



***Sumecet***  
**INDUSTRIES LIMITED**



**34<sup>TH</sup>**

**ANNUAL  
REPORT**

**2021-22**



## **Chairman's Message .....**

**“Over the past year we have taken many decisive and reformative steps to restore the profitability of the company. At every step, we left no stones unturned to improve our performance, profitability, and the pace of adopting the changes around us. We are accelerating the adoption of digitisation and emerging technologies across all facets of our operations, which will hold us in good stead for the foreseeable future”**

**Dear Shareholders,**

At Sumeet, we keep a keen watch on the external environment to understand the macroeconomic landscape and specific trends that may have an impact on our business. Our journey down the decades has been one of transformation and creating differentiation across products. Our growth strategy is supported by our solid fundamentals, which we have built over the years. We have proved time and again that our vision and strategies can stand the test of time.

The financial year 2021-22 marked yet another year of extraordinary events during which the world continued to remain under the grip of successive waves of the pandemic. It was further characterised by unexpected supply chain challenges, aggravated by adverse geopolitical situations arose due to Russia Ukraine conflict in the last quarter, which aside from its humanitarian impact has also resulted in disruptions in the global supply chain for businesses in our industry and related sectors. Rise in inflation has engulfed global economy. Following the large-scale rollout of vaccination programmes and easing of COVID-19 restrictions, the global economy is gradually rebounding from the COVID-19 crises. In line with this, we have seen a broad-based recovery in the economic activities.

Our foundational strength and the agility of our operating model, coupled with the unparalleled commitment and support of a resilient workforce, allowed us to finish the year with a mixed performance. The company is falling under the status of NPA category with Banks due to liquidity shortage. In the current year the company is gradually coming out from financial setbacks and resubmitted its Debt Restructuring Plan to the Consortium Bankers and expected to be finalised by them shortly.

We believe polyester will be the ‘fibre of the future’ which encouraged us to foray in to this business with confidence. The company has focussed on evolving new products development, unlocking the hidden potential of existing products for new applications and the company will be able to navigate through the current crisis because of its fundamentals, committed teams and a diversified portfolio of synthetic yarns.

Going ahead, I am confident that our strategy, practical approach, focus on agile execution and our committed team will enable us to improve our operation efficiency and performance creating greater shareholder value. The contribution made by our employees is truly commendable.

Before In conclude, I humbly express my sincere appreciation to all our Board Members, Shareholders, Customers, Suppliers and Bankers for their continued faith, trust, encouragement and support that allowed us to evolve over the years and has given us the confidence to keep exploring ourselves year on year.

**Shankarlal Somani**  
Chairman

## FIVE YEARS OPERATING & FINANCIAL DATA (STANDALONE)

### OPERATING DATA

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21	2019-20	2018-19	2017-18
Sales & Income from operation	89350.44	57386.63	70694.04	83231.95	107081.71
Other Income	2099.88	290.35	381.54	303.38	952.60
Increase (Decrease) in Inventories	-619.05	-435.16	-550.65	-175.00	311.83
<b>Total</b>	<b>90831.27</b>	<b>57241.82</b>	<b>70524.93</b>	<b>83360.33</b>	<b>108346.14</b>
Purchase of Finished Goods	-	98.07	2.21	1449.82	21089.63
Raw Material Consumed	65550.44	40589.78	52807.01	62309.54	59262.86
Staff Cost	2442.14	1877.60	2209.98	2144.09	2236.87
Manufacturing Expenses	14651.24	10445.19	11108.04	11866.60	12102.01
Administrative & Selling & Dist. Exp.	2658.25	1540.22	1543.00	1305.78	4174.97
Interest & Depreciation	5795.50	3896.62	8161.49	10857.54	10177.36
<b>Total</b>	<b>91097.57</b>	<b>58447.48</b>	<b>75831.73</b>	<b>89933.37</b>	<b>109043.70</b>
<b>Profit/(Loss) before Taxation</b>	<b>-266.30</b>	<b>-1205.66</b>	<b>-5306.80</b>	<b>-6573.04</b>	<b>-697.56</b>
Exceptional Items	-3.55	-0.19	0.10	-5821.90	-
Taxation	570.91	498.31	655.75	739.94	-372.70
<b>Profit &amp; Loss after Taxation</b>	<b>301.06</b>	<b>-707.54</b>	<b>-4650.95</b>	<b>-11655.00</b>	<b>-324.86</b>
Other Comprehensive Income	29.93	45.86	-13.21	-11.86	138.68
<b>Total Comprehensive Income for the Period</b>	<b>330.99</b>	<b>-661.68</b>	<b>-4664.16</b>	<b>-11666.86</b>	<b>-186.18</b>
<b>Earning per Share (EPS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### FINANCIAL DATA

Share Capital *	13364.24	13364.24	13364.24	13364.24	11291.39
Share Application Money	0.00	0.00	0.00	0.00	0.00
Reserve & Surplus	-7790.64	-8207.32	-7545.65	-2943.35	25657.81
Deferred Tax Liability	3766.51	4337.42	4835.73	5491.48	6231.42
Loan Funds **	34206.52	37422.40	39226.30	45401.22	35589.96
<b>Capital &amp; Funds Employed</b>	<b>43546.63</b>	<b>46916.74</b>	<b>49880.62</b>	<b>61313.59</b>	<b>78770.58</b>
Fixed Assets #	21152.47	24179.35	27593.10	30974.58	36026.37
Investments	2285.89	2213.99	2650.09	3362.26	3247.86
Current Assets	38954.66	38756.77	38068.84	41041.92	55804.60
Current Liabilities & Provisions	18846.39	18233.37	18431.41	14065.17	16308.25
Net Current Assets	20108.27	20523.40	19637.43	26976.75	39496.35
<b>Capital &amp; Funds Applied</b>	<b>43546.63</b>	<b>46916.74</b>	<b>49880.62</b>	<b>61313.59</b>	<b>78770.58</b>

\* Includes Equity and Preference Share Capital

\*\* Includes Secured & Unsecured Loan

# Includes Capital Work in Progress and the company has changed method of depreciation from SLM to WDV in the year 2017-18



If undelivered please return to:

**SUMEET INDUSTRIES LIMITED**

504, Trividh Chamber, 5th Floor, Opp. Fire Station,  
Ring Road, Surat - 395 002, Gujarat, India.

Phone : (+91 - 261) 2328902

Email : [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com)

Website : [www.sumeetindustries.com](http://www.sumeetindustries.com)



# THIRTY FOURTH ANNUAL REPORT

## **BOARD OF DIRECTORS**

<b>Mr. Shankarlal Somani</b>	Chairman
<b>Mr. Sumeet Kumar Somani</b>	Managing Director
<b>Mr. Manojkumar Jain</b>	Non-Executive Director
<b>Ms. Zeel S Modi</b>	Non-Executive Director
<b>Mr. Vikashkumar Chandaliya</b>	Non-Executive Director
<b>Mr. Saurav Santosh Dugar</b>	Non-Executive Director

## **COMPANY SECRETARY**

**Mr. Anil Kumar Jain**

## **CHIEF FINANCIAL OFFICER (CFO)**

**Mr. Abhishek Prasad**

## **STATUTORY AUDITORS**

**H. TOSNIWAL & CO.**

Chartered Accountants, Surat

## **INTERNAL AUDITOR**

**GAURAV V. SINGHVI & CO. LLP.**

Chartered Accountants, Surat

## **SECRETARIAL AUDITOR**

**Dhiren R. Dave & Co.**

Company Secretaries, Surat

## **BANKERS**

Bank of Baroda

IDBI Bank Ltd.

Union Bank of India

Canara Bank

Central Bank of India

## **REGISTERD OFFICE**

504, Trividh Chamber, Opp. Fire Station,

Ring Road, Surat - 395 002. (Gujarat)

Ph. : (0261) 2328902

E-mail : corporate@sumeetindustries.com

Web : www.sumeetindustries.com

## **FACTORY**

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

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

Ph. : 099789 25038

## **REGISTRAR & SHARE TRANSFER AGENT**

**BIGSHARE SERVICES PVT. LTD.**

Office No. S6-2 6th Floor, Pinnacle Business Park,

Next to Ahura Centre, Mahakali Caves Road,

Andheri (E) Mumbai-400093

Ph. : (022) 62638200 Fax : (022) 62638299

E-mail : info@bigshareonline.com

## **34th ANNUAL GENERAL MEETING**

DATE : Thursday, 15th September, 2022

TIME : 03:30 P.M.

Through Video Conference (VC) or Other  
Audio Visual Means (OAVM)

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## ***Milestones and Achievements***

<b>2016</b>	Modified POY line to enhance production of company by 8750 Ton per annum.
<b>2016</b>	Install 2 Nos. F.O. Base Gen Set to reduce power cost by approx Rs. 18.00 Crore per annum.
<b>2015</b>	Modified FDY line for manufacturing of Bright FDY and Color FDY yarns.
<b>2015</b>	Commissioned 25 nos. of TFO machines for plying & twisting for manufacturing Carpet Yarns
<b>2014</b>	Commissioned 4 (Four) Texturising Machines with total capacity of 7200 TPA.
<b>2014</b>	Commissioned Waste Recycling Plant with 5400 TPA.
<b>2013</b>	Enhanced Spinning Capacity of Plant from 40600 TPA to 51450 TPA.
<b>2012</b>	Enhanced Spinning Capacity of the Plant from 53000 TPA to 100000 TPA with total project cost of Rs. 150.00 Crores.
<b>2012</b>	Commissioned 8.6 MW Gas based Genset Captive Power Plant, thereby total capacity of the captive power generation increased to 17.10 MW.
<b>2010</b>	Commissioned successfully Expansion cum Backward Integration Project with total investment of Rs. 150.00 Crores and increased company's capacity from 12000 tons to 100000 tons (More than 8 times).
<b>2009</b>	Commissioned 6 MW Gas based Genset Captive Power Plant, enhancing the capacity of captive power generation by 8.5 MW.
<b>2009</b>	Commissioned fully imported C.P. PLANT (Continuous Polymerization Plant ) of 288 tones per day capacity or 100000 tones per annum as Expansion cum Backward Integration Project.
<b>2007</b>	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.
<b>2006</b>	Installed 60 Water Jet Looms to manufacture 3.5 Million meters Woven Fabric per annum.
<b>2005</b>	Installed Polyester Spinning Plant to manufacture 12000 MT Polyester Filament Yarn (POY) per annum with capital investment of Rs. 300 Million.
<b>2004</b>	Increased the capacity of Texturising & Twisting to 3900 MT & 2000 MT respectively per annum.
<b>1999</b>	Installed coal based power plant of 2.5 MW for captive power generation with capital investment of Rs. 60 Million.
<b>1997</b>	Increased the capacity of Polypropylene Multifilament Yarn to 3900 MT per annum with capital investment of Rs. 144 Million.
<b>1996</b>	Changed of Name of the Company (Sumeet Synthetics Limited to Sumeet Industries Limited).
<b>1995</b>	Installed capacities of Texturising & Twisting of 1500 MT per annum for value addition with total project cost of Rs. 45 Million.
<b>1993</b>	Installed capacity of 1500 tons per annum of Polypropylene Multifilament yarn with total project cost of Rs. 200 Million.
<b>1992</b>	Conversion from Private Limited to Public Limited.
<b>1988</b>	Incorporation of Sumeet Synthetics Private Limited.

## NOTICE

NOTICE is hereby given that the 34th Annual General Meeting (AGM) of the members of SUMEET INDUSTRIES LIMITED will be held on Thursday, 15th September, 2022 at 03:30 PM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt;
  - i) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022 together with the reports of Board of Directors and the Auditors thereon.
  - ii) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 together with the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Sumeet Shankarlal Somani (DIN:00318156), who retires by rotation and being eligible, offer himself for re-appointment.

### SPECIAL BUSINESS

#### 3. RATIFICATION OF APPOINTMENT OF COST AUDITOR

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs.40,000/- (Rupees Forty Thousand only) be paid to M/s. V.M. PATEL & ASSOCIATES, (Firm Registration No. 101519), the Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023, be and is hereby ratified."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 4. RE-APPOINTMENT OF MR. SHANKARLAL SITARAM SOMANI (DIN: 00165238) AS AN EXECUTIVE DIRECTOR OF THE COMPANY

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule 'V' thereof and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, the consent of the shareholders be and is hereby accorded to the re-appointment of Mr. Shankarlal Sitaram Somani (DIN:00165238) as an Executive Director cum Chairman of the Company for a period of 5 (five) years with effect from 1st April, 2023 to 31st March, 2028, on the terms and conditions specified hereunder:

1. **Period:** 5 Years with effect from April 1, 2023 to March 31, 2028

2. **Remuneration:**

I. Basic Salary: Rs. 2,00,000/- Per month up to maximum of Rs. 3,00,000/- Per Month.

II. **Perquisites:**

I. Rent-free residential accommodation (furnished or otherwise) with the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation or house rent and maintenance allowance (in case residential accommodation is not provided by the Company) of 60% of the salary per annum or such other suitable amount as may be decided by the Board of Directors.

- ii. Reimbursement of hospitalization and actual medical expenses incurred as per the rules of the Company (this includes mediclaim insurance premium).
- iii. Car facility and telecommunication facility as per the rules of the Company.
- iv. Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of self and family.
- v. Reimbursement of membership fees subject to maximum of two clubs, including admission and life membership fees.
- vi. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
- vii. Payment of premium in respect of personal accident policy which shall not exceed Rs. 1,00,000/- per annum.
- viii. 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.
- ix. Reimbursement of entertainment expenses, travelling and all other expenses, actually and properly incurred for the purpose of the Company's business.
- x. No sitting fees shall be paid for attending the meeting of the Board of Directors or Committee thereof.

**“RESOLVED FURTHER THAT** the aggregate sum of remuneration and perquisites, in any financial year shall not exceed the limits prescribed from time to time under Section 197 and 198 of the Companies Act, 2013 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and if in any financial year during the tenure of office of Mr. Shankarlal Sitaram Somani, the Company has no profits or its profits are inadequate, they will be paid remuneration by way of salary and perquisites, subject to applicable provisions of Schedule V to the Companies Act, 2013 read with Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.”

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Section 197 read with Schedule V or other applicable provisions, if any, of the Companies Act, 2013 or any other amendments thereto, as may be agreed between the Board and Mr. Shankarlal Sitaram Somani.”

**“RESOLVED FURTHER THAT** Board of directors be and are hereby authorized to do all such acts, deeds and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and for matters connected therewith or incidental thereto and to sign and execute any deeds/documents/undertakings/ agreements/papers/writings as may be required in this regard and to delegate all or any of these powers to any director(s) or officer(s) of the Company.”

#### **5. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS WITH M/s. DURGA TRANSPORT COMPANY**

To consider and if thought fit, to pass the following Resolution, as an Ordinary Resolution:

**“RESOLVED THAT** Section 188 of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to the provisions of Regulation 23(4) and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “SEBI Listing Regulations”), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) and Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company vide resolutions passed in their respective meetings held on 10th August, 2022, and subject to such other approvals, consents, permissions and sanctions of any



authorities, as may be necessary, the consent and approval of the Members be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into arrangements/transactions/contracts with M/s. Durga Transport Company, being a Related Party as defined in SEBI Listing Regulations, relating to transactions as detailed in the explanatory statement, which are in the ordinary course of business of the Company and all the terms and conditions including pricing are at arm's length basis, on such terms and conditions as the Board in its absolute discretion may deem fit."

**"RESOLVED FURTHER THAT** the aggregate amount/value of all such arrangements / transactions / contracts that may be entered into by the Company with M/s. Durga Transport Company and remaining outstanding at any one point of time shall not exceed the limit as prescribed in the table provided in the Explanatory statement in item No.5, wherein approval of the shareholders shall be obtained in this regard."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things, to finalise the terms and conditions of the transactions with the aforesaid parties, and to execute or authorize any person to execute all such documents, instruments and writings as may be considered necessary, relevant, usual, customary, proper and/or expedient for giving effect to this resolution."

**Registered Office :**

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

**Place : Surat**

**Date : 10.08.2022**

By order of the Board Directors

Sd/-  
**Shankarlal Somani**  
Chairman

**NOTES:**

1. In view of the prevailing COVID-19 pandemic, the Ministry of Corporate Affairs (the "MCA") vide its General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020, General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 22/2020 dated 15th June, 2020, General Circular No. 33/2020 dated 28th September, 2020, General Circular No. 39/2020 dated 31st December, 2020, General Circular No. 02/2021 dated 13th January, 2021, General Circular No. 10/2021 dated 23rd June, 2021, General Circular No. 19 & 20/2021 dated 8th December, 2021, General Circular No. 21/2021 dated 14th December, 2021, General Circular No. 2/2022 dated 5th May, 2022 AND General Circular No. 3/2022 dated 5th May, 2022 (hereinafter, collectively referred as the "MCA Circulars") read with SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 has allowed companies to conduct their Annual General Meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), thereby, dispensing with the requirement of physical attendance of the Members at their AGM and accordingly, the 34th Annual General Meeting (the "AGM") of Sumeet Industries Limited (the "Company") will be held through VC or OAVM on 15th day of September, 2022 at 03:30 PM (IST) in compliance with the said circulars and the relevant provisions of the Companies Act, 2013 (as amended) (the "Act") and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the "SEBI LODR"). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
2. In terms of SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, the requirement of sending proxy forms to holders of securities as per provisions of Section 105 of the Act read with Regulation 44(4) of SEBI LODR, has been dispensed with. Therefore, the facility to appoint proxy by the Members will not be available and consequently, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice conveying the 34th AGM of the Company.
3. The attendance of the members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed.
5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC/OAVM. Corporate members intending to authorise their representatives to participate and vote at the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.
6. The Members can join AGM in the VC/OAVM mode 15 (Fifteen) minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis.
7. Members desirous of seeking information in respect of Accounts of the Company are requested to send their queries to [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com) on or before 12th September, 2022.
8. Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and Secretarial Standards on General Meeting ('SS-2'), the required details of the Director proposed to be re-appointed and the terms of proposed remuneration of the Directors are given in the Annexure forming part of the Notice. Members seeking to inspect such documents can send an email to [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com).
9. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM of the Company. Members seeking to inspect such documents can send the e-mail to [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com).
10. The Register of Members of the Company will remain closed from Friday, 9th September 2022 to Thursday, 15th September 2022 (both days inclusive).

11. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 9th September 2022, may cast their vote either by remote e-voting as well as e-voting system as on date of AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
12. The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 24.
13. The Notice of 34th AGM and the Annual Report of the Company for the year ended 31st March, 2022 is uploaded on the Company's website [www.sumeetindustries.com](http://www.sumeetindustries.com) and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of CDSL and NSDL. Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company/Registrar and Share Transfer Agent/Depository Participant for communication purposes unless any member has requested for a hard copy of the same.
14. The Company has appointed Dhiren R. Dave & Co., Company Secretaries (UIN No. P1996GJ002900) as the Scrutinizer to scrutinize the voting during the meeting and remote e-voting process, in a fair and transparent manner.
15. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.
16. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). The Company has uploaded the information in respect of the unclaimed dividends/Shares as on the date of the 34th AGM held on 15th September, 2022 on its website [www.sumeetindustries.com](http://www.sumeetindustries.com).
17. In the year 2018-19, the Company has transferred 1296302 equity shares to the demat account of IEPF Authority.
18. SEBI vide its circular dated 20th April 2018, directed all the listed companies to record the Income Tax PAN and Bank account details of all their shareholders holding shares in physical form. 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 and members holding shares in physical form to the Company / RTA.
19. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. Format of Forms are available on the website of the company and be accessed at <http://www.sumeetindustries.com/index.php/investor-forms>  
  
In respect of shares held in demat form; the nomination form may be filed with the respective Depository Participant.
20. As required in terms of Secretarial Standard-2 and Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to a Director recommended for re-appointment in the AGM has been provided in the "Explanatory Statement" of the Notice. The Director has furnished the requisite consent / declarations for his re-appointment has required under the Companies Act, 2013 and the Rules thereunder.
21. With a view to conserve natural resources, we request Members to update and register their email addresses and Mobile No. with their Depository Participants (DPs) or with the Company, as the case may be, to enable

the Company to send communications including Annual Report, Notices, Circulars, etc. electronically. Members holding shares in Physical mode may register their email id by providing necessary details like Folio No., Name of Member(s) and self attested scanned copy of PAN card or Aadhar Card by email to [info@bigshareonline.com](mailto:info@bigshareonline.com) or by clicking the link: <https://www.bigshareonline.com/ForInvestor.aspx>.

22. Members holding shares in Physical mode have to update in Bank Account Details by clicking the link: <https://www.bigshareonline.com/ForInvestor.aspx>.
  - a. Name and Branch of the Bank in which you wish to receive the dividend
  - b. Type of Bank Account
  - c. Bank Account Number allotted by their banks after implementation of Core Banking Solutions
  - d. 9 digit MICR Code Number
  - e. 11 digit IFSC Code
  - f. Scanned copy of the cancelled cheque bearing the name of the first shareholder.
23. The helpline number regarding any query/assistance for participation in the AGM through VC/OAVM are 022-23058738 / 022-23058542 / 022-23058543.
24. Voting process and instruction regarding remote e-voting:
  1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular Nos. 20/2020 dated 05.05.2020, General Circular No. 02/2021 dated 13.01.2021, General Circular No. 19/2021 dated 08.12.2021, General Circular No. 21/2021 dated 14.12.2021, General Circular No. 2/2022 dated 05.05.2022 and 3/2022 dated 05.05.2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
  2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
  3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
  6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.sumeetindustries.com](http://www.sumeetindustries.com) The Notice can also be accessed from the website of the Stock Exchanges i.e. BSE Limited and National

Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

7. In continuation of this Ministry's General Circular No. 2&3/2022, dated 05th May, 2022 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2022, or become due in the year 2022, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements of the General Circular No. 2&3/2022 dated 05.05.2022.

#### THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Monday, 12th September, 2022 at 9:00 a.m. IST and ends on Wednesday, 14th September, 2022 at 5:00 p.m. IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 9th September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1 :** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in Demat mode with CDSL Depository</p>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
<p>Individual Shareholders holding securities in demat mode with NSDL Depository</p>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant SUMEET INDUSTRIES LIMITED on which you choose to vote.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) Additional Facility for Non-Individual Shareholders and Custodians-For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.



**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number on email id of the company i.e. corporate@sumeetindustries.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number email id of the company i.e. corporate@sumeetindustries.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES**

1. For Physical shareholders: please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders: Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders: Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai-400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****ITEM NO. 03**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. V.M. PATEL & ASSOCIATES, Cost Auditor (Firm Registration No. 101519), as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2023.

The remuneration of the Cost Auditors was fixed by the Board of Directors as Rs. 40,000/- (Rupees Forty Thousand only) upon the recommendation of the Audit Committee. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the company.

Accordingly, approval of the members is sought for the resolution as set out in Item No.3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2023.

None of the Directors/Key Managerial Personnel of the Company/their relative are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.3 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No.3 of the Notice for approval by the members.

**ITEM NO. 04**

Mr. Shankarlal Sitaram Somani (DIN:00165238) is one of the promoter of the company and serving the company as an Executive Director cum Chairman since Incorporation of the company. The Board of Directors based on the recommendation of nomination and remuneration committee, in its meeting held on 10th August, 2022, has re-appointed Mr. Shankarlal Sitaram Somani as an Executive Director cum Chairman of the company w.e.f. 01/04/2023 for a period of 5 (five) years on the terms and conditions as specified in the resolution at item No.4 of the notice. The term and conditions has also been approved by the Nomination and remuneration Committee, based on qualifications, experience and contributions subject to the approval of shareholders.

Mr. Shankarlal Sitaram Somani's appointment and remuneration, fixed in accordance with Sections 196, 197, 203 and Schedule 'V' of the Companies Act, 2013, is subject to the approval of the members.

The Company has received consent of Mr. Shankarlal Sitaram Somani, to act as an Executive Director of the Company along with a declaration to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013 and has not been debarred or disqualified from being appointed or continuing as Director of a Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority. Mr. Shankarlal Sitaram Somani satisfies all the conditions set out in Part-I of Schedule 'V' to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for this appointment.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Shankarlal Sitaram Somani under Section 190 of the Act. The draft contract for appointment of Mr. Shankarlal Sitaram Somani is available for inspection electronically.

The Board considers it in the interest of the Company to appoint Mr. Shankarlal Sitaram Somani as an Executive Director cum Chairman of the Company and accordingly, recommends the Special Resolution set out in the Notice for approval by the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their shareholding, if any as set out in the notice.

**Information as required under Schedule V of the Companies Act, 2013****General Information:****1. Nature of Industry**

Manufacturer and Exporter of Polyester Chips and Polyester Yarns

**2. Date or expected date of commencement of commercial production**

Not applicable. The Company is an existing company

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not applicable. The Company is an existing company

**4. Foreign investments or collaborators, if any**

There are no foreign collaborators.

The Company is listed on BSE and NSE. The foreign holding in the Company as on June 30, 2022 is nil.

**Information about the Appointees****1. Brief profile of Mr. Shankarlal Sitaram Somani:**

Mr. Shankarlal Sitaram Somani, aged 68 Years, a Commerce Graduate is the Chairman of the Company. He has more than 4 decades of experience in Textile Industry. In 1976, he started his trading business in the name of Somani Trading Co. In the year 1981, he established a Fabric Processing Unit in the name "Somani Silk Mills (P) Limited" at Ankleshwar near Surat. In 1988, he diversified his business and established a Texturising Unit in the name of "Mahesh Texturisers (P) Limited at Mangrol (Surat). In the year 1988, he promoted Sumeet Industries Limited and its I.P.O. was came in the year 1993 and started with setting up Manufacturing of Polypropylene Multifilament Yarn with production capacity of 1500 TPA. Later its capacity increased to 3900 TPA. Under his leadership the company has successfully commissioned Backward Integration cum Expansion Project of 1,00,000 TPA for manufacturing PET Chips and Polyester Yarn with project cost of Rs. 400.00 Crores. He has overall control and management of the Company subject to supervision, control & direction of the Board.

**2. Past remuneration**

The remuneration paid to Mr. Shankarlal Sitaram Somani for the financial year 2021-2022 was nil.

**3. Recognition or awards: N.A****4. Job profile and his suitability**

Mr. Shankarlal Sitaram Somani as an Executive Director cum Chairman of the Company, is entrusted with substantial powers of the management and is responsible for the general conduct and management of the business and affairs of the Company, subject to the superintendence, control and supervision of the Board of Directors of the Company. In view of wide and varied experience and strategic vision as well as operational expertise, it will be pivotal for the company's next phase of growth and success.

**5. Remuneration proposed**

The remuneration details are provided in the resolution and explanatory statement.

**6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person**

Taking into consideration the size of the Company, the profile of Mr. Shankarlal Sitaram Somani, and the responsibilities shouldered on him and the industry bench marks, the proposed remuneration is reasonable, justified and commensurate with the remuneration packages paid is in line with industry standard in India.

**7. Pecuniary relationship directly or indirectly with company or relationship with the managerial personnel or other director, if any**

Mr. Shankarlal Sitaram Somani is the father of Mr. Sumeet Somani, Mg. Director of the company. Except this he has no relationship with any of the Directors or with Key Managerial Personnel of the Company.

**Other Information**

Reasons of loss or inadequate profits, steps taken or proposed to be taken for Improvement and expected increase in productivity and profits in measurable terms:

During the year 2021-22, the company has incurred consolidated profit of Rs. 291.38 Lakh. The Company has taken appropriate steps to ensure profitability in future. The company has initiated various measures towards achieving organisational and operating efficiencies and strengthening core competencies. The key focus areas would be profit maximization, optimisation of operational efficiencies, cost and working capital containment.

**Expected increase in productivity and profit in measurable terms:**

The Company expects that the improvement in polyester yarns demand will enable increase in production levels and profitability. The management continues to be optimistic towards the external economic environment and expects polyester yarns demand to become more consistent and robust in the current financial year. Further, the company is in close touch with consortium lenders for debt resolution which will also contribute in increased revenues and higher margins.

**Additional information as required under Regulation 36 of SEBI (LODR) Regulations, 2015 and Secretarial Standard-2 notified under Section 118 (10) of the Companies Act, 2013 are as under:**

<b>Name of the Director</b>	<b>Mr. Shankarlal Sitaram Somani</b>
Category	Executive Director
DIN	00165238
Date of Birth & Age	20-01-1954, Age:68
Nationality	Indian
Date of first appointment	01-08-1988
Qualifications	Commerce Graduate
Experience & Nature of expertise in specific functional areas	Entrepreneur Skills and General Management
Remuneration last drawn	Nil
Relationship with other Directors & KMP	Father of Mr. Sumeet Somani, Mg. Director of the Company
Number of Board meetings attended during the year	8 (Eight)
Directorship in other Public Limited companies	Nil
Chairman/member of the committee of the Board	Nil
Names of listed entities in which the person also holds the directorship and the membership of Committees of the Board along with listed entities from which the person has resigned in the past three years	Nil
Number of Equity Shares held in the company as on March 31, 2022	5500000

**ITEM NO. 5**

Your Company is engaged in the business of manufacturing of Polyester Chips and Polyester yarns since more than three decades. In line with the above objective and in the best interest of the Company, the Company has been entering into various business transactions with the group entities in the ordinary course of business and at arms' length basis.

Section 188 of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 states that no company shall enter into transactions with a Related Party except with the consent of the Board and members of the Company, where such transactions are either not (a) in Ordinary Course of Business or (b) on arm's length basis. The transactions with the related parties as per Resolution No.5 are at arm's length and in the ordinary course of business of the Company. Further, pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 ("Listing Regulations"), all related party transactions shall require prior approval of the Audit Committee and all material transactions with related parties require approval of the members of the Company through special resolution.

Material Related Party Transaction means transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. The Company proposes to enter into transaction with related parties as provided below, from time to time, at the agreed terms of the transactions between the parties. The brief details of which are provided herein below:

**CONTRACT OR ARRANGEMENT WITH A RELATED PARTY**

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contract / arrangement / transaction	Value of Transaction (Rs.)	Period for which shareholders' approval is sought for the transaction
1.	Durga Transport Company	Relative of KMP (Director)	Shipment and Transportation of Materials	10.00 Crores (Rupees Ten Crores)	Financial Year 2022-23

**Registered Office :**

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

**Place : Surat**

**Date : 10th August, 2022**

By order of the Board Directors

Sd/-  
**Shankarlal Somani**  
Chairman

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors have pleasure in presenting the 34th Annual Report along with the Audited Statement of Accounts for the year ended 31st March, 2022.

Your Company, despite of several odds, was successful in presenting its satisfactory performance which was due to our disciplined strategy, optimization of production process, prudent business approach and focus on agile execution during the testing times.

The Company has registered Standalone revenue of Rs. 893.50 Crores with EBIDTA of Rs. 55.29 Crores. We remained resolute and relentless in our quest for strengthening our cost-competiveness.

**FINANCIAL RESULTS**

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Sales & Income from operation	<b>89350.44</b>	57386.63	<b>89350.44</b>	57386.63
Other Income	<b>2099.88</b>	290.35	<b>2099.64</b>	290.35
<b>Profit before Financial cost, Depreciation and Exceptional items &amp; Tax (EBITDA)</b>	<b>5529.20</b>	2690.96	<b>5519.52</b>	2686.68
Interest	<b>2654.51</b>	316.85	<b>2654.51</b>	316.85
Depreciation	<b>3140.99</b>	3579.77	<b>3140.99</b>	3579.77
<b>Profit/(Loss) before Exceptional and Extraordinary items</b>	<b>-266.30</b>	-1205.66	<b>-275.98</b>	-1209.75
Exceptional & Extraordinary items	<b>-3.55</b>	0.19	<b>-3.55</b>	0.19
<b>Profit/(Loss) before Tax</b>	<b>-269.85</b>	-1205.85	<b>-279.53</b>	-1209.94
Provision for Taxation	-	-	-	-
Current tax	-	-	-	-
Mat Credit	-	-	-	-
Deferred Tax	<b>-570.91</b>	-498.31	<b>-570.91</b>	-498.31
<b>Profit after Tax</b>	<b>301.06</b>	-707.54	<b>291.38</b>	-711.63
Taxation for previous year	-	-	-	-
profit available for appropriation	-	-	-	-
Dividend on Equity & Pref. Shares	-	-	-	-
Transfer to General Reserve	<b>301.06</b>	-707.54	<b>291.38</b>	-711.63

**OPERATIONS**

The first quarter of the year under review witnessed the second wave of the pandemic. While the second wave of the pandemic impacted human lives due to higher mortality rate, the impact on Company's operations and financial performance was less severe as compared to the first wave. Further, during the second half of 2021-22, the Company witnessed moderation in demand coupled with rising power and fuel costs that impacted the overall profitability. Despite the challenges, the Company ensured continuous supply of products in the markets with utmost focus on safety while adhering to all Covid - 19 protocols. With the uptick in the economy and the resumption of the plants and offices of the Company, business activities have more or less regained normalcy.

The Company has produced 83168.078 Tons of Pet Chips/Polyester and Texturized Yarn and dispatched 84201.469 Tons of Pet Chips / Polyester and Texturized yarns.

Income from operation (Consolidated) of the company has increased from Rs. 573.87 Crores to Rs. 893.50 Crores. The Company has incurred Consolidated profit of Rs. 2.91 Crores against loss of Rs. 7.12 Crores in

previous year. The Consolidated EBIDTA has been improved from Rs. 26.87 Crores to Rs. 55.20 Crores. We are reassessing our strategies in line with the larger macro picture and have made some significant changes to drive our growth focussed and opportunity driven strategies.

A detailed analysis of the operations of your Company during the year under report is included in the Management Discussion and Analysis Report, forming part of this Annual Report.

#### **DIVIDEND**

The Board of directors do not recommended dividend for the year under review due to loss incurred by the company.

#### **OVERVIEW OF THE ECONOMY AND IMPACT OF THE COVID -19**

The impact of COVID-19 pandemic on the overall economic environment has receded to a great extent. Your company is conscious of the significant disruption and impact COVID-19 can have on our employees, clients, partners, investors and the communities in which we operate. We are working hard to contain and mitigate its impact.

The Company continues its business activities, in line with the guidelines issued by the Government authorities, take steps to strengthen its liquidity position and further explore cost restructuring exercise. The Company does not foresee any challenges in its ability to continue as going concern or meeting its financial obligations.

#### **RESTRUCTURING OF DEBT**

In the current year, the company has re-submitted its Debt Restructuring Plan to our Lead Banker, Bank of Baroda along with Consortium Banks and the same is under review with Bank(s).

#### **ONE TIME SETTLEMENT**

During the year under review, the company has fully paid the loans of State Bank of India and TFCIL under One time Settlement (OTS). Under OTS, the company has net gain of Rs. 16.27 Crores which has been shown in other income in the financial statement for the year ended on 31.03.2022.

#### **MATERIAL CHANGES AND COMMITMENTS**

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year as on 31st March, 2022 and the date of this report, i.e.10.08.2022 except for shutdown of the plant remained from 08/07/2022 to 26/07/2022 due to major technical fault occurred in the plant.

#### **PETITION FILED WITH NCLT**

IDBI Bank and Oldenburgische Landes Bank (AG) (Formerly known as KBC Bank) has filed petition under section 7 of IBC code with Hon'ble court of NCLT, Ahmedabad Bench on dated 01.01.2020 and 07.01.2020 respectively and the matter is under subjudice. The management of the company has in continuous talk with IDBI Bank to settle the debt under OTS proposal. The company has also submitted revised Debt restructuring plan with Bank of Baroda, Lead Banker of the company.

#### **OVERSEAS SUBSIDIARY COMPANY**

The company has a wholly owned subsidiary company named "Sumeet Global Pte Limited" in Singapore registered with Registrar of Companies and Business, Singapore. Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India and the provisions of the Listing Agreement with Stock Exchanges, the company has prepared Consolidated Financial Statements of the Company and its subsidiaries are included in the Annual Report.

Pursuant to the provision of section 136 of the Act, the financial statements of the company, consolidated financial statements along with the relevant documents and separate audited accounts in respect of Sumeet Global Pte Limited are available on the website of the company.

## **EXPORTS**

The company has been exploring all the possibilities for exporting its products. During the year under review, your company has exported products worth of Rs. 4488.90 Lakh ( P.Y. Rs.1552.41 Lakhs).

At present company is exporting to Egypt, UAE, Nepal, Bangladesh, and Kenya etc. The company is weighing possibilities to export its value added newly developed Yarns, Micro filament yarns, Dope dyed Yarns, Texturised Yarns etc. Exploring export markets has been a key area of focus for the company. Your Company expects more growth in the overall export sales in the current year.

## **DEPOSITORY SYSTEM**

As members are aware, the company's shares are compulsorily tradable in the electronic form. As on March 31, 2022 almost 97.74% of the Company's total paid-up capital representing 10,36,42,389 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 invited deposits from public in accordance with the Section 73 and 74 of the Companies Act, 2013 (corresponding Section 58 A of the Companies Act, 1956) to the tune of Rs. 396.14 Lakh during the financial year 2013-14. No fresh deposits have been invited and nor any deposits have been renewed in the financial year 2021-22. Total outstanding deposits after repaying on maturity as on 31.03.2022 has been remained Rs.2,90,000.00. There were no deposits, which were claimed but not paid by the Company as on date.

## **DIRECTORS**

### **APPOINTMENT**

Mr. Sumeet Kumar Somani (DIN No.00318156), Executive Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The office of Mr. Shankarlal Somani (DIN No.00165238), Executive Director of the company is going to expire on dated 31.03.2023. On the recommendation of the Nomination and remuneration Committee and approved by the Board of Directors in their meeting held on 10.08.2022 continue to appoint them as an Executive Director for a further period of 5 Years w.e.f. 01.04.2023 subject to approval of the shareholders in the ensuing general meeting.

