & FUEL CONSUMPTION		
1.	Electricity		
a)	Purchased		
	Units (in lakhs) (in kwh)	17.76	20.15
	Amount in Rupees (in lakhs)	94.64	98.98
	Rate per Unit (in Rupees)	5.33	4.91
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	Fabrics (kwh/meter)	0.23	0.28

FORM B: Disclosure of particulars with respect of Technology Absorption:

I. Research and Development (R & D)	31.03.11	31.03.10
- Expenditure on R & D	Nil	Nil

II. TECHNOLOGY ABSORPTION & ADAPTATION AND INNOVATION

- (1) Efforts in brief, made towards technology absorption, adaptation and innovation

The Company is monitoring the technological up-gradation taking place in other countries in the field of business the Company is into and the same are being reviewed for implementation.

- (2) Benefit derived as a result of the above efforts

It helps the Company in Product improvement and Cost reduction.

- (3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

The Company has not imported any foreign technology since last 5 years

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Lacs)

	31.03.2011	31.03.2010
Foreign Exchange Earnings:		
(FOB vale of Exports)	0	0
Foreign Exchange outgo:		
CIF Value of Stores Imported	3.26	14.93
Foreign travel	2.51	0

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY:

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

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

BOARD OF DIRECTORS:

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

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

During the year, there were in total **5 (Five)** Board Meetings were held. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes. The dates on which the Board Meeting was held are as follows:

30.04.2010, 31.07.2010, 01.09.2010; 28.10.2010 and 30.01.2011

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

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

COMMITTEES OF THE BOARD:

A. Audit Committee

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

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

SUNIL INDUSTRIES LIMITED

During the year, there were in total **5 (Five)** Audit Committee Meetings were held on **30.04.2010, 31.07.2010 and 01.09.2010; 28.10.2010, 30.01.2011**

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

Name of the Member	Status	No. of Meeting held	No. of Meetings attended
Mr. Ravinder Kumar Gupta	Chairman	5	5
Mr. Ashish Garg	Member	5	5
Mr. Ratan Babulal Lath	Member	5	5

B. Remuneration Committee

The Remuneration Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Remuneration Committee as on 31st March, 2011 as follows:

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

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

C. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 3 (**Three**) Members, all of whom are Non Executive Directors and the Chairman of the Remuneration Committee is an Independent, Non Executive Director of the Company. The composition of the Shareholders/Investors Grievance Committee as on 31st March, 2011 as follows:

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

During the year, there were in total **5 (Five)** Shareholders/Investors Grievance Committee Meetings were held on **30.04.2010, 31.07.2010, 01.09.2010; 28.10.2010 and 30.01.2011**

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

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

GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue	Special Resolution(s)
2007-2008	30.09.2008	11.30 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	3 (Three)
2008-2009	31.12.2009	11.00 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	0 (Nil)
2009-2010	30.09.2010	11.00 A.M.	D-8, MIDC, Manpada Road, Dombivali (E), Thane – 421 201.	0 (Nil)

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

DISCLOSURES:

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

MEANS OF COMMUNICATION:

The yearly/quarterly results were duly approved by the Board of Directors of the Company; however the same has been submitted with delay to BSE. The Company also has its website, www.sunilgroup.com

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

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

GENERAL SHAREHOLDERS INFORMATION:

1. The Annual General Meeting is scheduled to be held on Friday the **30th September, 2011 at 11.00 a.m.** at the Regd. Office of the Company.
2. The Financial year of the company is from April to March. The financial calendar is as per following.

First quarter results (30 th June)	End of July
Mailing of Annual Reports	1 st week of September
Annual General Meeting	30 th September, 2011
Payment of Dividend	N.A.
Second quarter results (30 th September)	End of October
Third quarter results (31 st December)	End of January
Fourth quarter / Annual Results	End of July

1. Book Closure dates are from Friday the 23rd September, 2011 to Friday the 30th September, 2011 (both days inclusive).
2. The Board of Directors has not proposed any dividend for the current financial year.
3. The company's shares are listed at Mumbai, Ahmedabad Delhi & Calcutta Stock Exchanges, out of which Mumbai Stock Exchange is a Regional Stock Exchange. The trading on the said Bombay Stock Exchange has been suspended due to non-compliance of the Listing Agreements. The Board has filed an application for revocation of suspension of trading of its securities.
4. The Stock Exchange, Mumbai
Security in Physical Form No. BSE- 521232
Electronic Form No. 124M01015
Scrip Name: SUNIL INDUSTRIES LIMITED.

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

The Stock Exchange, Calcutta;
Security in physical form no. CSE - 29100;
Electronic Form No- NIL;
Scrip Name - SUNIL INDUSTRIES LIMITED

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

SUNIL INDUSTRIES LIMITED

7. Market price data:

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

8. Share Transfer System

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

Address of Registrars and Share Transfer Agent.

Link Intime India Private Limited.

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

9. Distribution of Shareholding as on 31st March, 2011.

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

10. Dematerialization of securities

The Company has entered into agreement with NSDL on April 21, 2011 for dematerialization of its securities and received ISIN No. The Company has so far dematerialized 3900 shares as on date of this Report.

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

12. The companies plants are located as under:

Spinning Unit:

S. F. Mo. 324/1, Karungal Village,
K. Anapatti Post, Vedasandur Taluk,
Dist. Dindigul - 624 620

Weaving Unit:

Plot No. 60-B, Parvati Industrial Area,
Kondigre Road, Near Gangajal Water Tank, Yadrav, Ichalkaranji

Processing Unit:

D-8, MIDC, Phase II,
Manpada Road, Dombivli (E) - 421 203
Dist. Thane

13. Address for correspondence:

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT:

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

B) SEGMENTWISE PERFORMANCE:

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

C) OPPORTUNITIES / OUTLOOK:

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

D) THREATS:

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

E) RISKS AND CONCERNS:

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

F) INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

G) HUMAN RESOURCES POLICIES:

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

H) CAUTIONARY STATEMENT:

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

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

SD/-
VINOD LATH
CHAIRMAN

Date: August 30, 2011

Place: Dombivli

SUNIL INDUSTRIES LIMITED

CEO/CFO CERTIFICATE

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

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

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

FOR **SUNIL INDUSTRIES LIMITED**

Sd/-
Mr. Vinod Lath
(CEO)

FOR **SUNIL INDUSTRIES LIMITED**

Sd/-
Mr. Pradeep Rungta
(CFO)

Date: August 30, 2011
Place: Dombivli

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of the Clause 49 of the listing Agreement, Code of Conduct as approved by the Board of Directors of the Company, all the members of the Board and the senior management personnel had affirmed compliance with the Code for the period **31st March, 2011**

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

**SD/-
VINOD LATH
CHAIRMAN**

Date: August 30, 2011

Place: Dombivli

SUNIL INDUSTRIES LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE FROM PRACTICING COMPANY SECRETARIES

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

We have reviewed the implementation of Corporate Governance produced by the company during the year ended on **31st March, 2011** with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

**For HS Associates,
Company Secretaries**

DATE: 30th August, 2011
PLACE: Mumbai.

**Sd/-
Hemant Shetye
Partner**

COMPLIANCE CERTIFICATE

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

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

We have examined the registers, records, books and papers of **SUNIL INDUSTRIES LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011** ("financial year"). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a limited Company has a minimum prescribed paid-up capital.
4. The Board of Directors duly met 5 (Five) times on **30.04.2010, 31.07.2010, 01.09.2010; 28.10.2010 and 30.01.2011** in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members for the period **Thursday, 23rd September, 2010 to Thursday the 30th September, 2010**
6. The annual general meeting for the financial year ended on **31st March, 2010** was held on **30th September, 2010** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has entered into contracts falling within the purview of Section 297 of the Act; however no Central Government approval is taken.
10. The Company has made the necessary entries in the register maintained under Section 301 of the Act.
11. As informed by the Company, there were no instances falling within the purview of Section 314 of the Act therefore the company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate certificates during the financial Year.
13. The Company has:

SUNIL INDUSTRIES LIMITED

- (i) Not made any allotment or transferred or transmitted any of its shares during the financial year under review.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for seven years, to Investor Education and Protection Fund as no amount in respect of the above were lying in the books of accounts of the Company to be transferred.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointments of Additional or Alternate or Director appointed to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was required to take approval from Central Government under Section 297 of the Act; however, no approval was obtained from Central Government.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no preference capital or debentures and as such, there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has accepted deposits in violation of the provisions of Section 58A of the Act during the financial year, .
24. The amount borrowed by the Company from financial Institutions, Banks, and others during the financial year ending 31st March, 2011 are within the borrowing limits of the Section 293(1) (d) of the Act.
25. The Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

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

PLACE: Mumbai.
DATE: 30th August, 2011

Sd/-
HEMANT SHETYE
PARTNER
HS ASSOCIATES
C.P. No.: 1483
F.C.S : 2827

ANNEXURE "A"**REGISTERS AND RECORDS MAINTAINED BY THE COMPANY**

- a) Register of members under Section 150 and Index of Members under Section 151.
- b) Register of Transfer.
- c) Register of Directors, Managing Director, manager and secretary under Section 303.
- d) Register of Directors' shareholdings under Section 307.
- e) Register of Loans & Investments under Section 372A.
- f) Register of Director's Attendance-As per Regulation 71 contained under schedule-1 (Table "A") to the Companies Act, 1956.
- g) Register of Share application and allotment.
- h) Minutes Book under Section 193.
- i) Books of Account under Section 209.
- j) Registers & Returns under Section 163.
- k) Register of Charges under section 143.
- l) Register of Contract under section 301.

ANNEXURE "B"

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Company Law Board, Central Government and other authorities during the financial year ended on 31st March 2011.