## **AUDITORS**

### **a) Statutory Auditors**

In compliance with the Companies (Audit and Auditors) Rules, 2014, the Members, at the 32nd Annual General Meeting of the Company held on 17th day of September, 2020 has appointed M/s. H. Tosniwal & Co., Chartered Accounts (Firm Registration no. 111032W), as a Statutory Auditors of the Company to hold the office until the conclusion of the 35th Annual General Meeting of the Company.

In the Report dated 30th May,2022 of the company, M/s. H. Tosniwal & Co, Chartered Accountant has given a qualified opinion in relation to the Standalone Financial Statements of the company for the Financial year ended 31st March 2022. The Board's response in relation to the said opinion is as under:-



SR. No	Audit-Qualification	Board's Response
1.	<p>1) The company has not created provision for interest on loan taken from bank and financial institutions for the year ending 31.03.2022 on Rs. 62.42 Crores (Rs. 438.84 – Rs. 376.42) Crores being other than proposed continuing sustainable debt. The same will result in overstatement of profit.</p> <p>2) The company has not created provision for Interest amounting to Rs. 30,69,475/- on delayed payment of MSME dues resulting in overstatement of profit.</p>	<p>In the meeting held on 19th February 2022 of Joint Consortium Lenders, it was proposed that on continuing sustainable debts of Rs. 376.42 Crores, interest to be charged as per rate proposed in the meeting from 01.04.2021. Accordingly, the company has booked interest amount of Rs. 23.00 Crores in the books of accounts shown under Finance cost on the basis of interest proposed as per plan approved in JLM meeting. The Interest is not provided on balance amount of unsustainable debts as mentioned in the audit qualification.</p> <p>Provision for Interest on delayed payment to MSME has not been provided because most of payment is delayed due to disputes standing with parties in terms of quality issue , rate differences, discounts etc which were remained unresolved from the parties. Management is taking clarification from the department concerned and instructed to clear the dues to concerned MSME parties after settle the issues.</p>

**b) Cost Auditors**

The Company has been maintaining cost accounting records in respect of manufacture of Polyester yarns pursuant to directives of the Central Government. The company has appointed M/s. V.M. PATEL & ASSOCIATES, (Firm Registration No. 10519) as Cost Auditors, for conducting the audit of cost records for the financial year 2022-23 and approval of the members is being sought for ratification of their appointment and remuneration.

**c) Internal Auditors**

The Board has appointed M/s. Gaurav V. Singhvi & Co. LLP, Chartered Accountants (ICAI Registration Number: W100243) as Internal Auditors of your company for the financial year 2022-23. The report prepared by the Internal Auditors is to be reviewed by the Statutory Auditors & Audit Committee of the company.

**d) Secretarial Auditors**

M/s. Dhiren R. Dave, Practising Company Secretaries (CP No. 2496, Membership No. 4889) were appointed as Secretarial Auditor, to conduct secretarial audit of the company for the financial year 2021-22. The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed herewith and forms part of the Annual Report as **Annexure-1**. The Secretarial Audit Report contains qualification, reservation or adverse remark.

The Board has re-appointed Dhiren R. Dave & Co., Company Secretaries, as Secretarial Auditor of the Company for the financial year 2022-23.

**MANAGEMENT DISCUSSION AND ANALYSIS**

In terms of Regulations 34 of the Listing regulations, a separate section on Management Discussion and Analysis and Corporate Governance Report together with a certificate from the Company's Statutory Auditors confirming compliance with regulations relating to Corporate Governance of the Listing regulation is set out and forms part of this Annual report.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with provisions of sub-section (3) of Section 129 of the Act and the Listing Regulations, the Consolidated Financial Statements of the company, including the financial details of the subsidiary company forms part of this Annual report. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act.

## PERSONNEL AND RELATED DISCLOSURES

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the company. Pursuant to the provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014, 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 that ensures the most appropriate people are recruited in to the organization.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure-2** forming part of the Annual Report.

## INTERNAL CONTROL SYSTEM

Your Company has put in place adequate internal financial controls with reference to the financial statements. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. During the year, such controls were tested and no reportable material weaknesses in design or operation and fraud were observed. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the report of the Internal Auditor, the respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of the Company's ethos and policy and it has been pursuing on a sustained basis. The Company assists schools situated at nearby villages by distributing dresses & books among poor students and computers nearby situated primary schools etc. Technical education and training are imparted to the employees through Industrial Training and Workshops. Emphasis was laid on creation of awareness amongst the villagers about the need to protect the environment. CSR activities carried out by the Company have strengthened the relationship with local people. The main focus areas taken in the policy are Education, Health Care, Animal Care, Environment safety, contribution to any relief fund set up by Government, Semi-Governments etc.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the company and the initiatives undertaken by the company on CSR activities during the year are set out in Annexure of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules 2014 as provided in **Annexure-3**. The Policy is available on the website of the Company.

## HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company understands that employees are vital and valuable assets. Concerted efforts have been put in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that the Company consistently develops inspiring, strong and credible leadership.

We continued imparting teambuilding and collaboration training to our workmen to enhance the team cohesiveness. The total employee strength was 641 as on 31st March, 2022.

We continue to step up efforts to accelerate our value-based growth strategy and the overall development of human capital. We nurture our people by investing in their empowerment through learning and development, wellness, and safety besides providing contemporary workplace facilities.

## **PREVENTION OF SEXUAL HARASSMENT POLICY**

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there were no cases filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **RISK MANAGEMENT**

Risk Management is the systematic process of understanding, measuring, controlling and communicating organization's risk exposures while achieving its objectives. Risk Management is an important business aspect in the current economic environment and its objective is to identify, monitor and take mitigation measures on a timely basis in respect of the events that may pose risks for the business. The Company's risk-management strategy is to identify, assess and mitigate any significant risks. We have established processes and guidelines, along with a strong overview and monitoring framework at the Board and Senior Management levels.

The key risks identified by the Company include, cyber security and data protection risk, financial & economic risk, competition risk, operational risk and compliance of all applicable statutes and regulations. The Company has well defined ERM policy & mechanism to mitigate these risks. The Company reviews the risk register periodically, to align with the changes in economic environment, market practices and regulations.

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. A detailed report on significant risks and mitigation is forming part of Management's Discussion and Analysis.

## **SAFETY, HEALTH & ENVIRONMENT**

Safety & Health of the employees have always assumed the highest importance in your company. The management is committed to ensure zero harm to its employees and to all persons within the Company premises. Safety and occupational health responsibilities are integral to the Company's business processes, as spelt out in the Company's Safety, Health and Environment Policies and Procedure.

## **INSURANCE**

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

## **LOANS, GUARANTEES OR INVESTMENT MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The loans given, investments made and guarantees given & securities provided during the year under review, are in compliance with the provisions of the Act and rules made there under and details thereof are given in the notes to the Standalone Financial Statements.

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Audit Committee under Section 143(12) of the Act, details of which needs to be mentioned in Director's Report.

## **EMPLOYEE STOCK OPTION**

The company has not issued any equity shares under Employee Stock Option during the year.

## **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**

Information in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure-4, forming part of the report.

### **RESEARCH & DEVELOPMENT**

The Company is giving great emphasis to innovation in product and process technology and operational efficiencies. 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. Efforts are made to explore and develop more value added category of yarns. 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 and re-engineered to change product with minimum changeover losses and thus meet customer requirement even for small quantities.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year 2021-22, no significant and material order has been passed by any regulator or by any Court which has a material impact on the financial position of the Company.

### **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There are no materially significant related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other related parties which may have a potential conflict with the interest of the Company at large. During the year, the Company has not entered into related party transactions which could be considered as material in accordance with the Policy on Related Party Transactions of the Company.

Accordingly, the disclosure of related party transactions as required under section 134(3)(h) of the Companies Act, 2013 in Form AOC -2 is not applicable to your Company. All related party transactions for the year are placed before the Audit Committee as well as before the Board for approval. The transactions entered into with related parties are reviewed on a quarterly basis by the Audit Committee.

The revised Policy on Related Party Transactions as approved by the Audit Committee and Board is uploaded on the Company's website at the link <http://www.sumeetindustries.com/wp-content/uploads/2016/04/Policy-on-Materiality-Related-Party-Transaction.pdf> Members can refer to Note (i) Related parties under Notes to Financial Statements to the Standalone Financial Statements which sets out related party disclosures.

### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India (SEBI). A separate report on Corporate Governance along with Certificate from M/s. H Tosniwal & Co., Chartered Accounts on compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is provided as part of this Annual Report.

### **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in Form MGT-7 has been placed on the Company's website link : [http://www.sumeetindustries.com/wp-content/uploads/2022/07/MGT-7\\_FY2022.pdf](http://www.sumeetindustries.com/wp-content/uploads/2022/07/MGT-7_FY2022.pdf)

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility Statement:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements 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 and loss of the Company for that period;
- (c) 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**CODE OF CONDUCT**

As prescribed under the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV thereto and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for its Board of Directors and senior management and employees, the Company has formulated a comprehensive Code of Conduct (the Code). The Code is applicable to Directors and senior management and employees to such extent as may be applicable to them depending upon their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Integrity, one team and Excellence.

A copy of the Code has been uploaded on the Company's website [www.sumeetindustries.com](http://www.sumeetindustries.com). The Code has been circulated to all the Directors and Management Personnel and its compliance is affirmed by them annually.

A declaration signed by the Company's Managing Director for the compliance of this requirement is published in this Report.

**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS**

In terms of SEBI (Prohibitions of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted a Code of Conduct for Prevention of Insider Trading (Insider Code) as approved by the Company's Board. Any Insiders (as defined in Insider Code) including designated employees & persons and their relatives are, inter-alia, prohibited from trading in the shares and securities of the Company or counsel any person during any period when the "unpublished price sensitive information" are available with them. The Insider Code also requires pre-clearance for dealing in the Company's shares and prohibits dealing in Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India which have mandatory application during the year under review.

**DECLARATION OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS**

Pursuant to Section 149(6) of the Companies Act, 2013, Independent Directors of the Company have made a declaration confirming the compliance of the conditions of the independence stipulated in the aforesaid section.

**WHISTLE BLOWER MECHANISM**

In order to ensure that the activities of the Company and its directors, employees and Vendors are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a Vigil mechanism/Whistle Blower Policy. This policy is explained in Corporate Governance Report and also uploaded on the website of the company i.e. [www.sumeetindustries.com](http://www.sumeetindustries.com)

**DISCLOSURE RELATED TO BOARD, COMMITTEES AND POLICIES****A) BOARD MEETINGS :**

The Board of Directors met 8 times during the financial year ended 31st March, 2022 in accordance with the provisions of the Companies Act, 2013 and rules made there under. The details thereof are given in the Corporate Governance Report forming part of the Annual report.

**B) COMMITTEE MEETINGS :****AUDIT COMMITTEE**

The Audit Committee has been re-constituted by the Board on 4th August 2021. The Audit Committee now comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Sumeet Shankarlal Somani, Mr. Saurav Santosh Dugar, consisting of 1 Executive Director and 2 Non-Executive and Independent Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Audit Committee.

All recommendations made by the Audit Committee were accepted by the Board during the year 2021-22. The brief details of the Audit Committee are given in Corporate Governance Report forming part of the Annual report.

**NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (NRC) has been re-constituted by the Board on 4th August 2021. The Nomination and Remuneration Committee now comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Vikashkumar K Chandaliya and Mr. Saurav Santosh Dugar, consisting of 3 Non-Executive Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee and the Policy are in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Listing Regulations (as may be amended from time to time). Emphasis is given to persons from diverse fields or professionals.

The Nomination and remuneration Committee has framed the "nomination & Remuneration and Evaluation Policy" can be accessed <http://www.sumeetindustries.com/wp-content/uploads/2016/04/Nomination-Remuneration-and-Evaluation-Policy.pdf> and "Policy on Board Diversity" can be accessed <http://www.sumeetindustries.com/wp-content/uploads/2016/04/Policy-on-Board-Diversity.pdf>

The brief details of the Nomination and Remuneration Committee are given in Corporate Governance Report forming part of the Annual report.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee was re-constituted by the Board on 31st July 2020. The Stakeholders Relationship Committee now comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Sumeet Shankarlal Somani and Mr. Vikashkumar K Chandaliya, consisting of 1 Executive Director and 2 Non-Executive Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Stakeholders Relationship Committee.

The brief details of the Stakeholders Relationship Committee are given in Corporate Governance Report forming part of the Annual report.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board has laid down the Company's policy on Corporate Social Responsibility (CSR) and the CSR activities of the company are carried out as per the instructions of the Committee. The Corporate Social

Responsibility Committee was re-constituted by the Board on 31st July 2020. The CSR Committee now comprises of three members viz; Mr. Sumeet Shankarlal Somani, Mr. Manojkumar Ganeshmal Jain, Mr. Vikashkumar K Chandaliya, consisting of 1 Executive Director and 2 Non-Executive Directors. Mr. Sumeet Shankarlal Somani is the Chairman of the CSR Committee.

The brief details of the Corporate Social Responsibility Committee are given in Corporate Governance Report forming part of the Annual report.

### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee.

The evaluation process covered the aspects which included Board structure and composition, frequency of Board meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfilment of Directors' obligation and fiduciary responsibilities, including but not limited to, active participation at the Board and committee meetings.

This evaluation is led by the Chairman of the Board Governance, Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board.

The result of the evaluation is satisfactory and adequate and meets the requirement of the Company.

### **FAMILIAZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

In compliance with the requirements of Listing Regulations, the Company has put in place a Familiarization Programme for Independent Directors to familiarize them with the workings of the Company, their roles, rights and responsibilities vis-à-vis the Company, the industry in which the company operates, business model etc. along with updating on various amendments in the Listing Regulations and the Companies Act, 2013. The policy on Familiarization Programme is uploaded on

the website of the Company and can be accessed through web link <http://www.sumeetindustries.com/wp-content/uploads/2016/04/Familirisation-of-Independent-Director.pdf>

### **KEY MANAGERIAL PERSON**

Pursuant to the provisions of section 203 of the Companies Act, 2013 read with rules framed thereunder the following persons are the key Managerial Personnel of the company.

- 1) Mr. Sumeet Shankarlal Somani, Managing Director
- 2) Mr. Anil Kumar Jain, Company Secretary and Compliance Officer
- 3) Mr. Abhishek Prasad, Chief Financial Officer

### **ACKNOWLEDGEMENT**

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

On behalf of the Board of Directors  
Sd/-

**Shankarlal Somani**  
Chairman

**Place : Surat**  
**Date : 10th August, 2022**

**ANNEXURE TO DIRECTORS' REPORT**

**ANNEXURE - 1**

**Secretarial Audit Report**

**For the financial year ended March 31, 2022**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members

M/s SUMEET INDUSTRIES LIMITED

504, TRIVIDH CHAMBERS ,

OPP. FIRE STATION, RING ROAD,

SURAT GJ 395002 IN

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SUMEET INDUSTRIES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information and representation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31.03.2022 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the Rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; - Not Applicable.
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;- Not Applicable
    - d. The Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - Not Applicable
    - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; - There are no events occurred during the year which attracts provisions of these regulations hence not applicable.



- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - There are no events occurred during the year which attracts provisions of these regulations hence not applicable.
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - There are no events occurred during the year which attracts provisions of these regulations hence not applicable.
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) Factories Act, 1948
  - (vi) Industrial Disputes Act, 1947
  - (vii) The Payment of Wages Act, 1936
  - (viii) The Minimum Wages Act, 1948
  - (ix) Employees State Insurance Act, 1948
  - (x) The Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - (xi) The Payment of Bonus Act, 1965
  - (xii) The Payment of Gratuity Act, 1972
  - (xiii) The Contract Labour (Regulation and Abolition) Act, 1970
  - (xiv) The Maternity Benefit Act, 1961
  - (xv) The Child Labour (Prohibition and Regulation) Act, 1986
  - (xvi) The Industrial Employment (Standing Orders) Act, 1946
  - (xvii) The Employees Compensation Act, 1923
  - (xviii) The Apprentices Act, 1961
  - (xix) Equal Remuneration Act, 1976
  - (xx) The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
  - (xxi) The Environment (Protection) Act, 1986 (read with The Environment (Protection) Rules, 1986)
  - (xxii) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.
  - (xxiii) The Water (Prevention and Control of Pollution) Act, 1974 (read with Water (Prevention and Control of Pollution) Rules, 1975)
  - (xxiv) The Air (Prevention and Control of Pollution) Act, 1981 (read with Air (Prevention and Control of Pollution) Rules, 1982)

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observation:

1. Company has received final order dated 14.02.2022 with regard to Show Cause Notice dated 28.08.2018 from Adjudicating Officer SEBI under Regulations 3(a),(b), (c), (d) and 4(1) of PFUTP Regulations read with Section 12(A)(a), (b), (c) of SEBI Act and Clause 35 of Listing Agreement read with SEBI Circular No. SEBI/CFD/DIL/LA/2006/13/4 dated 13.04.2006 and Section 21 of SC('R) Act, 1956 imposing penalty of Rs. 5.00 Lacs to company and promoter and promoter group and Rs. 25.00 Lacs to promoter and promoter group. Penalty paid on 16.06.2022.

2. Order dated 30.09.2019 from Whole-Time Member of SEBI Under Sections 11(1), 11(4) and 11B of the SEBI Act to Promoters and Promoters Group to pay an amount equal to Unlawful gains for disgorgement with interest @12% per annum from 12.03.2007 till date of payment. In this regard, Company has filed an application with SAT against the said order, on hearing, an interim order dated 25.10.2019 was passed by SAT to pay Rs. 2 Crore to be payable by the promoters and promoter group. The Promoters and promoter group have paid the amount to SEBI vide letter dated 03.03.2020 to be kept the same in Escrow Account. Upon Aggrieved by the SAT order 21.12.2021, the Promoters and promoter group have an appeal with Hon'ble Supreme Court and Hon'ble Supreme Court vide order dated 07.02.2022 stayed the coercive recovery proceedings on the condition of depositing of Rs. 3 Crores with SEBI and they have deposited the amount.
3. Company has filed CP 23 OF 2020 U/s 55(3) before NCLT, Ahmedabad in this regard for allotment and re-issue of Preference shares in lieu of unredeemed 6% Non-convertible Redeemable Preference shares which were due for redemption on 12.03.2020. The matter is pending before Hon. NCLT.
4. Advisory Letters issued by both Exchanges on 14.03.2022 and 15.03.2022 for Non-submission/delay of disclosure in C1 and C2 format under SEBI circular and material events under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
5. NSE (National Stock Exchange of India Limited) has Imposed Fine of Rs. 4,90,000/- vide notice dated 08.09.2020. Company has applied for waiver and Exchange has rejected the request for waiver of fine of Rs. 4,90,000/- for noncompliance of Regulation 17(1) (b) vide letter dated 19.03.2021.