Forms	Sections	Filing Date	Particulars
e-form 20B	159	30.04.2010	Submission of Annual Return for the year ending March 31, 2009
e-form66	383A	03.05.2010	Submission of Compliance Certificate for the year ending March 31, 2009
e-form 23AC and e-form 23ACA	220	03.05.2010	Submission of Balance sheet and Profit & Loss Account for the year ended March 31, 2009
e-form66	383A	29.10.2010	Submission of Compliance Certificate for the year ending March 31, 2010
e-form 23AC and e-form 23ACA	220	29.09.2010	Submission of Balance sheet and Profit & Loss Account for the year ended March 31, 2010
eForm 20B	159	11.01.2011	Submission of Annual Return for the year ending March 31, 2010

SIGNATURE:

PLACE: Mumbai.
DATE: 30th August, 2011

NAME OF COMPANY SECRETARY:
HEMANT SHETYE
PARTNERHS ASSOCIATES
C.P. No.: 1483

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF SUNIL INDUSTRIES LIMITED

- 1) We have audited the attached Balance Sheet of Sunil Industries Limited as at 31st March, 2011, and the Profit & Loss Account of the Company for the year ended on that date and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, (the Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to in paragraphs above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Profit & loss Account and the Cash Flow Statement comply with the accounting standards referred to in Section 211 (3C) of the Act.
 - e) On the basis of written confirmation received from Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of Sub Section (1) of Section 274 of the Act.
- 5) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For V.K.BESWAL & ASSOCIATES
FIRM REGISTRATION No : 101083W
CHARTERED ACCOUNTANTS
Sd/-
R.P.LADDHA
(PARTNER)
Membership No. 48195

DATE: 30-08-2011
Place: Mumbai

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

- i) In respect of fixed assets:
- the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management on such verification;
 - since the company has not disposed off a substantial part of fixed assets during the year, the question of sale of substantial part of fixed assets affecting going concern concept does not arise.
- ii) In respect of inventories:
- as explained to us, physical verification of inventory has been conducted during the year by the management at reasonable intervals;
 - in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;
 - in our opinion, and according to the information and explanation given to us, the Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification.
- iii) In respect of loans, secured or unsecured, granted or taken by the company, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act, according to the information and explanations given to us:
- The company has not granted any loan to companies or firms or parties covered in the register maintained under section 301 of the Act.
 - The Company has not taken any loans from parties covered in the Register maintained under section 301 of the Act. The company has however taken loan from one company covered in the Register maintained under section 301 of the Act. The maximum amount outstanding during the year in respect of the loans taken from company covered in the Register maintained under section 301 of the Act aggregates to Rs 1420.89 lakhs and the balance outstanding at 31.03.2011 is Rs.1163.50 Lakhs.
 - in respect of the unsecured loans taken by the company, the rate of interest and other terms are prima facie not prejudicial to interest of the company;
 - there are no overdue amounts of loans taken or granted by the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit we have not observed any continuing failure to correct any major weakness in internal control.
- v) In respect of transactions that need to be entered in the register maintained in pursuance of Section 301 of the Act in our opinion and according to the explanations given to us:
- transactions that need to be entered into the Register in pursuance of Section 301 of the Act have been so entered;
 - the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act have been made at prices which are reasonable having regard to prevailing market prices and exigencies of the trade at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits covered under section 58A and section 58AA of the Act and hence the question of contravention of the provisions thereof does not arise.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

- viii) We are informed that the company is in the process of maintaining cost records and accounts as prescribed under section 209 (1) (d) of the Act.
- ix) According to the information and explanation given to us in respect of statutory and other dues:
- a) the company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance Scheme, Income Tax, Sales Tax, Excise Duty and any other statutory dues with appropriate authorities where applicable. As explained to us, the company did not have any dues on account of investor education and protection fund, wealth tax, cess and customs duty.
- b) the following dues have not been deposited by the company on account of disputes:

Sr. No.	Name of the statute	Amount (In Lacs)	Forum where dispute is pending
i)	Central Excise Duty	219.58	Adjudication
ii)	Central Excise Duty (Payment made under protest Rs. 20 Lakhs)	238.27	Central Excise Appellate Tribunal (CEGAT)

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

**For V.K.BESWAL & ASSOCIATES
FIRM REGISTRATION No : 101083W
CHARTERED ACCOUNTANTS**

Place: Mumbai
Dated: 30-08-2011

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

SUNIL INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH	AS AT 31/03/2011 RUPEES	AS AT 31/03/2010 RUPEES
1 SOURCES OF FUNDS			
Shareholders Funds:			
Share Capital	A	41,984,000	41,984,000
Reserves & Surplus	B	194,625,574	185,050,105
		<u>236,609,574</u>	<u>227,034,105</u>
Loan Funds:			
Secured Loans	C	-	142,593,803
Unsecured Loans	D	128,344,227	-
Deferred Tax Liability		6,185,326	6,269,675
		<u>371,139,127</u>	<u>375,897,583</u>
II. APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	E	193,110,678	183,520,067
Less: Depreciation		124,975,680	118,074,651
Net Block		68,134,998	65,445,416
Capital Work In progress		1,420,847	-
Investments	F	1,000	1,816,000
Current Assets, Loans and Advances:			
Inventories	G	178,024,548	128,708,838
Sundry Debtors	H	104,435,284	98,595,761
Cash and Bank Balances	I	49,770,370	29,889,183
Loans and Advances	J	47,830,186	100,549,090
		<u>380,060,389</u>	<u>357,742,872</u>
Less: Current Liabilities and Provisions	K	78,478,106	49,106,705
Net Current Assets		<u>301,582,283</u>	<u>308,636,167</u>
		<u>371,139,127</u>	<u>375,897,583</u>