2. We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

3. We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
4. We further report that during the audit period the company has not taken any major steps and enter into any events having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. This report is to be read with our letter dated 09/08/2022 which is annexed and forms an integral part of this report.

**DHIREN R DAVE & CO.**

UIN:P1996GJ002900

P/R No.:2144/2022

**PINAL KANDARP SHUKLA**

**Partner**

**COMPANY SECRETARIES**

**ACS:28554 CP:10265**

UDIN: A028554D000769351

**Place : Surat**

**Date : 9th August, 2022**

To,  
The Members of  
Sumeet Industries Limited  
504, Trividh Chambers,  
Opp Fire Station,  
Ring Road, Surat-395002,  
Gujarat, India.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**DHIREN R DAVE & CO.**  
UIN:P1996GJ002900  
P/R No.:2144/2022

**PINAL KANDARP SHUKLA**  
Partner  
COMPANY SECRETARIES  
**ACS:28554 CP:10265**  
UDIN: A028554D000769351

**Place : Surat**  
**Date : 9th August, 2022**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of  
Sumeet Industries Limited  
504, Trividh Chambers,  
Opp. Fire Station,  
Ring Road, Surat-395002,  
Gujarat, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SUMEET INDUSTRIES LIMITED having CIN L45200GJ1988PLC011049 and having registered office at 504 Trividh Chambers, Opp. Fire Station, Ring Road, Surat-395002, Gujarat, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(I) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Initial Date of appointment
1.	SHANKARLAL SITARAM SOMANI	00165238	11/03/1991
2.	SUMEET SHANKARLAL SOMANI	00318156	01/06/2004
3.	MANOJKUMAR GANESHMAL JAIN	03546851	29/06/2017
4.	ZEEL SURESHKUMAR MODI	08290608	30/11/2018
5.	VIKASHKUMAR KAMALSINGH CHANDALIYA	08751436	06/06/2020
6.	SAURAV SANTOSH DUGAR	08937448	28/10/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**DHIREN R DAVE & CO.**  
UIN:P1996GJ002900  
P/R No.:2144/2022

**PINAL KANDARP SHUKLA**  
Partner  
COMPANY SECRETARIES  
**ACS:28554 CP:10265**  
UDIN: A028554D000769492

Place : Surat  
Date : 9th August, 2022

Note: This Certificate forms part of Annexure-1

**ANNEXURE TO DIRECTORS' REPORT**  
**ANNEXURE - 2**  
**FORM AOC-1**

The information required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2022 are given below:

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended March, 2022: (₹ in lakhs)

Name of the Director / KMP & Designation	Remuneration	% increase in Remuneration in F.Y. 2020-21	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the company
Mr. Sumeet Kumar Somani Managing Director	-	-	-	The company has incurred Profit (Standalone) of Rs. 301.06 Lakh during the year but EBITDA (Standalone) is Rs. 5529.20 Lakh
Mr. Anil Kumar Jain Company Secretary and Compliance Officer	16.33	10%	5.51	
Mr. Abhishek Prasad CFO	7.82	-	2.64	

The Non-Executive Independent Directors of the Company are entitled for sitting fees, Commission and reimbursement of expenses as per the statutory provisions and are within the prescribed limits. The details of sitting fees and commission paid to independent directors are provided in the Corporate Governance Report forms a part of the Annual Report.

2. Percentage increase in the median remuneration of employees in the financial year 2021-22: NIL
3. Number of permanent employees on the rolls of the Company as on 31st March, 2022: 626
4. The explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase in remuneration between 7% to 8.5%. During the year, company has incurred Profit (Standalone) of Rs. 301.06 Lakh.

The increase/decrease in remuneration is not solely based on the Company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides the Company performance. There are no exceptional circumstances for increase in the managerial remuneration.

5. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company :**

Particulars of Remuneration	Key Managerial Personnel		
	Mg. Director	C.F.O.	Company Secretary
Remuneration (Rs. in Lakh)	-	7.82	16.33
Revenue (Standalone) ( Rs. in Lakh)	89350.44	89350.44	89350.44
Remuneration (As a % of Revenue)	-	0.009	0.018
Profit (Loss) before Tax (PBT) (Standalone) (Rs. in Lakh)	(269.85)	(269.85)	(269.85)
Remuneration ( As a % of PBT)	-	-	-

6. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Date	Closing Market Price per Share (Rs.)	Earnings Per Share (Rs.)	Price Earnings Ratio	Market Capitalisation (Rs. in Crores)
31.03.2021	4.95	-	-	51.30
31.03.2022	7.46	0.28	-	77.32
% Change	50.70	-	-	50.72

The Company made its Initial Public Offer (IPO) in 1993. An amount of Rs. 1000 invested in the IPO towards 100 shares of Rs. 10 each was worth Rs. 495/- (100 shares of Rs. 4.95 each) as on 31st March, 2022, excluding dividend. After considering Rights shares offered and Bonus issue of shares from time to time, 100 shares of Rs. 10 each issued in 1993 have become 588 shares of Rs. 10 each.

7. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstance for increase in managerial remuneration :

Average Percentile increase in Remuneration of employees other than Managerial Personnel was 7.5% and average increase in remuneration of Managerial personnel was around 8.5%.

8. Key parameters for any variable component of remuneration availed by the Directors:

Key result areas of the managerial personnel are broadly to achieve Company's growth and performance target, achieving the same against various adverse externalities globally, devising sustained strategy to combat global forces like competition, exchange rate etc, which, in turn, enhance shareholders' value. There are no variable component of remuneration to the Directors during the financial year 2021-22 and 2020-21. Remuneration of the managerial personnel is based on the Remuneration Policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

9. Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Nil.
10. Affirmation that the remuneration is as per Remuneration policy:  
The Company affirms that the remuneration paid is as per the Remuneration policy of the Company.
11. Pursuant to the provisions of the Companies (Appointment & Remuneration of managerial personnel) rules 2014, no employee is drawing remuneration in excess of the prescribed limits.

**ANNEXURE TO DIRECTORS' REPORT  
ANNEXURE - 3**

**Report on CSR Activities for FY 2021-22**

**(Pursuant to Section 134 (3) (O) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) rules, 2014)**

1. Brief outline on CSR Policy of the Company:

The Board of Directors has adopted a CSR policy to enable the Company to carry-out CSR activities in all the activities that are mentioned in the Schedule VII to the Companies Act, 2013. The CSR initiatives of the Company are mainly focused in hunger, poverty, education, healthcare, environment, relief, disaster management, animal welfare etc. and Covid-19 related activities as permitted by the law. The projects undertaken during the Financial Year 2021-22 were within the broad framework of Schedule VII to the Companies Act, 2013.

2. **Composition of CSR Committee :**

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation / Nature of Directorship</b>	<b>No. of Meetings of CSR Committee held during the year</b>	<b>No. of Meetings of CSR Committee attended during the year</b>
1.	Mr. Sumeet Kumar Somani	Chairman (Executive Director)	2	2
2.	Mr. Manojkumar G Jain	Member (Non- Executive Director)	2	2
3.	Mr. Vikashkumar K Chandaliya	Member (Non- Executive Director)	2	2

3. **The web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:**

**Composition of CSR Committee:**

<http://www.sumeetindustries.com/wp-content/uploads/2021/08/CSR-Composition.pdf>

**CSR Policy:**

<http://www.sumeetindustries.com/wp-content/uploads/2015/09/NEW-CSR-POLICY.pdf>

**CSR Projects:**

<http://www.sumeetindustries.com/wp-content/uploads/2022/08/CSR-Projects.pdf>

4. **The details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable**
5. **Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NIL**
6. **Average net profit of the Company as per Section 135(5):**

Year	Net profit as per Section 198 of the Companies Act, 2013 (Rs. in Crore)
2018-19	(123.94)
2019-20	(53.07)
2020-21	(12.06)
Average net profits of last three years	-

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. Nil
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Nil
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year 2021-22 (7a+7b-7c): Rs. Nil
8. (a) CSR amount spent or unspent for the financial year: (Rs. in lakhs)

Total Amount spent for the Financial Year	Amount Unspent			
	Total Amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)	
	Amount	Date of Transfer	Amount	Date of Transfer
1.72	Nil		Nil	

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Amount spent for the Project (Rs. in Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Reg. No.
Nil									

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes / No)	Location of the Project		Amount spent for the Project (Rs. in Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Reg.No.
1	Gau Chikist-salaya & Seva Kendra	Animal Welfare	No	Rajasthan	Shikhar	1.00	No (Through Shree Gopinath Gaushala)	-	-
2	Gau Seva Kendra	Animal Welfare	Yes	-	-	0.72	No (Through Shree Gau Seva Samiti)	-	-
<b>Total</b>						<b>1.72</b>			



- (d) Amount spent in Administrative Overheads : Nil
- (e) Amount spent on Impact Assessment, if applicable : Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs. 1.72 Lakhs
- (g) Excess Amount for set off, if any : Nil

Sr. No.	Particulars	Amount
1	Two percentage of average net profit of the company as per section 135(5)	Nil
2	Total amount spent for the Financial Year	Rs.1.72 Lakhs
3	Excess amount spent for the financial year [(ii)-(i)]	Rs.1.72 Lakhs
4	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Rs.3.93 Lakhs
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs.5.65 Lakhs

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (Rs. in Lakhs)	Amount spent in the Reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (Rs. in Lakhs)
				Name of the Fund	Amount (Rs. in Lakhs)	Date of Transfer	
1	2018-19	29.12	26.68	-	-	-	-
2	2019-20	-	9.53	-	-	-	-
3	2020-21	-	3.93	-	-	-	3.93

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project Duration	Total Amount allocated for the project (Rs. In Lakhs)	Total Amount spent in the reporting Financial year (Rs. in Lakhs)	Cumulative amount spent at the end of reporting Financial year (Rs. in Lakhs)	Status of the Project -completed / On going
Nil								
Nil								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable**

- (a) Date of creation or acquisition of the capital asset(s) : Not Applicable
- (b) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable
- (c) Amount of CSR spent for creation or acquisition of capital asset : Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable**

For and on behalf of Sumeet Industries Limited

Sd/-  
Mr. Shankarlal Somani  
Chairman (Director)

Sd/-  
Mr. Sumeet Kumar Somani  
Chairman (CSR Committee)

Sd/-  
Mr. Abhishek Prasad  
Chief Financial Officer

## ANNEXURE TO DIRECTORS' REPORT

### ANNEXURE - 4

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

##### 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 is continuously putting its efforts to improve Energy Management by way of monitoring energy related parameters on regular basis. The Company is committed to transform energy conservation into a strategic business goal fully along with the technological sustainable development of Energy Management System. It is putting best endeavour to reduce energy consumption in all its operations and activities.

##### a) Energy Conservation measures taken by the Company:

- 1) Continuously monitoring the energy parameters such as maximum demand, power factor, load factor, TOD tariff utilization on regular basis.
- 2) Continuously replacing the inefficient equipment's with latest energy efficient technology & up gradation of equipment (i.e. motors, fans, pumps and motors etc.) continuously.
- 3) Overall power factor was improved by fine tuning individual distribution transformer loads.
- 4) Water consumptions reduced by recycling of treated effluent after chemical dosing & provision of modified UV system.
- 5) Interlocks provided for stoppage of motor cooling fans & steam exhaust blowers, during Draw line stoppages.
- 6) Reduction in steam consumption by arresting steam leakages and steam trap replacement
- 7) Hypox (Burnout Pack Cleaning system) electrical heater stopped and provided steam heating from waste recovery boiler.
- 8) Recovering the heat from pre poly condenser of CP plant to hot water vapour absorption for chiller Air conditioning system 400 TR.

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

- 1) Reduction in consumption of electricity and fuel oils with consequent reduction in cost of production.
- 2) Reduction in process waste / threading waste.
- 3) Reduction in wastage of energy.

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

**FORM A**

	<u>2021-22</u>	<u>2020-21</u>
<b>A. Power and Fuel Consumption:</b>		
<b>1. Electricity</b>		
(a) Purchased		
- Units	90998519	64239883
- Total Amount	721011760.52	508210673
- Rate/Unit(Rs.)	7.92	7.91
(b) Own generation		
(i) Through diesel generator in Units (KWH)	5000	920
Liters of HSD Consumed	1440	360
Unit per Ltr. of Diesel	3.472	2.555
(ii) Through HFO/generator		
Unit Consumed	65200	3870270
Unit per Ltr of FO	16245	897032
	4.013	4.314
<b>2. Furnace oil</b>		
Quantity (in Ltrs.)	967800	2607540
Total amount	39130770	60808548
Average rate (Basic)	40.43	23.32
<b>B. Consumption per unit of production (in tons)</b>		
Product: Pet Chips / POY / FDY / Texturised Yarn		
Electricity : Purchases and Own Generation	913.25	971.75
(Own Generation Through F.O. based Gen Set)		

**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**

- a) Modification in CP Plant for increasing CP Plant capacity from 240 TPA to 340 TPA
- b) Up-gradation and modification in yarn spinning lines
- c) Value added new yarns in both FDY and DTY are developing.

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

- a) Reduction in wastage
- b) Reduction in cost of power
- c) Specialty product development
- d) Improved process reliability

**3. Future plan of action**

- 1) Enhancement of capacity from 240 TPA to 340 TPA
- 2) Process optimization & design change for energy Conservation
- 3) To modify the process parameters to improve the quality
- 4) Improving the output / input ratio to gain maximum finished products from per kg raw material
- 5) Installation of the latest quality control equipment

**4. Expenditure on R & D / Product Development**

Capital and recurring expenditure is incurred by the company regularly.

**II. Technology absorption, adaptation and innovation****1. Efforts made towards technology absorption, adoption and innovation**

- a) Modification in Continuous Polymerization Plant for enhancement in capacity
- b) Up gradation of AHU Cooling system
- c) Installation of heavy power Gear box for enhancement in CP capacity
- d) Upgradation of PUMPS

**2. Benefits derived as a result of above efforts**

- a) Improvement in process reliability and reduction in wastage
- b) Reduction in energy cost & other costs.
- c) Enhancement in production capacity

**3. Information regarding technology imported during the last five years**

Technology Imported	Year of Import	Status
Nil		

**CORPORATE GOVERNANCE REPORT**

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. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board along with its Committees endeavours to strike a right balance with its various stakeholders.

**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 comply applicable law, guidelines, rules and regulations
- iii) To excel in customer satisfaction
- iv) To ensure ethical corporate conduct
- v) To maintain high degree of disclosure levels
- vi) To concern for environment and sustainable development

**2. BOARD OF DIRECTORS****COMPOSITION OF DIRECTORS**

Sumeet Industries Ltd is having 6 (Six) Directors on its Board consisting of 2 (Two) Executive and 4 (Four) Non-Executive. None of the directors on the Board is a member of more than 10 (Ten) committees and Chairman of more than 5 (Five) 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:

Name of Directors & DIN No.	Category	Attendance of Board Meeting	Attendance of Last AGM	Total No. of Directorships, C.C. and C.M. of public limited companies including this listed entity as on 31/03/2022 *		
				O.D.	C.C.*	C.M.*
Mr. Shankarlal Sitaram Somani DIN : 00165238	Executive Director	8	Yes	1	-	-
Mr. Sumeet Shankarlal Somani DIN : 00318156	Executive Director	8	Yes	1	-	2
Mr. Manojkumar Ganeshmal Jain DIN : 03546851	Non-Executive & Independent Director	5	Yes	1	3	3
Ms. Zeel Sureshkumar Modi DIN: 08290608	Non-Executive & Independent Director	4	No	1	-	-
Mr. Vikashkumar Kamalsingh Chandaliya DIN: 08751436	Non-Executive & Independent Director	5	Yes	1	-	2
Mr. Saurav Santosh Dugar DIN: 08937448	Non-Executive & Independent Director	6	Yes	1	-	2

- \* (C.C.) - Committee Chairmanship (C.M.) - Committee Membership. Committees include only Audit committee, Nomination and Remuneration Committee and Stakeholders Relationship Committees.

As on 31st March, 2022, out of 6 Directors, Mr. Shankarlal Sitaram Somani and Mr. Sumeet Shankarlal Somani are promoter director and are Father and Son. Apart from this, there is no inter-se relationship among other directors.

The Company has received declarations of independence as prescribed under Section 149(6) & (7) of the Companies Act, 2013 from Independent Directors.

### **INFORMATION GIVEN TO THE BOARD**

The dates for the Board Meetings for the ensuing year are decided well in advance and communicated to the Directors. Additional meetings of the Board are held when deemed necessary. Board members are given agenda papers with necessary documents and information in advance of each meeting for the Board and Committee(s). The Board periodically reviews compliance reports with respect to laws and regulations applicable to the Company. The recommendations of the Committees are placed before the Board for necessary approvals. This information is enumerated in Part A of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **INDEPENDENT DIRECTORS**

The Independent Directors of the Company meet the requirements laid down under the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have declared that they do not fall under any disqualifications specified under the Companies Act, 2013.

### **TRAINING OF INDEPENDENT DIRECTORS**

Whenever new Independent Director is inducted on the Board, he/she is introduced to the Company's Policies and procedures through appropriate orientation session, Company's organization structure, business, constitution, board procedures, major risks and management strategy. The appointment letters of Independent Directors are issued to each Independent Director upon his/her appointment once approved by Members.

### **PERFORMANCE EVALUATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Independent Directors are Non-Executive Directors of the Company and eminent personalities having wide experience in the field of business, administration and industries. Their presence on the Board helps in taking complex business decisions.

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of each Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

### **MEETINGS OF INDEPENDENT DIRECTORS**

The Company's Independent Directors are required to meet at least once in every financial year without the presence of Executive Directors or management personnel. Independent Directors meeting conducted on dated 15th March, 2022. Independent Directors discussed on matters pertaining to the Company's affairs and proposed various suggestions for improving the performance of the Company. All the Independent Directors were present in the meeting.

**FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS**

The Board of Directors of the Company adopted the Familiarization Program (“the Program”) for Independent Directors of the Company. Some of the key features of the Program are as under:

**Purpose**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

**Overview of the Familiarisation process**

The Company undertakes various initiatives to familiarise the Independent Directors with the Company, its business, operations, risks, nature of industry, their roles and responsibilities etc. These initiative are summarized as below:

- At the time of appointment, new Independent Director is provided with Annual Report of the Company, Code of Conduct for Directors, Code of Conduct for Prevention of Insider Trading, detailed information regarding products of the Company, Memorandum & Articles of Associations, policies of the company framed by the board or its committees, compositions of board and its committees, terms of references of the Committee in which the Director is inducted.
- The Executive Directors / Senior Management personnel make presentations to the inductees about your Company’s strategy, operations, products, markets, finance, human resources, technology, quality, facilities and risk management.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration, Code of Conduct and obligations on disclosures, is issued to the Independent Director at the time of appointment.
- When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairman and Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company’s business activities.
- The Independent Directors of the Company are given every opportunity to familiarize themselves with the Company, its management and its operations so as to understand the Company, its operations, business, industry and environment in which it functions.
- Quarterly information is presented to the Board on business performance, operations, market conditions, financial parameters, debtor’s positions, working capital management, fund flow position, senior management changes, investment, regulatory compliances, related party transactions, risk management framework, area of concern in Internal Audit, formation of various policies etc.
- The Independent Directors has complete access to the information within the company. They may seek any information pertaining to matter laid before the Board.
- The Company may circulate news and articles related to the industry on a regular basis and may provide specific regulatory updates from time to time;

**SHAREHOLDING OF NON-EXECUTIVE DIRECTORS IN THE COMPANY AS ON 31ST MARCH, 2022 IS AS FOLLOWS:**

<b>Sr No.</b>	<b>Name of Director</b>	<b>No. of Equity Shares</b>
1	Mr. Manojkumar Ganeshmal Jain	Nil
2	Ms. Zeel Sureshkumar Modi	Nil
3	Mr. Vikashkumar Kamalsingh Chandaliya	Nil
4	Mr. Saurav Santosh Dugar	Nil



**THE BOARD HAS IDENTIFIED THE FOLLOWING SKILLS / EXPERTISE / COMPETENCIES FUNDAMENTAL FOR THE EFFECTIVE FUNCTIONING OF THE COMPANY WHICH ARE CURRENTLY AVAILABLE WITH THE BOARD:**

Sr. No.	Name of Directors	Category	Special Knowledge / Practical Experience
1	Mr. Shankarlal Sitaram Somani	Chairman	Entrepreneur   Strategic Thinking   Visionary   Motivation   General Management
2	Mr. Sumeet Shankarlal Somani	Mg. Director	Administration   Business Management   Operational Expertise
3	Mr. Manojkumar Ganeshmal Jain	Independent Director	Finance & Accounts   Auditing Corporate law & Governance
4	Ms. Zeel Sureshkumar Modi	Independent Director	Environment / Social initiatives / General Management
5	Mr. Vikashkumar Kamalsingh Chandaliya	Independent Director	Legal & Social Work / Taxation / Human Resource
6	Mr. Saurav Santosh Dugar	Independent Director	Finance & Accounts   Audit / Taxation / Corporate Law

### CODE OF CONDUCT

The Board has adopted the Code of Conduct for members of the Board and Senior Management personnel of the Company. The Code lays down, in details, the standards of business conduct, ethics and governance. The compliance of the same has been affirmed and a declaration signed by the Managing Director forms part of this Annual Report. Code of Conduct has also been posted on the Company's website i.e. [www.sumeetindustries.com](http://www.sumeetindustries.com).

### NO. OF BOARD MEETINGS HELD AND DATES

During the Financial Year 2021-22, the Board meeting has been held for 8 times.

**The Dates of the Board Meetings are:**

01.	29.06.2021	05.	05.10.2021
02.	10.07.2021	06.	29.10.2021
03.	04.08.2021	07.	27.01.2022
04.	19.08.2021	08.	26.03.2022

### 3. COMMITTEES OF THE BOARD

Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. These Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities. The Board has constituted a set of Committees with specific terms of reference/scope, to focus effectively on the issues and ensure expedient resolution of diverse matters. These Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the Meetings of all Committees are placed before the Board for discussions/noting. The Board Committees can request special invitees to join the meeting, as appropriate.

As of March 31, 2022, the Board had following four Committees:

#### I) AUDIT COMMITTEE

The Audit committee of the company has been re-constituted by the Board on dated 4th August, 2021. The Audit committee comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Sumeet Shankarlal Somani, Mr. Saurav Santosh Dugar, consisting of 1 Executive Director and 2 Non-Executive and Independent Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Audit Committee.

The constitution of the Audit Committee meets the requirement of Section 177 of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Committee members have requisite experience in the fields of Finance & Accounts and Banking & Management. Mr. Anil Kumar Jain, Company Secretary of the company is the Secretary of the Audit Committee.

Date of Audit Committee meetings were held during the financial year 2021-22 are as under:

01.	25.06.2021
02.	03.08.2021
03.	25.10.2021
04.	24.01.2022
05.	21.02.2022

Composition of Audit Committee and number of meetings held and number of meetings attended by the members during the year are given below:

Sr. No.	Name of the Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
01.	Mr. Manojkumar G Jain	Chairman	Non-Executive	5	5
02.	Mr. Sumeet Shankarlal Somani	Member	Executive	5	5
03.	Mr. Saurav Santosh Dugar *	Member	Non-Executive	5	3
04.	Ms. Zeel Sureshkumar Modi *	Member	Non-Executive	5	2

\* Mr. Saurav Santosh Dugar is inducted as member of the Audit Committee in place of Ms. Zeel Sureshkumar Modi at the time of reconstitution by the Board on dated 04/08/2021.

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

The terms of reference of the Audit Committee are wide enough to cover the role specified for Audit Committee under Section 177 of the Companies Act, 2013. The same are constantly reviewed and appropriate changes are made from time to time for greater effectiveness of the Committee. The terms of reference of the Committee are as follows:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation to the Board, appointment, re-appointment, removal of the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company, fixation of Audit fees and other terms of appointment;
- iii. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
- iv. Review with the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company any audit problems or difficulties and management's response;
- v. Discuss with Statutory Auditors critical accounting practices and policies and to mediate on any disagreement on accounting treatment or process regarding financial reporting between the Statutory Auditors and the management;
- vi. Reviewing with the management, the quarterly/ annual financial statements and Statutory Auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's responsibility Statement in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;

- (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any Related party transactions;
  - (g) Disclosure of contingent liability;
  - (h) Modified opinion(s) in the draft Audit report;
  - (i) Company's earning press release and investor presentations;
- vii. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
  - viii. Approval or any subsequent modification of transactions of Company with related parties.
  - ix. Scrutiny of inter-corporate loans and investments;
  - x. Valuation of undertakings or assets of the Company, wherever it is necessary;
  - xi. Evaluation of internal financial controls and risk management systems;
  - xii. Reviewing with the management, independence and performance of Statutory Auditors, Internal Auditors and Secretarial Auditor, effectiveness of Audit process and adequacy of the internal control systems;
  - xiii. Reviewing the adequacy of Internal Audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - xiv. Ensure that there are no unjustified restrictions or limitations on the tasks of the Internal Auditors and review and concur in the appointment, replacement, or dismissal of the Internal Auditor;
  - xv. Review the internal audit reports prepared and submitted by the Internal Auditor to the Management;
  - xvi. Discussion with Internal Auditors of any significant findings and follow up thereon;
  - xvii. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - xviii. Discussion with Statutory Auditors before the Audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - xix. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - xx. To review the functioning of the whistle blower mechanism;
  - xxi. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance;
  - xxii. Review the findings of any examinations by regulatory agencies and any auditor observations;
  - xxiii. Review the process of communicating Company's Code of Ethics (Code of Conduct) to employees and the mechanism for its adherence and functioning of the Whistle Blower policy and its mechanism;

xxiv. On annual basis, review the financial statements of Company's materially significant subsidiaries;

xxv. Obtain regular updates from management regarding compliance matters.

xxvi. To review the following:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. Terms of appointment, removal and remuneration of the Internal Auditors.
- f. Statement of deviations:
- g. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulations.
- h. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Listing Regulations.

## II) NOMINATION AND REMUNERATION COMMITTEE

### A) Composition

The Nomination and Remuneration Committee was re-constituted by the Board on dated 4th August, 2021. The Nomination and Remuneration Committee now comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Vikashkumar K Chandaliya and Mr. Saurav Santosh Dugar, consisting of 3 Non-Executive Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Nomination and Remuneration Committee. Mr. Anil Kumar Jain, Company Secretary of the company is the Secretary of the Nomination and Remuneration Committee.

The role of the Committee is to perform all such matters as prescribed under the Companies Act, 2013 and schedule II–Part D about Role of Nomination and Remuneration Committee of Directors under the Securities and Exchange Board of India (LODR) Regulations, 2015.

### B) Meetings and attendance during the year

Date of Nomination and remuneration Committee meetings were held during the financial year 2021-22 are as under :

01.	06.05.2021
02.	03.08.2021
03.	18.03.2022
04.	28.03.2022

Composition of Nomination and remuneration Committee and number of meetings held and number of meetings attended by the members during the year are given below:

Sr. No.	Name of the Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
01.	Mr. Manojkumar G Jain	Chairman	Non-Executive	4	4
02.	Mr. Vikashkumar K Chandaliya	Member	Non-Executive	4	4
03.	Mr. Saurav Santosh Dugar *	Member	Non-Executive	4	2
04.	Ms. Zeel Sureshkumar Modi *	Member	Non-Executive	4	2

- \* Mr. Saurav Santosh Dugar is inducted as member of the Nomination and Remuneration Committee in place of Ms. Zeel Sureshkumar Modi at the time of reconstitution by the Board on dated 04/08/2021.

### C) Remuneration policy

The Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives. The Company endeavours to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed and variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Nomination, Remuneration and Board Diversity Policy of the Company is attached to the Board's Report as Annexure 6(i) & 6(ii).

### D) Details of Remuneration of Executive Directors for the Financial Year 2021-22

The following are the details of remuneration paid to the Executive Director(s) for the financial year 2021-22.

Sr. No.	Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites Rs.
01.	Mr. Shankarlal Sitaram Somani	Nil	Nil	Nil
02.	Mr. Sumeet Kumar Somani	Nil	Nil	Nil

### E) Details of Remuneration of Non-Executive Directors for the Financial Year 2021-22

The following are the details of remuneration paid to Non-Executive Director for the financial year 2021-22.

Sr. No.	Name of Non-Executive Director	Sitting Fees (In Rupees)
01.	Mr. Manojkumar G Jain	1,50,000.00
02.	Ms. Zeel Sureshkumar Modi	1,20,000.00
03.	Ms. Vikashkumar K Chandaliya	1,50,000.00
04.	Ms. Saurav Santosh Dugar	1,80,000.00

The remuneration is recommended by the Nomination and Remuneration Committee based on criteria such as qualification & experience, industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record etc. and is decided by the Board of Directors. The Board, on the recommendations of the Remuneration Committee approves the annual increments of the employees of the company.

### F) Terms of reference

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

- i) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- ii) Formulation of criteria for evaluation of Independent Directors and the Board;
- iii) Devising a policy of the Board diversity Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- iv) To frame company's policies for compensation and benefits for Executive Directors and Key Managerial persons.
- v) To review HR Policies and initiatives.

- vi) To develop and recommend to the Board, a set of Corporate Governance Guidelines.
- vii) To assess the Company's policies and processes in key areas of Corporate Governance, other than those explicitly assigned to other Board Committees, with a view to ensuring the Company is at the forefront of good corporate governance.
- viii) Review key corporate governance processes not specifically assigned to other committees, and recommend changes needed to ensure that the company is at best practice;
- ix) Examine the impact of significant regulatory and statutory changes applicable to the governance practices of the Company and to recommend measures to implement the same;
- x) To review and recommend annual increments for employees of the company.

### III) STAKEHOLDERS RELATIONSHIP COMMITTEE

#### A) Composition

The Stakeholders Relationship Committee now comprises of three members viz; Mr. Manojkumar Ganeshmal Jain, Mr. Sumeet Shankarlal Somani and Mr. Vikashkumar K Chandaliya, consisting of 1 Executive Director and 2 Non-Executive Directors. Mr. Manojkumar Ganeshmal Jain is the Chairman of the Stakeholders Relationship Committee. Mr. Anil Kumar Jain, Company Secretary of the company is the Secretary of the Stakeholders Relationship Committee.

#### B) Terms of Reference

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Committee, inter alia, is primarily responsible for considering and resolving grievances of security holders of the Company.

The additional terms of reference of the Committee are as follows:

- i. Rematerialisation, etc. and other shares related formalities.
- ii. Review and oversee the process of resolving of shareholders/ investors / security holders grievances in the matter of transfer, transmission, issue of duplicate /replacement /split shares etc.
- iii. Oversee compliances in respect of dividend payments and matters related thereto.
- iv. Advise the Board of Directors on matters which can facilitate better investor services and relations.
- v. Review movements in shareholding and ownership structures of the Company.
- vi. Ensure setting up proper controls and oversee the performance of the Registrar and Share Transfer Agent.
- vii. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable,

#### C) Meetings and attendance during the year

Date of Stakeholders Relationship Committee meetings were held during the financial year 2021-22 are as under:

01.	01.07.2021
02.	01.10.2021
03.	27.01.2022
04.	22.03.2022

Composition of Stakeholders Relationship Committee and number of meetings held and number of meetings attended by the members during the year are given below:

Sr. No.	Name of the Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
01.	Mr. Manojkumar G Jain	Chairman	Non-Executive	4	4
02.	Mr. Sumeet Shankarlal Somani	Member	Executive	4	4
03.	Mr. Vikashkumar K Chandaliya	Member	Non-Executive	4	4

**D) Compliant Status**

Number of complaints/requests received from the shareholders during the financial year 2021-22 and the number of pending complaints is given below:

Compliant received during the year 2021-22	4
Complaint pending as on 31/03/2022	NIL
Number of pending shares transfer as on 31/03/2022	NIL

The Stakeholders' Relationship Committee's composition and the terms of reference meet with requirements Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013. The Committee meets as and when need. All the requests for share transfer etc. were processed and the related share certificates were dispatched within 15 days from the date of receipt.

**IV) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)****A) Composition**

The Corporate Social Responsibility Committee (CSR COMMITTEE), now comprises of three members viz; Mr. Sumeet Shankarlal Somani, Mr. Manojkumar Ganeshmal Jain, Mr. Vikashkumar K Chandaliya, consisting of 1 Executive Director and 2 Non-Executive Directors. Mr. Sumeet Shankarlal Somani is the Chairman of the CSR Committee. Mr. Anil Kumar Jain, Company Secretary of the company is the Secretary of the CSR Committee.

**B) Terms of Reference**

The "Corporate Social Responsibility Committee" (CSR Committee) shall institute a transparent monitoring mechanism for implementation of CSR projects or programmes, activities undertaken by the Company. The functions of CSR Committee are as follows:

- i) To formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii) To recommend the amount of expenditure to be incurred on the CSR activities;
- iii) To monitor the Corporate Social Responsibility Policy of the Company from time to time;
- iv) To prepare a transparent monitoring mechanism for ensuring implementation of the project/ programmes/activities proposed to be undertaken by the Company.

**C) Meeting and attendance during the year**

During the year, two meetings of CSR Committee were held on 26th June 2021 and 21st March 2022. The number of meetings held and number of meetings attended by the members during the year are as given below:

Sr. No.	Name of the Director	Status in Committee	Category	No. of Meetings	
				Held	Attended
01.	Mr. Sumeet Kumar Somani	Chairman	Executive	2	2
02.	Mr. Manojkumar G Jain	Member	Non-Executive	2	2
03.	Mr. Vikashkumar K Chandaliya *	Member	Non-Executive	2	2

**4. ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

**5. 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	14/09/2021	Through Video Conference (VC) or Other Audio Visual Means (OAVM)	03:30 P.M.
2	17/09/2020	Through Video Conference (VC) or Other Audio Visual Means (OAVM)	03:30 P.M.
3	30/09/2019	Agrasen Bhavan, Shyam Kunj Hall, City Light, Surat-395007	10:00 A.M.

**II) Special Resolution passed at the last three Annual General Meetings****YEAR 2019-20**

- 1) Re-appointment of Mr. Manojkumar Ganeshmal Jain (DIN:03546851) as an Independent Director
- 2) To enter Related Party Transaction

**YEAR 2020-21**

- 1) Re-appointment of Ms. Zeel Sureshkumar Modi (DIN:08290608) as an Independent Director
- 2) Re-appointment of Mr. Saurav Santosh Dugar (DIN:08937448) as an Independent Director

**III) No resolution were passed through Postal Ballot during the year under review.****IV) SHAREHOLDING AS ON 31ST MARCH, 2022****A) DISTRIBUTION OF SHAREHOLDING (IN SHARES) AS ON 31ST MARCH, 2022**

Distribution Range	No. of Shareholders	% of Total	No. of Shares	% of Total
1 To 500	28556	66.5688	4982363	4.8073
501 To 1000	5011	11.6815	3866373	3.7305
1001 To 2000	3994	9.3107	5753976	5.5518
2001 To 3000	1593	3.7135	4002696	3.8620
3001 To 4000	815	1.8999	2894394	2.7927
4001 To 5000	658	1.5339	3129327	3.0194
5001 To 10000	1095	2.5526	8064361	7.7809
10001 To 9999999999	1175	2.7391	70948899	68.4555
<b>TOTAL</b>	<b>42897</b>		<b>103642389</b>	<b>100.0000</b>



**B) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2022**

Category	No. of Shares Held	% of Shareholding
Promoters & Promoter Group	22459291	21.6700
Corporate Bodies	3683535	3.5541
Clearing Member	546147	0.5270
Non Resident Indians (NRI'S)	2205152	2.1277
HUF	2803744	2.7052
IEPF	1273677	1.2289
Indian Public & Others	70670843	68.1872
<b>TOTAL</b>	<b>103642389</b>	<b>100.0000</b>

**V) MARKET PRICE DATA**

Month wise High, Low price and volume data for the FY 2021-22 at BSE & NSE are as under:

Month	BSE			NSE		
	High	Low	Total Volume	High	Low	Total Volume
Apr-21	6.75	4.26	1925448	6.60	4.25	3276939
May-21	5.20	4.21	555372	5.25	4.25	1548589
Jun-21	7.17	4.31	2620514	7.10	4.25	3988086
Jul-21	12.78	7.52	3653412	12.80	7.45	6242593
Aug-21	10.46	7.04	1586894	10.35	7.00	3562434
Sep-21	8.00	6.65	647723	7.95	6.60	1982968
Oct-21	9.85	6.82	1729212	9.70	6.80	2815841
Nov-21	9.24	8.05	1154698	9.30	7.90	2871439
Dec-21	11.00	7.90	2560289	11.00	8.10	8759653
Jan-22	13.78	9.55	12356708	13.80	9.50	30459292
Feb-22	14.43	9.25	2568333	14.45	9.20	12024755
Mar-22	9.99	7.40	1780089	9.85	7.40	5662349

**VI) ANNUAL GENERAL MEETING (TENTATIVE)**

Date : 15/09/2022, Thursday

Time : 3.30 P.M.

Through : Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

**(VII) FINANCIAL CALENDAR (TENTATIVE)**

Annual General Meeting : September, 2022

Results for quarter ending June 30, 2022 : on or before 14th August, 2022

Results for quarter ending Sep 30, 2022 : on or before 14th November, 2022

Results for quarter ending Dec 31, 2022 : on or before 14th February, 2023

Results for quarter / year ending March 31, 2023 : on or before 30th May, 2023

**VIII) SHARE TRANSFER SYSTEM**

Presently, the share transfers which are received in physical forms are processed and the certificates returned within a period of 15 days from the date of receipt, subject to documents being valid and complete in all respect. The Company has been offering as per SEBI guidelines the facilities 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 Stakeholders Relationship Committee, which considers transfers and other related matter. The Stakeholders Relationship 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.

**IX) DEMATERIALIZATION OF SHARES AND LIQUIDITY**

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

Shares of the company are compulsorily to be delivered in the demat form on Stock Exchange by all investors. As on 31st March, 2022 about 97.74% of the issued capital have already been dematerialized. Shares of the company are listed at 'BSE 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 still 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.

**X) 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.

**XI) OUTSTANDING GDRS/ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS : NIL****XII) BOOK CLOSURE**

The Register of Members of the company will be closed from Friday, 9th September 2022 to Thursday, 15th September, 2022 (both days inclusive) as annual closure for the purpose of Annual General Meeting.

**XIII) DIVIDEND DATE: NIL****XIV) LISTING:-**

Equity shares of the company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

SCRIPT CODE / SYMBOL:

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.

**XV) BUILD UP OF EQUITY SHARE CAPITAL**

Date of Allotment	Reason for Allotment	No. of Equity Shares Issued	Face Value (Rs.)	Cumulative Share	Cumulative Paid-up Capital (Rs.)
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
01.04.2005	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.	2,50,000	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
04.12.2013	Reduction of Capital by cancelling shares allotted to Vishvas Infrastructure Ltd as per High Court order.	( 2,50,000)	10.00	5,80,39,738	58,03,97,380.00
24.01.2018	Right Issue 3:7	24874173	10.00	8,29,13,911	82,91,39,110.00
07.08.2018	Bonus in the ratio of 1:4	20728478	10.00	10,36,42,389	103,64,23,890.00

**XVI) Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid / unclaimed dividend on shares for a consecutive period of seven years**

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, dividend etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the IEPF Rules. The Company had sent out individual communication to the concerned Members whose shares were liable to be transferred to IEPFA, to take immediate action in the matter. As required under the IEPF Rules, the Company also published a Notice informing the Members' who have not claimed their shares for a period of 7 years to claim the same from the Company before they are transferred to IEPFA.

Detail of unclaimed/unpaid dividend transferred to IEPF has been posted on Company's website i.e. [www.sumeetindustries.com](http://www.sumeetindustries.com).

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has transferred 12,96,302 Equity Shares of Rs.10/- each of the Company held by various Investors, physical as well as dematerialized form, whose dividend amount is unclaimed/unpaid for seven years to Suspense Account of the Investor Education and Protection Fund (IEPF) Authority during the FY 2018-19. Detail of Equity Shares transferred to IEPF Suspense Account has been posted on Company's website i.e. [www.sumeetindustries.com](http://www.sumeetindustries.com).

Therefore, it is in the interest of shareholders to regularly claim the dividends, if declared by the Company.

#### **XVII) PERMANENT ACCOUNT NUMBER (PAN) FOR TRANSFER OF SHARES IN PHYSICAL FORM MANDATORY**

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of share transfer of shares.

#### **XVIII) NOMINATION**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination form can be obtained from the Company's Registrar and Share Transfer Agent. Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the by-laws and business rules applicable to NSDL and CDSL.

#### **XIX) NSE ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS)**

The NEAPS is a web-based application designed by NSE for corporate. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-audited Financial Results, Reconciliation of Share Capital Audit Report, Announcements and Intimations etc. are filed electronically on NEAPS.

#### **XX) BSE CORPORATE COMPLIANCE & LISTING CENTRE (THE 'LISTING CENTRE')**

BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-Audited Financial Results, Reconciliation of Share Capital Audit Report, Announcements and Intimations etc. are also filed electronically on the Listing Centre.

#### **XXI) SEBI COMPLAINTS REDRESS SYSTEM (SCORES)**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are, Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

#### **XXII) PLANT LOCATION**

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

Sumeet Industries Limited is the Manufacturer and Exporter of Polyester Chips, Polyester Filament Yarn (POY & FDY) and Texturized Yarns.

#### **XXIII) REGISTERED OFFICE**

504, 5th Floor, Trividh Chambers, Opp. Fire Brigade Station, Ring Road, Surat- 395 002 (Gujarat)

Phone : 0261-2328902,

E-mail : [corporate@sumeetindustries.com](mailto:corporate@sumeetindustries.com)

Website: [www.sumeetindustries.com](http://www.sumeetindustries.com)

**XXIV) REGISTRARS AND SHARE TRANSFER AGENTS**

M/S. Bigshare Services Pvt. Ltd.

Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (E) Mumbai-400093

Ph.: (022) 62638200 Fax: (022) 62638299

E-mail: info@bigshareonline.com

Website: www.bigshareonline.com

**XXV) MEANS OF COMMUNICATION**

Quarterly/Half yearly results are not sent to the shareholders. However, Company's quarterly/half yearly financial results were published in English and Gujarati news papers and were also sent to the Stock Exchanges. Shareholders can also visit Company's website www.sumeetindustries.com to get more details about the company. All price sensitive information is made available at the earliest through press release and presentation made to media on specific occasions.

**XXVI) ADDRESS FOR CORRESPONDENCE**

Bigshare Services Pvt. Ltd.

Unit: Sumeet Industries Limited

Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (E) Mumbai-400093

Ph.: (022) 62638200

- A) For any complaints relating to non-receipt of shares after transfer, transmission, change of address, mandate etc., dematerialization of shares or any other query relating to shares shall be forwarded to the Share Transfer Agents directly at the address given hereinabove. Members are requested to provide complete details regarding their queries quoting folio number/DP ID no./Client ID No., number of shares held.
- B) For non-receipt of Annual Report, non-receipt of dividend etc., the complaint should be forwarded to Mr. Anil Kumar Jain, Company Secretary & Compliance Officer of the Company at the following address:

Sumeet Industries Limited

504, 5th Floor, Trividh Chambers, Opp. Fire Brigade Station, Ring Road, Surat-395002

Phone: 0261-2328902,

E-mail: corporate@sumeetindustries.com

**6. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT**

Reconciliation of Share Capital 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 Stakeholders Relationship Committee every quarter and also submitted to the stock exchanges every quarter.

A qualified practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**7. CEO AND CFO CERTIFICATIONS**

The Chief Financial Officer of the Company gives annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Financial Officer also gives quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The CFO certification of the financial statements for the year under review is published in this report.

**8. COMPLIANCE CERTIFICATE OF THE AUDITORS**

Certificate from the Auditors of the Company, M/s H. Tosniwal & Co., Chartered Accountants confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached to the Directors' Report forming part of the Annual Report.

**9. COMPLIANCE CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

The Certificate of Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority and Secretarial Audit report for the year 2021-22, is annexed as a part of the Annual Report. Compliance certificate received from practicing company secretary is available on the website of the company and can be accessed weblink : [http://www.sumeetindustries.com/wp-content/uploads/2022/07/Annual-Secretarial-Compliance-Report\\_FY-2022.pdf](http://www.sumeetindustries.com/wp-content/uploads/2022/07/Annual-Secretarial-Compliance-Report_FY-2022.pdf).

**10. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES**

The Company has framed a Code of Conduct for Prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 2015. The Code is applicable to all the Directors and Designated Employees. The Code also aims to prevent dealing in the shares by persons having access to unpublished price sensitive information. This policy also provides for periodical disclosures from the designated person as well as pre-clearances of transactions by such persons. In compliance with the provisions of SEBI (Prohibition of Insider Trading Regulations) 2015, as amended from time to time, to preserve the confidentiality and prevent misuse of unpublished price sensitive information (UPSI)/link of UPSI, the Company has adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Codes are available on the website of the Company at [www.sumeetindustries.com](http://www.sumeetindustries.com).

**11. CODE OF CONDUCT**

The Company has adopted a Code of Conduct for Board Members and Senior Management Executives and the same has been amended from time to time in view of the amendments to the Acts/Regulations. The same is applicable to all Directors and Senior Management Executives of the Company in the grade above General Managers (Senior Management Executives). The Code of Conduct for Board Members and Senior Management has been posted on the website of the Company.

**12. OTHER DISCLOSURES**

- I) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the Audit Committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the Audit Committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of IND AS-'Related Party Disclosures' are disclosed in Notes to the Financial Statements.
- II) The Company has established a Vigil mechanism/ whistle blower policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.

## III) Web-links:

## 1. Familiarization programme for Independent Directors:

<http://www.sumeetindustries.com/wp-content/uploads/2022/07/Familiarization-of-Independent-Director.pdf>

## 2. Related party Transaction Policy:

<http://www.sumeetindustries.com/wp-content/uploads/2016/04/Policy-on-Materiality-Related-Party-Transaction.pdf>

## 3. Material subsidiary:

<http://www.sumeetindustries.com/wp-content/uploads/2016/04/Material-Subsidiaries-Determination-Policy.pdf>

IV) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except mentioned in Secretarial Compliance Report for the year 2021-22 issued by the Dhiren R Dave & Co. Company Secretaries is available on the website of the company and can be accessed weblink : [http://www.sumeetindustries.com/wp-content/uploads/2022/07/Annual-Secretarial-Compliance-Report\\_FY-2022.pdf](http://www.sumeetindustries.com/wp-content/uploads/2022/07/Annual-Secretarial-Compliance-Report_FY-2022.pdf).

## V) DISCLOSURE IN RELATION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy

in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The details of complaints are as under:

- a) No. of Complaints filed during the year ended 31.03.2022 : NIL  
 b) No. of Complaints disposed of during the financial year : NIL  
 c) No. of pending Complaints as on 31.03.2022 : NIL

## VI) Detail of fees paid to the Statutory Auditors, Internal Auditor and all entities in the network firm/network entity of which the Statutory Auditors and Internal Auditor are as follows:

**Payment made to H. Toshniwal & Co., Statutory Auditor of the Company:**

Sr. No.	Particulars	Amount Paid during the year 2021-22 (In Rs.)
1.	Audit fees	6,50,000.00
2.	Tax Audit Fees	1,00,000.00
	<b>Total :</b>	<b>7,50,000.00</b>

**Payment made to Gaurav V. Singhvi & Co. LLP, Internal Auditor of the Company:**

Sr. No.	Particulars	Amount Paid during the year 2021-22 (In Rs.)
1.	Internal Audit fees	4,00,000.00
2.	<b>Total :</b>	<b>4,00,000.00</b>

## VII) The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as applicable, with regard to corporate governance.

## VIII) No money was raised by the Company through public issue, rights issue etc. in the last financial year.

**13. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a Vigil Mechanism (Whistle Blower) Policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Vigil Mechanism shall provide adequate safeguards against victimization of Director(s)/ Employee(s), who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The details of establishment of the vigil mechanism disclosed by the Company on its website.

**14. DECLARATION UNDER CODE OF CONDUCT**

As required under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby affirmed that all the Board members and senior management personnel have complied with code of conduct of the Company for the financial year ended on 31st March, 2022.

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**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

This is to certify that as provided under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2022.

For Sumeet Industries Limited

Place: Surat  
Dated: 30/05/2022

Sumeet Kumar Somani  
Mg. Director



**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members of

Sumeet Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sumeet Industries Limited ("the Company") for the year ended on 31st March 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to procedures 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 on the financial statements of the Company.

In our opinion and to the best of my 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 SEBI Listing Regulations, 2015/Listing Agreements, to the extent applicable to the Company during the year under report.

We further state that such compliance is neither an 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 H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS  
FRN:0111032W

**CA. HARISHANKAR TOSNIWAL**  
PARTNER  
M.NO. 055043  
UDIN:22055043ANMYYE3819

**Place: Surat**  
**Dated: 23/07/2022**

**MANAGING DIRECTOR (MD) AND  
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

[Issued in accordance with the provisions of Regulation 17(8) of SEBI (LODR) Regulations, 2015]

**To the Board of Directors of Sumeet Industries Limited**

**Dear Sirs,**

**Sub. MD / CFO Certificate**

We, Mr. Sumeet Shankarlal Somani, Managing Director and Mr. Abhishek Prasad, Chief Financial Officer of M/s. Sumeet Industries Limited, to the best of our knowledge and belief, certify that :

- (a) We have reviewed the financial statements, and the cash flow statement of Sumeet Industries Limited for the year ended March 31, 2022 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may 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) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- © We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or propose to take for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that :
- (i) there are no significant changes in internal control over financial reporting during the year;
  - (ii) there are no significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
  - (iii) there are no instances of significant frauds 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 financial reporting.

**For Sumeet Industries Limited**

**Place: Surat  
Dated: 30/05/2022**

**Sumeet Shankarlal Somani**  
Managing Director  
(DIN : 00318156)

**Abhishek Prasad**  
Chief Financial officer

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL ECONOMY

Global economy growth is estimated to have increased by 6.1% in 2021 despite worsening impact of supply chain issues and surge in pandemic due to new variants. Manufacturing and trade rebounded at a fast pace due to revival in demand and improved consumer and business sentiment. Robust recovery in 2021 was mainly driven by strong consumer spending and increase in investment. However, pandemic outbreaks led to supply chain disruptions which along with rapid recovery in demand resulted in increase in inflation globally. As such, central banks across the globe are pivoting towards policy tightening to rein in inflation and at the same time strike a balance so as to not threaten the ongoing economic recovery.

According to IMF, global growth is projected to decelerate to 3.6% in 2022 as the initial rebound in consumption and investment fades on the back of diminished fiscal support, ongoing geopolitical tension between Russia and Ukraine, inflationary pressure, and lingering supply bottlenecks. Supply chain disruptions along with higher commodity and energy prices could lead to elevated inflation for a longer period and could act as major headwinds to growth prospects. The US Federal Reserve has announced rate hikes this year to tame inflation and other policymakers across the globe face pressure to tighten policy rates. Nevertheless, global economy remains on track for strong but uneven growth due to variation in pandemic-induced disruptions and the extent of policy support.

### INDIAN ECONOMY

India's GDP is estimated at US\$ 3.1 trillion in 2021. India's economy has recovered significantly in 2021 with a growth of 8.9% in GDP compared to a decline of -6.6% in 2020 due to the pandemic. The economy gained momentum during the second quarter of the fiscal as the pandemic induced disruption eased significantly. Manufacturing activity picked up and trade growth rebounded strongly as states eased localised restrictions. Several high frequency indicators like E-way bills, rail freight, port traffic, GST collections and power consumption demonstrated a V-shaped recovery. However, consumption demand picked up at a slower pace due to pandemic's lingering impact on household incomes, spending capacity, and lending. The government announced significant increase in capital expenditure in the union budget to reinvigorate infrastructure development and revive the economy. This is expected to boost private investment and consumption.

According to IMF, the Indian economy is expected to grow by 8.2% in FY23 led by increased infrastructure expenditure and boost in manufacturing activity through Production-Linked Incentive (PLI) schemes and revival in overall demand. The recovery in economic activity is expected to gain strength as both manufacturing and services remain in expansion mode on the back of uptick in consumer and business confidence. Recovery in mobility indicators, robust goods and service tax (GST) collection, increased toll collections and e-way bill generations signal towards meaningful revival. Moreover, upbeat farm sector and increase in manufacturing activity bodes well for the economy. However, rising inflation on the back of supply bottlenecks and increasing fuel prices could act as dampener to growth. Sustained foreign direct investment, large foreign exchange reserves, and rising export earnings will help the Indian economy to sustain growth in the policy tightening phase. Moreover, the rapid vaccination drive across the country will ensure that the risk of future wave is minimised.

### OUTLOOK FOR 2023

According to CRISIL – the domestic rating agency, India's real GDP will grow by 7.3% in FY23, with risks tilted to the downside. At the end of FY22, risks to India's economic growth have shifted from Covid pandemic to geopolitics, elevated crude oil prices and interest rate hikes by the US Federal Reserve. CRISIL research has projected Brent crude oil prices at \$ 94-99 per barrel for FY23. If oil price stays higher than that in FY23 then it will create risks to India's growth, inflation and current account position. Global think-tanks and rating agencies too are projecting around 7-7.5% growth for India during FY23, with downside risks. Domestic growth in FY23 will primarily be supported by a continued vaccination drive and supportive favourable fiscal and monetary policies

### INDIAN TEXTILE INDUSTRY

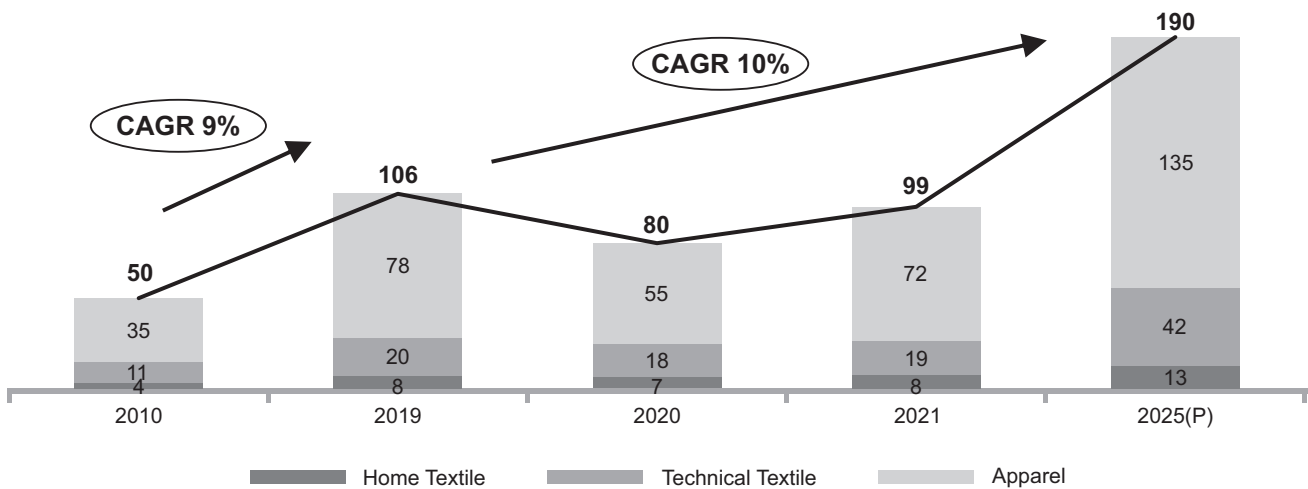
The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. India is the 6th largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry is one of the mainstays of the national economy. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports.

The overall size of India’s textile and apparel market is estimated to be around US\$ 140 bn in 2021. Indian domestic textile and apparel market is estimated to be US\$ 99 billion in 2021 which has recovered from a drop in 2020 due to the pandemic. The market is expected to continue with 10% growth post-pandemic and reach US\$ 57 billion by 2025. India exported textiles worth US\$ 26 billion and apparel worth US\$ 15 billion in 2021. The total production capacity of India is increasing owing to the setting up of new manufacturing units across the value chain. India is expected to continue on this growth trajectory and become a strong alternative to Chinese textile and apparel exports.