Notes : Schedule 'R' -

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES

For and on behalf of the Board

CHARTERED ACCOUNTANTS

Sd/-

R.P. LADDHA

(PARTNER)

Membership No. 48195

Sd/-

V.G. Lath

Managing Director

Sd/-

P.K. Rungta

Executive Director

Place: Mumbai

Dated: 30-08-2011

Place: Mumbai

Dated: 30-08-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCH	FOR THE YEAR ENDED 31.03.2011 RUPEES	FOR THE YEAR ENDED 31.03.2010 RUPEES
I. INCOME			
Gross Sales	L	618,993,250	540,295,684
Less: Duties & Taxes		-	-
Net Sales		<u>618,993,250</u>	<u>540,295,684</u>
Other Income	M	4,577,068	3,540,148
		<u>623,570,318</u>	<u>543,835,832</u>
II. EXPENDITURE			
Material Cost	N	360,222,735	291,461,426
Payment to and Provisions for Employees	O	8,990,235	7,533,160
Manufacturing, Administrative and Selling Expenses	P	218,986,960	200,677,473
Financial Expenses	Q	17,703,807	15,234,606
Depreciation		6,972,624	9,165,973
		<u>612,876,361</u>	<u>524,072,638</u>
III. Profit before taxation (I-II)		10,693,957	19,763,194
IV Provision for Taxes			
Defered Tax		(84,349)	6,269,675
Income tax		2,289,051	1,843,975
		<u>2,204,702</u>	<u>8,113,650</u>
V Profit after taxation (III-IV)		8,489,255	11,649,544
VI Minimum Alternate Tax Credit Entitlement		1,086,214	1,777,129
VII Profit for the year (V+VI)		9,575,469	13,426,673
VIII Profit/(Loss) brought forward		(5,087,818)	(18,514,491)
IX Balance carried to Balance Sheet		<u>4,487,651</u>	<u>(5,087,818)</u>
Earnings per share (Basic) (Rs.)		2.28	3.20

Notes : Schedule 'R'

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Dated: 30-08-2011

For and on behalf of the Board

Sd/-
V.G. Lath Managing Director

Sd/-
P.K. Rungta Exective Director

Place: Mumbai
Dated: 30-08-2011

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
SCHEDULE 'A'		
SHARE CAPITAL:		
Authorised 5000000 Equity shares of Rs. 10/- each (Previous year 5000000 equity shares of Rs. 10/- each)	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid up 4200000 Equity shares of Rs. 10/- each (Previous year 4200000 equity shares of Rs. 10/- each fully paid up)	<u>42,000,000</u>	<u>42,000,000</u>
Less: Allotment Money pending	16,000	16,000
	<u>41,984,000</u>	<u>41,984,000</u>
SCHEDULE 'B'		
RESERVES AND SURPLUS:		
Investment Allowance General Reserve Profit & loss a/c	140,857,634 <u>4,487,651</u> 145,345,285	140,857,634 <u>(5,087,818)</u> 135,769,816
Share Premium Less: Arrears in Share Premium A/c.	49,343,289 <u>63,000</u> 49,280,289	49,343,289 <u>63,000</u> 49,280,289
	<u>194,625,574</u>	<u>185,050,105</u>
SCHEDULE 'C'		
SECURED LOANS:		
Other Loans	-	2,770,006
	-	<u>139,823,797</u>
	-	<u>142,593,803</u>
SCHEDULE 'D'		
UNSECURED LOANS:		
Intercompany Deposit	<u>128,344,227</u>	-
	<u>128,344,227</u>	<u>-</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011
SCHEDULE 'E'
FIXED ASSETS:

Particulars	Gross Block			Depreciation / Amortisation			Net Block			
	As On 01/04/2010	Additions during the year	Deductions	As On 31.03.11	Upto 01/04/2010	For the year	Deductions	Upto 31.03.11	As At 31.03.11	As At 01/04/2010
Leasehold Land	142,047	-	-	142,047	5,740	1,435	-	7,175	134,872	136,307
Land at Ichalkaranji	237,040	-	-	237,040	9,576	2,394	-	11,970	225,070	227,464
Land at Dindigul	4,290,322	-	-	4,290,322	-	-	-	-	4,290,322	4,290,322
Factory Building	46,863,859	2,517,798	-	49,381,657	15,758,152	1,585,989	-	17,344,141	32,037,516	31,105,707
Lab Equipments	1,857,095	-	-	1,857,095	1,334,237	192,024	-	1,526,261	330,834	522,858
Godown	198,920	-	-	198,920	102,233	6,644	-	108,877	90,043	96,687
Plant & Machinery	113,388,454	7,183,169	375,000	120,196,623	89,176,963	4,471,366	71,594	93,576,735	26,619,888	24,211,491
Electrical Installation	3,427,507	-	-	3,427,507	1,825,670	162,807	-	1,988,477	1,439,030	1,601,837
Office Premises	830,050	-	-	830,050	237,016	13,530	-	250,546	579,504	593,034
Residential Premises	251,000	-	-	251,000	57,274	4,091	-	61,365	189,635	193,726
Tube Well	106,833	-	-	106,833	85,604	5,075	-	90,679	16,154	21,229
Computer	3,879,128	112,944	-	3,992,072	3,379,739	92,112	-	3,471,851	520,221	499,389
Office Equipments	1,655,095	102,817	-	1,757,912	1,275,404	61,115	-	1,336,519	421,393	379,691
Vehicles	1,874,998	8,583	-	1,883,581	842,880	271,565	-	1,114,445	769,136	1,032,118
Furniture & Fixtures	4,517,719	40,300	-	4,558,019	3,984,162	102,477	-	4,086,639	471,380	533,557
Total	183,520,067	9,965,611	375,000	193,110,678	118,074,651	6,972,624	71,594	124,975,680	68,134,998	65,445,417
Previous Year	188,549,053	10,590,275	15,619,261	183,520,067	121,873,243	9,165,973	12,964,565	118,074,651	65,445,416	66,675,810

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
SCHEDULE 'F'		
INVESTMENTS: (At Cost)		
Unquoted:		
10 Equity shares of Rs. 100/- each fully paid up of Sunil Fabrics Private Limited	1,000	1,000
33000 Shares of Arima Spinners Pvt Ltd @55/-	-	1,815,000
	<u>1,000</u>	<u>1,816,000</u>
SCHEDULE 'G'		
INVENTORIES: (Verified, valued and certified by the Management)		
a) Raw Material	98,579,446	40,855,232
b) Semi- Finished Goods	36,812,007	36,217,813
c) Finished Goods	33,201,080	43,481,508
d) Stores, Spares, Dyes & Chemicals	8,858,901	7,179,487
e) Packing Materials	195,504	241,576
f) Fuel, Oil & Gases	377,610	733,222
	<u>178,024,548</u>	<u>128,708,838</u>
SCHEDULE 'H'		
SUNDRY DEBTORS: (Unsecured)		
a) Considered good		
Due for more than six months	6,890,043	3,613,543
Others	97,545,241	94,982,218
	<u>104,435,284</u>	<u>98,595,761</u>
b) Considered doubtful		
Due for more than six months	-	6,098,143
	<u>104,435,284</u>	<u>104,693,904</u>
Less: Provision for Doubtful Debts	-	6,098,143
	<u>104,435,284</u>	<u>98,595,761</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2011

	AS AT 31.03.2011 RUPEES	AS AT 31.03.2010 RUPEES
SCHEDULE 'I'		
CASH AND BANK BALANCES:		
Cash with Scheduled Banks in :		
Current Account	18,072,476	12,938,083
Fixed Deposit Account	30,886,661	15,575,000
Cash in hand	811,233	1,376,100
	<u>49,770,370</u>	<u>29,889,183</u>
SCHEDULE 'J'		
LOANS AND ADVANCES:		
(Unsecured Considered good)		
Advances recoverable in cash or in kind or for value to be received		
	35,214,080	91,189,654
Deposits with Govt. and others	7,588,012	3,855,560
Deposit with Excise authorities	2,065,000	2,065,000
Income Tax Refund Due	99,750	1,661,747
Minimum Alternate Tax Credit Carried forward	2,863,344	1,777,129
	<u>47,830,186</u>	<u>100,549,090</u>
SCHEDULE 'K'		
CURRENT LIABILITIES AND PROVISIONS:		
Current Liabilities:		
Sundry Creditors for Expenses	6,002,045	8,370,631
Sundry Creditors for Goods	64,888,139	26,871,532
Provision for Tax (Net of taxes paid)	923,739	1,189,286
Other Liabilities	6,664,183	12,675,256
	<u>78,478,106</u>	<u>49,106,705</u>

SUNIL INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAR. 2011

	YEAR ENDED 31.03.11 <u>RUPEES</u>	YEAR ENDED 31.03.10 <u>RUPEES</u>
SCHEDULE 'L'		
SALES AND PROCESSING CHARGES:		
Sales	608,764,308	515,237,932
Processing Charges	<u>10,228,942</u>	<u>25,057,752</u>
	<u>618,993,250</u>	<u>540,295,684</u>
SCHEDULE 'M'		
OTHER INCOME:		
Interest Received	2,531,732	1,475,869
Sundry Sales	708,422	501,645
Profit on sale of Machine	1,594	1,400,000
Sundry Balances Written Back	<u>1,335,320</u>	<u>162,634</u>
	<u>4,577,068</u>	<u>3,540,148</u>
SCHEDULE 'N'		
MATERIAL COST:		
Material Cost:		
1) Cost of raw material consumed:		
Opening Stock	40,855,232	18,707,920
Add Purchase	<u>350,917,889</u>	<u>220,379,011</u>
	91,773,121	239,086,931
Less:		
Rebate & discount	1,307,113	1,205,096
Yarn sales	31,620	7,261,814
Closing Stock	<u>98,579,446</u>	<u>49,322,142</u>
	291,854,942	189,764,789
2) Purchase (Grey cloth)	- 58,681,559	81,614,161
3) (Increase) /Decrease in stock of finished goods		
Opening stock		
Semi - Finished Goods	36,217,813	61,165,966
Finished Goods Cloth	<u>43,481,508</u>	<u>38,615,831</u>
	79,699,321	99,781,797
Less: Closing stock		
Semi - Finished Goods	36,812,007	36,217,813
Finished Goods	<u>33,201,080</u>	<u>79,699,321</u>
	70,013,087	115,917,134
	9,686,234	20,082,476
	<u>360,222,735</u>	<u>291,461,426</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