Textile industry has been steadily recovering post pandemic amid increased raw material prices and container shortages. Under Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 Crore. Moreover, Rs. 10,683 Crore Production-linked Incentive scheme is expected to be a major boost for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel and MMF fabrics.

**Graph : Indian Textile and Apparel Market ( US \$ billion)**

India's Domestic Textile & Apparel Market (US\$ Billion)



(Source : DGCIS & Wazir Analysis)

The government of India has also been very proactive in incentivizing and encouraging the textile industry to invest through key policy initiatives. The Union Cabinet also approved PM MITRA (Mega Integrated Textile Region and Apparel) parks scheme for the textile sector to set up seven integrated textile parks in the country, as announced in Union Budget for 2021-22. The parks will offer an opportunity to create an integrated textile value chain, right from spinning, weaving, processing/ dyeing and printing to garment manufacturing, at one location.

**Polyester Industry**

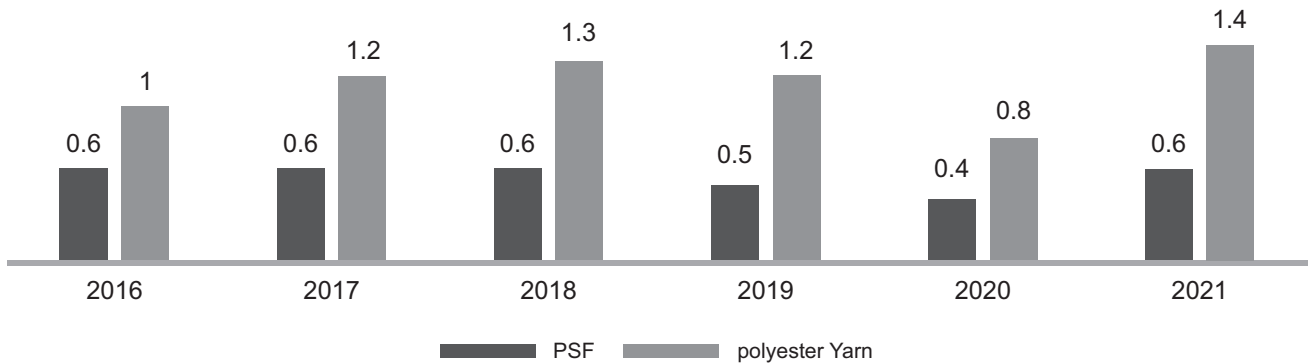
Man-Made Fibre (MMF) demand has been rising in recent years than cotton due to the increased consumption of nonwovens and technical textiles. Demand is also being driven by the rapid shift in fashion trends and increased brand consciousness. Apart from industry trends, government initiatives like the PLI Scheme and National Technical Textile Mission are supporting the textile industry quite significantly.

India is the second-largest producer of Polyester and Viscose globally. Polyester and Viscose, together account for around 94% of the domestic MMF (Man-Made Fibre) sector in terms of volume. Polyester makes up roughly 77.5% of the total, with Viscose accounting for the rest. MMF is generally used to make non-cotton and blended fabrics, which are then utilized in ready-to-wear clothing, home textiles, and other industrial textiles. MMF textile industry in India is self-reliant across the value chain right from raw materials to garments. It is poised to grow at 5-6% YoY. India produces almost all types of synthetic fibres, be it Polyester, Viscose, Nylon, or Acrylic. India stands 6th in exports of MMF textiles accounting for 16% of the share in the global MMF textile market. USA, Europe, UAE & Turkey are leading markets for India’s manmade textile exports.

Polyester is manufactured from crude oil derivatives and thus the rising oil prices due to global demand conditions and the Russia – Ukraine conflict has led to a rise in polyester prices as well. The growth in the volume of polyester

consumption is driven by growth in consumption of finished product categories like sportswear, technical textiles and women’s wear. India has a presence of complete polyester value chain in the country and therefore it must leverage its expertise and capture the growing demand for polyester-based textiles.

India’s Exports of Polyester (US\$ Billion)

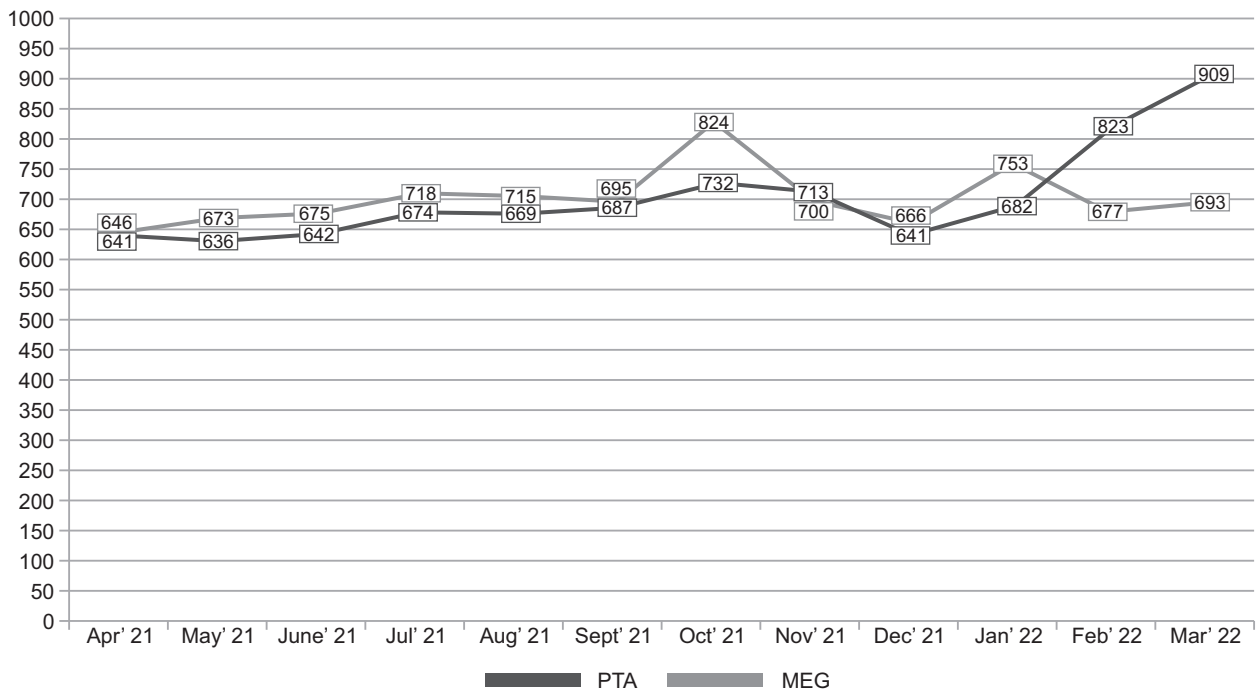


Source : DGCI&S

**RAW MATERIALS**

For the Company’s polyester yarn operations, PTA and MEG are the major raw materials that are required in the manufacturing of POY , FDY and other polyester yarns. Being, petrochemical products, prices of PTA and MEG are linked to naphtha prices and ethylene prices, respectively, which in turn fluctuate in line with fluctuations in the crude oil prices as can be seen from the Chart as below.

Price Movement of PTA & MEG



As can be seen from the chart as above, both PTA and MEG prices during the financial year 2021-22 were having upward trend in tandem with the price of crude oil (Brent). PTA prices moved from bottom of USD 646 per ton in April 2021 and showed a rising trend and reached peak of USD 909 per ton in March 2022. MEG prices also increased from bottom of USD 641 per ton in April 2021 to USD 693 per ton in March 2022.

Being a commodity product, the prices of finished goods like Draw Texturised Yarn (DTY) and Fully Drawn Yarn (FDY), POY etc. also move with the movement in raw material prices albeit with a lag on both sides.

## BUSINESS OVERVIEW

The pandemic induced shutdowns at the start of the fiscal year created an unprecedented business environment. The robust recovery in the operational performance was on account of your Company's steadfast commitment to its long-term strategies of customer orientation, sustainability, cost optimisation and R&D led product development. However, our approach is to stay close to our customers, understand their challenges,. The Company has accelerated its cost optimisation drive across the value chain to further improve its operational efficiency. The execution excellence initiatives pursued to optimise efficiencies, reduce cost and eliminate wastage has been adopted across functions and processes.

Sumeet Industries Limited has an integrated manufacturing facility at Karanj (Surat) from Melt to DTY. Our large product comprises of POY, FDY, Texturised Yarn, Micro Filament Yarn, Dope Dyed Yarn and Textile Grade chips (Pet Chips). The Company has accelerated its cost optimisation drive across the value chain to further improve its operational efficiency.

The company have re-submitted its Debt Restructuring Plan to our Lead Banker, Bank of Baroda along with Consortium Banks and the same is under review. Meanwhile, the Consortium Banks had allowed the company to open an Escrow account with Bank of Baroda, Lead Banker of the company with 4% Cut Back arrangement that will be paid on credit of funds in the Escrow account ( with BOB Bank ) of the company till the period Company's Debt restructuring Plan gets fully restructured and approved.

The company's manufacturing unit have a locational advantages being situated in the Surat area. Its location gives its proximity to both raw material suppliers as well as end users. The production capacity of the plant is as under:

Name of the product	Production capacity (TPA )
C.P. Plant	1,00,800
POY	52,500
FDY	45,500
Texturizing Yarn	5,400
Recycled Chips	2,700

## RESULTS REVIEW

Turnover : Sumeet Industries Limited has achieved a turnover (Standalone) of Rs. 893.50 Crore in the year 2021-22 as against Rs. 573.87 Crore during the previous year showing an impressive increase of 56% over previous year. Increase in sales was effected due to increase in over all demand both domestically and internationally after covid pandemic coupled with better realisation of prices of the products. During the year under review the company has produced 83168.078 (P.Y 70091.011) Tons of Pet Chips / Polyester and Texturized Yarn and dispatched 84201.469 (P.Y. 72947.937) Tons of Pet Chips / Polyester and Texturized yarns.

**Other Income :** Other income consisting receipt of Dividend, Discounts and Interest on Fixed Deposits & Others. Other income for the year 2021-22 is amounting of Rs. 2090.64 Lacs against Rs. 290.35 Lacs in the previous year. Other Income includes of Rs. 1627.38 Lacs gained to the company due to one time settlement (OTS) of outstanding loans with State Bank of India and TFCIL made by the company during the year under review.

**Consumption of Raw material :** Consumption of raw material was increased from Rs. 51034.97 Lacs to Rs. 80201.68 Lacs due to enhanced quantities of despatch in comparison to previous year. The prices of raw materials were also increased substantially in comparison to previous year.

**Employee Cost :** Employees cost were increased from Rs. 1877.60 Lacs to Rs. 2442.14 Lacs being new employees had been appointed after Covid pandemic and increments were given to present employees.

**Interest Cost :** Interest costs were increased from Rs. 316.85 Lacs to Rs. 2654.51 Lacs being consortium banks in their JLM had allowed the company to operate an escrow account with 4% cut back arrangement to be paid on receipt till the credit facilities of the company gets finally restructured by the Consortium Banks.

#### **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's internal control policies are in line with its size and nature of operations and they provide assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly following all applicable statutes, General Accepted Accounting Principles, Company's Code of Conduct and Corporate Policies

The Company uses Enterprise Resource Planning (ERP) supported by in-built controls that ensures reliable and timely financial reporting. Well-established & robust internal audit processes, both at the Corporate and the Business levels, continuously monitor the adequacy and effectiveness of the Internal Controls and status of compliance with operating systems, internal policies and regulatory requirements. All Internal Audit findings and financial and audit control systems are periodically reviewed by the Audit Committee of the Board of Directors which provides strategic guidance on Internal Controls. 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. The Company also has a robust & comprehensive framework of Control Self-Assessment which continuously verifies compliance with laid down policies & procedures and help plug control gaps.

#### **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, improving power factor optimizing process controls etc. resulting in energy savings.

#### **ENERGY COST**

The company has been sourced power through open access in the year under review which was comparatively cheaper than Gujarat Electricity Board's power. The company has also set up one 4.8 MW F.O. based captive Genset Power Plant to further reducing its power cost as power backup.

#### **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. Frequently changing fashions, rising populations, and increasing purchasing power continue to remain driving force for textile and apparel sector.

Imports from China reducing : Firstly, Global trade war between the US and China and then Corona had impacted textile imports from China to a great extent. Going forward, any shift in sourcing away from China, could provide a relative advantage to other low-cost nations like Vietnam, Bangladesh and India. The innovation in technology, soothing government regulations and highly rising E-commerce provides immense opportunities to textile manufacturers to increase their export income and garner higher share of market in global demand for textile and apparel sector.

Strategically positioned manufacturing Plant : Sumeet's Plant is located at Surat where 90% of sale of Polyester yarns is locally consumed.

Quality focussed and process driven : The Integrated Continuous polymerisation plant of the company allows it to maintain cost and market competitiveness.

Demand for imports are on rise : The US and the EU have been importing more finished textile products (such as home furnishings and carpets) as well as highly specialized technical textiles, rather than conventional yarns and fabrics for apparel production purposes.

### **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. The company seeks to ensure that the risks if undertakes are commensurate with returns. Successful risk management implies not avoidance of risk, but anticipation of the same, and formulation and implementation of relevant mitigation strategies.

Managing risk assists us in discovering, assessing, and controlling risk to the capital and earnings of our Company. Financial uncertainties, legal liabilities, technical challenges, strategic management failures, and accidents are all potential sources of risk. To address the complete range of risks that we face, we use a proper risk management methodology and structure.

#### **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.

The 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 staffs and through regular monitoring and supervision. All the employees of the company are also insured under Group Insurance Policy of 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, global trade slowdown etc. Over capacity in the POY and Chips industry can also affect margins. India is witnessing improving macroeconomic fundamentals—moderating inflation, stabilising currency and improving consumer demand.

#### **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.



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. The company also widened the value added product portfolio to address a broader client base.

Our product mix spread over six important Polyester products: Pet chips, POY, FDY, Dope Dyed, Micro Filament and Texturised Yarn. The company is continuing putting its thrust on re-engineering of its existing operations. With an expanded value based product portfolio, we now can address a broader client base.

Creating value for customers, meeting their ever-increasing expectations and responsibility towards the environment sets the foundation for the company to invest its resources to create new and enriched products , services and solutions, which not only provide enhanced benefits to the consumer but also reduce the negative impact on the environment.

**d) PRICE /COST 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 prices of raw material, mainly PTA and MEG which are by products of the crude oil. Falling of crude oil prices in the international market has affected the carrying cost of inventory. To mitigate the risk, the Company is now procuring imported raw material on spot basis or under short terms contracts instead of long term contracts, and is maintaining minimum inventory to reduce losses in the event of further fall in crude oil prices in the international market being the situation is uncertain. To lower the raw materials cost, renegotiation with vendors and alternative raw material procurement are done.

**e) TECHNOLOGY RISK**

Obsolescence of technology may affect the production process and technical support from original equipment manufacturers. The Company monitors such issues and makes investment in technology up-gradation on regular basis to ensure stability. This, in turn, helps the Company to stay at par with the global practices. The Company also does process re-engineering and improvisation to enhance efficiency and also helps in optimisation.

The company has restrained its position in the industry due to proactive planning, efficient use of resources, capitalising on emerging opportunity, striving on cutting edge technology and re-engineering of its existing operations by adding more value added and speciality products. The company has a strong technology back up helps in maintaining the quality.

**f) CURRENCY RISK**

The Company is subject to currency exposure risk given its significant size of exports and imports, thus as far as foreign currency payments are concerned, the company has a natural hedge. To protect against currency volatility , forward contract are purchased on a need and assessment basis.

Risk is an integral and unavoidable component of business, and given the Challenging and dynamic environment of the Company's operations, it is committed to proactively managing risk and accomplishing its goals. The Company has formulated a risk management policy and has in place a mechanism to update the Board Members about risk assessment. Some of the key business risks identified by the management include risks related to economic environment and market position, cost of production, legal and compliance with applicable laws, environment and sustainability, information technology and talent management.

Sumeet's Risk Management Framework is designed to avoid incidents and maximise business outcomes by enabling the management to:

- Understand the risk environment and assess the potential exposure.
- Manage overall potential exposure and determine risk mitigation strategies.
- Monitor the effectiveness of the risk management.
- Enhance controls and strict inventory management.
- Report across the management chain all the way up to the Board on a periodic basis.
- Offering value added products for better realizations and focussing on high margin yarns.

## **WASTE MANAGEMENT**

Reduction of waste has direct implications on cost optimisation. At the same time, waste management helps us derive significant value. We have identified several opportunities in our operations for minimising and managing waste.

We have adopted various methods and practices for solid and hazardous waste management. Solid waste like polymers are sold to authorized parties for re-use. Fibre waste are used as captive material through waste recycling plant set up by the company. The company has setup a state of art an ETP plant for treating polluted water of the plant. Hazardous wastes are handled through registered recyclers, who are authorized by the concerned Pollution Control Boards.

## **ENVIRONMENT, HEALTH AND SAFETY (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 noted in the year 2021-22.

Safeguarding the health and safety of our people is integral to our commitment to remain a responsible organisation. Contractors and contractual workers also come under the purview of the Company's health and safety endeavours. Personnel are trained with advanced safety and security standards to minimise hazards and ensure high performance. No fire or other incidence of such nature took place in the reporting year. 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.
- There is a well-defined Emergency management plan to tackle any major emergency inside and outside plant premises.
- First Aid training camps organized.
- State-of-the-art fire and safety installations to meet emergencies within the company, as well as nearby areas.
- Training and counselling 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.
- Toilets and drinking water facility, Sanitizers facility provided and they are being regularly inspected for cleanness.
- Proactive measures to increase usage of recycled water.
- To abide by all statutory compliance as per Factories Act, 1948.

## **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**

The Company has been able to attract a team of dedicated professionals with appropriate expertise and experience, leaders who are passionate, eager to learn and succeed.

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.

Various training programs, with internal and external experts are organized regularly for skill up-gradation. The sincere efforts of the employees have resulted in major administrative expense savings.

### **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 undergo a comprehensive induction program i.e. on-the-job training, up-skilling programmes, including safety at workplace, stress management, conflict management, and teambuilding activities. The employees underwent both functional/technical and behavioural training that would eventually result in improved productivity. 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. To increase team spirit inter department tournaments are organized and various festivals are celebrated in the company.

## **STATUTORY COMPLIANCE**

The Whole-time Directors and CFO makes a declaration in the Board Meetings from time to time regarding the compliance with the provisions of various statutes, after obtaining confirmation from all the units of the Company. The Company Secretary ensures compliance accordance to SEBI regulations and provisions of the Listing Agreement.

**CORPORATE SOCIAL SERVICE**

The company is committed to its corporate social responsibility and undertakes programs that are sustainable and relevant to local needs. The Company works for sustainable development by achieving excellence in its key functional areas including safety, business operations, process management, business results, climate change, carbon footprint reduction, energy and water management, medical aid, community development, customer promise and engagement, governance and compliance, human capital, and innovation under its CSR program.