	YEAR ENDED 31.03.2011 RUPEES	YEAR ENDED 31.03.2010 RUPEES
SCHEDULE 'O'		
PAYMENTS TO AND PROVISION FOR EMPLOYEES:		
Salary and Bonus	7,268,925	6,193,314
Contribution towards Provident and Other funds	758,401	447,943
Staff Welfare	<u>962,909</u>	<u>891,903</u>
	<u>8,990,235</u>	<u>7,533,160</u>
SCHEDULE 'P'		
MANUFACTURING, ADMINISTRATIVE AND SELLING EXPENSES:		
Manufacturing:		
Processing and Labour Charges	26,364,597	11,014,860
Spinning Charges	18,830,668	12,082,686
Weaving & Other Mfg exp	43,168,134	35,213,974
Stores, Dyes and Chemicals consumed	56,683,515	71,849,723
Power and Fuel	34,398,348	27,946,704
Water Charges	2,794,439	3,350,551
Repairs to Building	3,554,873	1,453,379
Repairs to Machinery	2,231,582	2,140,083
Repairs to Others	1,090,184	318,296
Screen Design Expenses	201,651	158,787
Packing Material consumed	<u>8,576,092</u>	<u>8,347,749</u>
	197,894,083	173,876,792
Administrative & Other Expenses:		
Rent, Rates and Taxes	1,374,838	572,922
Sales Tax	280,000	-
Insurance Charges	816,909	790,236
Travelling and Conveyance	761,593	881,314
Other Expenses	4,303,708	6,325,294
Freight, Octroi and Forwarding Expenses	<u>9,243,561</u>	<u>15,592,241</u>
	16,780,609	24,162,007
Selling:		
Advertisement and Sales Promotion	1,873,451	1,507,114
Brokerage and Commission	<u>2,438,817</u>	<u>1,131,560</u>
	4,312,268	2,638,674
	<u>218,986,960</u>	<u>200,677,473</u>
SCHEDULE 'Q'		
FINANCIAL EXPENSES:		
Interest On :		
Bank Interest	-	-
Others	17,367,462	14,926,910
	17,367,462	14,926,910
Bank Charges	<u>336,345</u>	<u>307,696</u>
	<u>17,703,807</u>	<u>15,234,606</u>

SUNIL INDUSTRIES LIMITED

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

SCHEDULES - 'R'

NOTES:

	31.3.2011 Rs. In Lakhs	31.3.2010 Rs. In Lakhs
1) Contingent Liabilities not provided for:		
i) disputed Excise Duty liability	457.85	590.89
ii) disputed Customs Duty liability of M/s. Sunil Impex , a firm in which the company was an erstwhile partner sharing 80% profit and loss (to the extent of the profit and loss sharing ratio).The honorable CESTAT has vide order dated 6 th August, 2010 set aside the demand raised and ordered review de novo.	336.00	336.00
iii) Bank Guarantee	297.00	144.00

2) Secured Loans :

A) Secured Loans:The company has during the year written back the outstanding balance of Rs. 27,70,006. Plant & Machinery purchased from them under hire purchase scheme was secured against the machinery purchased under the scheme. The company is of the opinion that the amount of Rs. 27,70,006 payable to 20th Century Financial Corp. is only secured against machinery purchased under the hire purchase. The machinery is in scrapped condition and nothing is further payable and hence the same has been written back in books of accounts.

3) Accounting Policies:

i) Fixed Assets :

a) Gross Block :

All Fixed Assets are stated at cost.

b) Depreciation:-

Depreciation on Plant & Machinery, Factory Building, Office Premises, Godown at Bhiwandi, Residential Premises, Tube Well, Lab Equipments, Computers and Electric Installations is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 (the Act).

Depreciation on Furniture, Office Equipments and Vehicles is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV of the Act.

Depreciation on Additions to Fixed Assets during the year is calculated on pro-rata basis.

ii) Borrowing Cost:

Borrowing costs attributable to fixed assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for its intended use. Other borrowing costs are charged to the Profit & Loss Account.

iii) Investments:

Investments are stated at the cost of acquisition.

iv) Inventories:

- a) Stock of Raw Material is valued at lower of Cost determined on FIFO basis or net realisable value.
- b) Color, Chemicals, Dyes, Stores and Coal is valued at Cost.
- c) Finished Goods are valued at cost or net realizable value whichever is lower. The cost includes manufacturing expenses and appropriate overheads.

v) Method of Accounting:

The books of accounts are maintained on accrual basis.

vi) Retirement Benefits:

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

vii) Impairment of assets:

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

6) In the opinion of the Board :

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

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

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

31.3.2011 **31.3.2010**
Rs. In lakhs **Rs. In lakhs**

9) Salary and Bonus include, Directors Remuneration	11.16	6.24
10) Auditors Remuneration :		
a) Statutory Audit Fees	2.50	2.50
	2.50	2.50

11) Quantitative Information:

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

	Unit	Qty	Qty
i) Licensed Capacity		Not Applicable	Not Applicable
ii) Installed Capacity Cloth Processing	Lac Mtrs.	600.00	600.00
B) Production			
a) Cloth Processing on job works		21.17	37.69
b) Cloth manufactured and Processed	Lacs Mtrs.	73.15	71.95

SUNIL INDUSTRIES LIMITED

	Unit	Qty (in Lacs)	Value (Rupees in Lacs)	Qty (in Lacs)	Value (Rupees in Lacs)
C) Sales					
Cloth	Mtrs.	78.18	6024.92	74.31	4953.46
Yarn	Kgs.	0.71	62.72		198.92
			6087.64		5152.38
D) Purchases (Cloth)	Mtrs.	1.82	586.81	3.87	816.14
E) Opening Stock :					
Cloth	Mtrs.	10.16	434.81	8.64	306.16
Web equipments					80.00
F) Closing Stock :					
Cloth	Mtrs.	6.95	332.01	10.16	434.81
Web Equipment					
			332.01		434.81
G) Raw Materials Consumed (Indigenous) :					
Fibre	Kgs.	7.27	653.36	7.55	487.51
Yarn	Kgs.	20.51	2074.16	15.68	1277.82
Cloth	Mtrs.	4.72	204.09	6.01	144.36
TOTAL			2931.62		1909.69
H) Stores, Spares, Dyes and Chemicals consumed:	% Consumption		Amount Rs. In Lacs	% Consump- tion	Amount Rs. In Lacs
Indigenous	99.30%		562.84	97.38%	699.70
Imported	0.70%		3.99	2.62%	18.79
Total	100.00%		566.83	100%	718.49
I) Expenditure in Foreign Currency:					
C.I.F Value of Stores Imported			3.26		14.93
Foreign Travel			2.51		0.00
J) Capital Commitments			NIL		NIL

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

12) Segment Reporting:

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

13) Deferred Tax Liability :

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

Tax effect on account of timing difference arising on account of

A) Fixed Assets :		
Net Block as per books (as at 31.3.2011)		Rs. 6,81,34,998
Net Block as per provisions of the Income Tax At,1961.		Rs. 4,81,17,762
Deferred Tax Liability		Rs. 2,00,17,236
B) Deferred Tax Asset		
Unabsorbed Depreciation/ Business Loss	Rs.	NIL
C) Net Deferred Tax Liability (A-B)		Rs. 2,00,17,236
D) Deferred Tax Liability applying current tax rates on 'C' above		61,85,326

14) Disclosure of related party transactions :

A) Related party and their relationships :

i) Enterprises controlled by Director and Relatives.

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

ii) Name of Key Management

Personnel and their relatives :

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

B) Transactions with Related Parties :Nature of Transaction :	31-03-11	31-03-10
	Amount (Rs.	Amount (Rs.
	in Lakhs)	in Lakhs)
a) Transactions with enterprises controlled by directors & Relative		
1. Cloth Purchase	76.86	1.21
2. Cloth Sales	76.63	4.41
3. Outstanding Receivables	3.95	10.52
4. Outstanding Payables	116.77	67.50
5. Weaving Charges Paid	166.98	147.90
6. Loan Taken	176.00	1175.80
7. Loan repaid	441.25	126.00
8. Loan outstanding balance	1163.50	1283.89
b) Transactions with key management person		
1. Rent	6.05	0.05
2. Directors Remuneration	11.16	6.24
3. Interest Paid	161.73	71.40
4. Salary Paid	0.15	0

SUNIL INDUSTRIES LIMITED

	31-03-11	31-03-10
15) Earnings Per Share:		
Profit /(Loss) After Tax (Numerator)	9575469	13426673
No. of Equity shares	4200000	4200000
Basic Earnings per share	2.28	3.20

16) Previous year figures have been regrouped, rearranged, recast and reclassified wherever considered necessary.

17) The figures have been rounded off to the nearest multiple of Rupee.

18) Information required by Part IV of Schedule VI is enclosed as annexure – 1

19) Cash flow statement is enclosed as Annexure – 2

SIGNATURES TO SCHEDULES 'A' TO 'R'

AS PER OUR REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
FIRM REGISTRATION No : 101083W
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Dated:30-08-2011

For and on behalf of the Board of Director

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

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

Place: Mumbai
Dated: 30-08-2011

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 2011**

	For the year ended 31.03.2010 (Rupees in Lakhs)		For the year ended 31.03.2009 (Rupees in Lakhs)	
A) Cash arising from operating activities				
Profit /(Loss) Before Taxation		106.94		197.63
Add/(Less) :				
Interest received	(25.32)		(14.76)	
Interest paid	173.67		149.27	
Depreciation	69.73		91.66	
Sundry Balance Written Back			0.00	
		218.08		226.17
		<u>325.02</u>		<u>423.80</u>
Deduct:				
Profit on sale of assets		0.02		14.00
OPERATING PROFIT/ (LOSS)BEFORE WORKING CAPITAL CHANGES AND EXTRAORDINARY ITEMS		<u>325.01</u>		<u>409.80</u>
Add:				
Increase in Trade Receivable	58.40		45.21	
Increase in Payable			245.46	
Increase/(Decrease) in Inventories	493.16		19.55	
		551.55		310.22
		(226.55)		99.59
Deduct :				
Decrease in Other Receivables	538.05		39.87	
Decrease in Inventories	0.00		0.00	
Increase in Payable	280.82		0.00	
			<u>0.00</u>	
	267.32	818.87		39.87
		592.33		139.46
Taxes Paid		10.00		6.57
Net Cash Inflow/ (Outflow) in Course of Operating Activities		<u>582.33</u>		<u>132.89</u>
B) Cash inflow/(outflow) arising from Investing Activities				
OUTFLOW:				
Acquisition of fixed assets	(99.66)		(105.90)	
Capital Subsidy under Technology Upgradation Fund Scheme(TUFs)			1.64	
Add/(Less): Capital Work in progress	(14.21)	(113.86)	24.92	(79.34)
Deduct Inflow :				
Sale of Fixed Assets/Machinery Scrapped	3.05	3.05		14.00
Machinery scrapped				
Net Cash (Outflow)/Inflow arising from Investing Activities		<u>(110.81)</u>		<u>(65.35)</u>
C)Cash flow arising from Financial Activities				
INFLOW:				
Increase in Secured Loan	(1425.94)		521.46	
Sale of Investments	18.15			
Interest received	25.32		14.76	
		(1382.47)		536.22
Deduct Outflow :				
c)Repayment of Secured Loan				
Repayment of Unsecured Loans	1283.44		261.08	
c)Increase/(Decrease) in Investments			18.15	
d)Interest paid	(173.67)	1109.77	149.27	428.50
Net Cash Inflow/ (Outflow) arising from Financing Activities	1109.77	(272.70)		107.72

SUNIL INDUSTRIES LIMITED

	For the year ended 31.03.2011 (Rupees in Lakhs)	For the year ended 31.03.2010 (Rupees in Lakhs)
Net Cash Increase/(Decrease) in inflow of cash/cash equivalents “(A+B+C)”	198.81	175.26
Add: Opening balance of cash/ cash equivalents	<u>298.89</u>	<u>123.63</u>
Closing balance of cash/cash equivalents	<u>497.70</u>	<u>298.90</u>

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR V.K. BESWAL & ASSOCIATES
CHARTERED ACCOUNTANTS

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

Place: Mumbai
Dated: 30-08-2011

For and on behalf of the Board

Sd/-
V.G. Lath Managing Director

Sd/-
P.K. Rungta Exective Director

Place: Mumbai
Dated: Dated: 30-08-2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1	9	3	3	1
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 State Code

1	1
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 Balance Sheet Date

3	1
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0	3
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1	1
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II. Capital raised during the year

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	371139	Total Assets	371139
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Sources of Funds

Paid - up Capital	41984	Reserves & Surplus	194626
Secured Loans	0	Unsecured Loans	128344
Trade Deposit	NIL	Share Application Money	NIL
Deffered Tax Liability	6185		

Application of Funds

Net Fixed Assets	68135	Investments	1
Net Current Assets	301582	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL	Profit & Loss Account	NIL

IV Performance of Company

Turnover	623570	Total Expenditure	612876
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(including other income of Rs. 4745 thousand)

+ - Profit / Loss before tax	10694	+ - Profit / Loss after tax	8489
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Earning per Share in Rs.	2.28	Dividend @ %	NIL
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V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description												
<table border="1" style="display: inline-table;"><tr><td>5</td><td>2</td><td>1</td><td>1</td></tr></table>	5	2	1	1	<table border="1" style="display: inline-table;"><tr><td>T</td><td>E</td><td>X</td><td>T</td><td>I</td><td>L</td><td>E</td><td>S</td></tr></table>	T	E	X	T	I	L	E	S
5	2	1	1										
T	E	X	T	I	L	E	S						

For and on behalf of the Board

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

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

Place: Mumbai
 Dated: 30-08-2011

SUNIL INDUSTRIES LIMITED

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

ATTENDANCE SLIP

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

I hereby record my presence at the **35th Annual General Meeting** of the Company at **Regd. Office** of the company on **Friday the 30th September, 2011** at **11.00 a.m.**

Name of the Shareholder

Signature

Folio No. _____

(Full name of Proxy)

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

(TEAR)

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

PROXY FORM

I/we..... of in
the district of being a member/members of the above named Company hereby
appoint of in the district
of..... or failing him of
..... In the district of as my / our
proxy to vote for me/us on my our behalf at the **35th ANNUAL GENERAL MEETING** of the Company to be
held at Regd. Office of the company, on **Friday the 30th September, 2011** and at any adjournment thereof.

Signed this..... day of, 2011.

Reg. Folio No.

No. of Shares

REVENUE
STAMP

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

BOOK-POST

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