The Company contributes to the development of its community near the plant at Karanj (Kim) Village as well as through employee volunteerism as a part of its Corporate Social Responsibility in the areas of education, training, health care and self-employment.

**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**

10th day of August 2022

## INDEPENDENT AUDITOR'S REPORT

**TO,  
THE MEMBERS  
SUMEET INDUSTRIES LIMITED**

### **1. Report on the Audit of Standalone Financial Statements**

#### **Qualified Opinion**

We have audited the accompanying standalone financial statements of **SUMEET INDUSTRIES LTD.** ("The Company") which comprises the Balance Sheet as on **31st March 2022**, the Statement of Profit and Loss, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2022**, and its **Profit** (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### **2. Basis for Qualified Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate except:

- The company has not created provision for interest on loan taken from bank and financial institutions for the year ending 31.03.2022 on Rs 62.42 Crore (Rs.438.84 – Rs.376.42) Crore being other than proposed continuing sustainable debt. The same will result in overstatement of profit.
- The company has not created provision for Interest amounting to Rs. 30,69,475/- on delayed payment of MSME dues resulting in overstatement of profit.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<u>Key Audit Matter</u>	<u>How our audit addressed the Key Audit Matter</u>
<p><b><u>Calculation of Interest paid to Bank</u></b></p> <p>The company has loan from various banks like Bank of Baroda, Union Bank of India, IDBI Bank, Central bank, BOB(e-Dena bank) which have been classified as Non Performing Assets</p> <p>In the meeting held on 19th February 2022 of Joint Lenders, it was proposed that on continuing sustainable debts of Rs. 376.42 Crore, interest to be charged as per the rate proposed in the meeting from 01.04.2021.</p> <p>The company has booked interest amount of Rs. 23 Crore in books of accounts shown under Finance cost on the basis of Interest rates proposed in that plan on continuing sustainable debts, However the plan has not been implemented yet.</p> <p>Considering the significance of the judgments used by the management and non implementation of the proposal we have considered this as Key Audit Matter.</p> <p><b><u>Investment in subsidiary company</u></b></p> <p>As at March 31, 2022, the company has investment of Rs. 22.73 Crore in the Equity shares of Sumeet Global PTE Ltd (company incorporated in Singapore) which is measured at Historical cost, (after considering the exchange rate fluctuations) as per IndAS 109.</p> <p>On the basis of certified financial statement of Sumeet Global PTE Ltd, it has been observed that company does not have any Asset in its balance sheet, moreover it has negative net worth of \$78,26,875 i.e Rs. 59.32 Crores. Therefore there is a doubt about recovery of the invested amount.</p> <p>Considering the above we have determined this as a Key Audit Matter.</p>	<p>We performed the following audit procedure</p> <ul style="list-style-type: none"> <li>• We checked the minutes of the meeting held by Joint Lenders and the proposal.</li> <li>• We checked the calculation accuracy of interest component as provided in the proposal and rates taken for interest expenditure in books.</li> <li>• We have evaluated the reasonableness of the decreasing the debts by balance amount of cutback deducted by bank.</li> </ul> <p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the certified copy of financials and Compliance report by the Public Accountants and chartered Accountants, Singapore) of Sumeet Global PTE Ltd.</li> <li>• Reviewed the disclosures made by the company and its subsidiary in the financial statement.</li> <li>• We have checked the amount of investment disclosed in the financial statement.</li> </ul>

**4. Information other than the Financial Statements and Auditor’s Report thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act, read with Rule 7 of companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors are also responsible for overseeing the Company's financial reporting process.

## 6. Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of the misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 7. Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies(Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in the paragraph 3 & 4 of the order, to the extent applicable.
- 2) As required by section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of written representations received from the directors as on **31st March, 2022** taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2022** from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**";
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration were provided to its directors during the current year.



- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note No. 1. II-(O) Contingent liabilities to the standalone financial statements.
  - (ii) Based on the assessment made by the company, there are no material foreseeable losses on its long-term contracts that may require any provisioning.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note No. 32 (vi) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
  - b) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 32 (vii) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
  - c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv)(a) and (iv)(b) contain any material mis-statement.
- v) The company has not paid/declared any dividend during the year and hence compliance of section 123 of the Act is not applicable.

**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER

**M. NO. : 055043**

**FIRM REG. NO. : 111032W**

**UDIN : 22055043AKXUKT6415**

**PLACE : SURAT**  
**DATE : 30.05.2022**

**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

**The Annexure referred to in our report to the members of SUMEET INDUSTRIES LIMITED for the year ended 31st March, 2022.**

On the basis of the information and explanation given to us during the course of our audit, we report that:

- i. (a) A. The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- B. The company has no intangible assets in their books of account. Hence Clause i(a)(B) of Companies (Auditor’s Report) Order, 2020 is not applicable.
- (b) According to the explanation and information provided by the management Property, Plant and Equipment have been physically verified by them at reasonable intervals. No material discrepancies were noticed on such verification by the management.
- (c) The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company.
- (d) The Company has not revalued its Property, Plant and Equipment during the year. Hence Clause (i)(d) of Companies (Auditor’s Report) Order, 2020 is not applicable.
- (e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions(Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, Accordingly, Clause (i)(e) of Companies (Auditor’s Report) Order, 2020 is not applicable.
- ii. (a) According to the explanation given by the management, Physical verification of inventory has been conducted at reasonable intervals by them and in our opinion, the coverage and procedure of such verification by the management is appropriate & no significant discrepancies were noticed in the physical verification report.
- (b) The company has not been sanctioned any working capital limit during any point of time of the year. Accordingly, Clause ii (b) of the order is not applicable thereto.
- iii. a) The company has provided loans & advances in the nature of loans to other parties and the details have been provided as follows :-

<b>Name of Bank</b>	<b>Guarantees</b>	<b>Security</b>	<b>Loans</b>	<b>Advances in the nature of loans</b>
Aggregate amount granted / provided during the year				
- Subsidiaries	-	-	-	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	16,23,629/-	-
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	-	-	-	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	12,86,569/-	-

- b) The terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.
- c) The schedule of repayment of principal and payment of interest has not been stipulated, as loans and advances are in the nature of loans repayable on demand.
- d) Since, all loan are repayable on demand, clause iii(d) is not applicable.
- e) There is no amount in the year under audit which is in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- f) No loans or advances are made to Promoters or Related parties, hence, reporting under clause iii (f) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Act, with respect to the loans granted, guarantees provided and investment made. The Company has not provided any security in connection with a loan to any other body corporate or person and accordingly, compliance under Sections 185 and 186 of the Act in respect of providing securities is not applicable to the Company.
- v. The Company has not accepted any deposits or any amount which are deemed to be deposits, during the year and does not have any unclaimed deposits as at March 31, 2022 as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under and therefore, Clause 3 (v) of the Companies (Auditor's Report) Order is not applicable.
- vi. According to the information and explanation given to us, the company is maintaining cost records under section 148(1) of the Act. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory due including provident fund, employees' state insurance, income tax, goods and service tax, sales tax, service tax, duty of custom duty, duty of excise, value added tax, cess, Goods and Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, sales tax, service tax, duty of custom, duty of excise, cess, and other material statutory due were in arrears as at 31/03/2022 for a period of more than six months from the date they became payable.

- b) According to the information and explanation given to us, there are no dues of goods and service tax, sales tax or wealth tax or service tax or duty of customs or value added tax or cess, which have not been deposited with the appropriate authorities on account of any dispute. However, based on the audit procedure and on the information and explanations given by the management, the following dues of Income Tax have not been deposited by the company on account of disputes:

Name of the Statute	Nature of the dues	Period to which the amount relates	Amount	Forum where dispute is pending
Income Tax Act	Income Tax Demand	A.Y. 2017-18	1,01,95,440/-	CIT Appeal, Surat-4

- viii. According to information and explanation given to us and on the basis of examination of records, there are no transactions which are not recorded in books of accounts and have been disclosed as income during the year as tax assessment under I.T Act, 1961.
- ix. (a) Based on the audit procedures and on the information and explanations given by the management, we are of the opinion, the company has defaulted in repayment of dues to financial institutions, banks etc. The detail of period and the amount of default as ascertained by the management is as follows: -

<b>Nature of borrowing including debt securities</b>	<b>Name of lender</b>	<b>Amount not paid on due date</b>	<b>Whether principal or interest</b>	<b>No. of days delay or unpaid</b>	<b>Remarks, if any</b>
Term Loan	BOB Term Loan [Texturising]	10,85,00,000.00	Principal	365	NPA declared by bank
Term Loan	Canara Bank Term Loan [Texturising]	40,44,678.00	Principal	365	NPA declared by bank
Term Loan	IDBI Corporate Loan	15,27,77,770.00	Principal	365	NPA declared by bank
Term Loan	Bremer Kredit Bank AG	58,93,66,299.00 67,60,414.00 [EURO]	Principal	365	Overdue Loan
Term Loan	ECB London Term Loan (BOB)	29,77,56,218.00 [39,28,571 USD]	Principal	365	Loan recalled by Bank
C/C	Bank of Baroda C/C A/c	1,74,77,96,050.47	Principal	365	NPA declared by bank
C/C	Bank of Baroda C/C A/c (e-Dena)	14,32,09,398.00	Principal	365	NPA declared by bank
C/C	Central Bank of India C/C A/c	22,60,86,277.31	Principal	365	NPA declared by bank
C/C	IDBI Bank C/C A/c	96,77,12,435.28	Principal	365	NPA declared by bank
C/C	Union Bank Of India C/C A/c	22,94,47,171.00	Principal	365	NPA declared by bank
Inland L/C	Canara Bank - Inland L/C A/c	15,90,95,959.26	Principal	365	NPA declared by bank

- (b) On the basis of the information or explanation provided by the management during the course of audit, the company is not a declared wilful defaulter by any bank or financial institution or other lender. Hence Clause ix (b) of the Companies (Auditor's Report) Order is not applicable.
- (c) On the basis of the information or explanation provided by the management during the course of audit, Term loans were applied for the purpose for which the loans were obtained; no amount of loan has been diverted for any other purpose. Hence Clause ix (c) of the Companies (Auditor's Report) Order is not applicable.

- (d) No funds has been raised on short term basis, Hence Clause ix (d) of the Companies (Auditor's Report) Order is not applicable.
  - (e) On the basis of the information or explanation provided by the management during the course of audit, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Hence Clause ix (e) of the Companies (Auditor's Report) Order is not applicable.
  - (f) On the basis of the information or explanation provided by the management during the course of audit, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence Clause ix (f) of the Companies (Auditor's Report) Order is not applicable.
- x. (a) On the basis of the information or explanation provided by the management during the course of audit, No money was raised by way of initial public offer or further public offer (including debt instruments) during the year. Hence Clause x (a) of the Companies (Auditor's Report) Order is not applicable.
  - (b) On the basis of the information or explanation provided by the management during the course of audit, The company has not made any preferential allotment or private placement of shares or convertible debentures during the year. Hence Clause x (b) of the Companies (Auditor's Report) Order is not applicable.
- xi. (a) On the basis of the information or explanation provided by the management during the course of audit, no material fraud by the company or any fraud on the Company by its officers/employees has been noticed or reported.
  - (b) During the course of performance of audit, on the basis of information produced before us by the management, we are in the opinion that no offence of fraud involving such amount or amounts as may be prescribed, is being or has been committed in the company by its officers or employees. Hence sub-section (12) of section 143 of the Companies Act is not applicable and therefore there is no requirement of reporting under clause 11(b) of Companies (Auditor's Report) Order, 2020.
  - (c) On the basis of the information or explanation provided by the management during the course of audit, there were no whistle-blower complaints during the year.
- xii. In our opinion, the company is not a nidhi company. Therefore, the provisions of clause (xii) of the Companies (Auditor's Report) Order, 2020 are not applicable to the company.
- xiii. According to the information and explanations given to us all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Financial Statements Statement at Note No. 1. II - (i) as required by the applicable Ind AS 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business;
  - (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Hence reporting under Clause 15 of Companies (Auditor's Report) Order, 2020 is not applicable.
- xvi. In our opinion and according to the information and explanations given to us by the management, the company is not required to be registered under Section 45 – IA of the Reserve Bank of India, 1934 and sub clause (b),(c),(d) of clause xvi is not applicable.

- xvii. According to the information and explanations given to us by the management, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has not been any resignation of the statutory auditors during the year. Hence Clause xviii of the Companies (Auditor's Report) Order is not applicable
- xix. As per our opinion there is no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and the auditor's knowledge of the Board of Directors and management plans.
- xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER

**M. NO. : 055043**

**FIRM REG. NO. : 111032W**

**UDIN : 22055043AKXUKT6415**

**PLACE : SURAT**  
**DATE : 30.05.2022**

**ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT OF  
SUMEET INDUSTRIES LTD.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")**

We have audited the internal financial controls over financial reporting of **SUMEET INDUSTRIES LTD.** ("**The Company**") as on **March 31, 2022** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **March 31, 2022** based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER

**M. NO. : 055043**

**FIRM REG. NO. : 111032W**

**UDIN : 22055043AKXUKT6415**

**PLACE : SURAT**

**DATE : 30.05.2022**



**BALANCE SHEET AS AT 31ST MARCH, 2022**

(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
<b>I. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>PROPERTY, PLANT &amp; EQUIPMENT AND INTANGIBLE ASSET</b>			
(a) Property, Plant and Equipment	2	21,152.47	24,179.35
(b) Capital Work in Progress		-	-
(c) Investment Property			
(d) Goodwill			
(e) Other Intangible Aseets			
(f) Intengible Aseets under Development			
(g) Financial Assets			
(i) Investments	3	2,285.89	2,213.99
(ii) Trade Receivables	4	-	-
(iii) Loans	5	1,498.46	1,692.03
(iv) Other Financial Assets	6	891.99	939.08
(h) Deferred Tax Assets			
(i) Other non current assets	7	-	-
<b>(2) Current Assets</b>			
(a) Inventories	8	15,561.41	16,337.56
(b) Financial Assets			
(i) Investments			
(ii) Trade Receivables	4	12,098.69	10,843.66
(iii) Cash and Cash Equivalents	9	30.63	83.36
(iv) loans			
(v) Other Financial Assets			
(b) Others Current Assets	7	8,873.48	8,861.08
<b>TOTAL ASSETS</b>		<b>62,393.01</b>	<b>65,150.11</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share Capital	10	10,364.24	10,364.24
Other Equity	11	-7,790.64	-8,207.32
Total Equity		<b>2,573.60</b>	<b>2,156.92</b>
<b>(2) Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	4,646.05	3,194.37
(ii) Trade Payable	13	-	-
(iii) Other Financial Liabilities	14	-	-
(b) Provisions			
(c) Deferred Tax liabilities (Net)	15	3,766.51	4,337.42
(d) Other non current liabilities	16	273.82	229.26

(Rs in lakhs except share and per share data, unless otherwise stated)

<b>Particulars</b>	<b>Note No.</b>	<b>31st March, 2022</b>	<b>31st March, 2021</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	<b>44,564.70</b>	50,100.67
(ii) Trade Payable Due to :	13		
Micro ,Small & Medium Enterprises		<b>878.53</b>	-
Other than Micro, Small & Medium Enterprises		<b>4,838.98</b>	4,370.75
(iii) Other Financial Liabilities	14	-	-
(b) Other Current Liabilities	16	<b>850.83</b>	760.72
(c) Provisions	17	-	-
<b>Total Liabilities</b>		<b>59,819.41</b>	62,993.19
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,393.01</b>	65,150.11

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS  
**CA. HARISHANKAR TOSNIWAL**  
PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors  
**Shankarlal Somani** - Chairman  
**Sumeet Kumar Somani** - Mg. Director  
**Anil Kumar Jain** - Company Secretary  
**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

## PROFIT & LOSS STATEMENT FOR YEAR ENDED ON 31ST MARCH, 2022

(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
I Revenue from Operations	18	<b>89,350.44</b>	57,386.63
II Other Incomes	19	<b>2,099.88</b>	290.35
III Share of profits/losses in a Partnership firm/AOP			
IV Share of profits/losses in a Limited Liability Partnership			
III Total Income (I + II)		<b>91,450.32</b>	57,676.98
IV <b>Expenses:</b>			
<u>Manufacturing Expenses</u>			
Cost of Materials Consumed	20	<b>80,201.68</b>	51,050.84
Purchases of Stock-in-Trade		-	98.07
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	<b>619.05</b>	419.29
<u>Administrative &amp; Selling Expenses</u>			
Employee Benefit Expenses	22	<b>2,442.14</b>	1,877.60
Finance Costs	23	<b>2,654.51</b>	316.85
Depreciation and Amortization Expense	2	<b>3,140.99</b>	3,579.77
Other Expenses	24	<b>2,658.25</b>	1,540.22
Total Expenses		<b>91,716.62</b>	58,882.64
V <b>Profit before Exceptional Items and Tax (III-IV)</b>		<b>(266.30)</b>	(1,205.65)
VI Exceptional Items		<b>(3.55)</b>	0.19
VII <b>Profit Before Tax</b>		<b>(269.85)</b>	(1,205.85)
VIII Tax Expense:			
(1) Current tax		-	-
(2) Income Tax of Earlier Year		-	-
(3) Deferred Tax		<b>(570.91)</b>	(498.31)
(4) MAT credit		-	-
		<b>(570.91)</b>	(498.31)
IX <b>Profit/ (Loss) for the period from Continuing Operations</b>		<b>301.06</b>	(707.54)
X <b>Profit/ (Loss) from discontinuing Operations</b>		-	-
XI Tax expense of discontinued operation		-	-
XII Profit/ (Loss) from discontinuing Operations (after tax)		-	-
XIII <b>Profit/ (Loss) for the period</b>		<b>301.06</b>	(707.54)
XIV Other Comprehensive Income :			
<b>(A) Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of defined benefit obligations		<b>28.05</b>	43.99
Less : Income tax relating to above item			
<b>Total</b>		<b>28.05</b>	43.99

(Rs in lacs except share and per share data, unless otherwise stated)

<b>Particulars</b>	<b>Note No.</b>	<b>31st March, 2022</b>	<b>31st March, 2021</b>
(b) Fair value of equity instruments through other comprehensive income		1.88	1.87
Less : Income tax relating to above item			
Total		1.88	1.87
<b>B (i) Items that will be reclassified to profit or loss</b>		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period		29.93	45.86
Earning per equity share (for continuing operation):			
(1) Basic		0.29	-
(2) Diluted		-	-

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER  
M. NO. : 055043  
FIRM REG. NO. : 111032W

PLACE : SURAT  
DATE : 30.05.2022

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

PLACE : SURAT  
DATE : 30.05.2022

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022**

(Rs. In Lakhs)

Particulars	F.Y. 2021-22		F.Y. 2020-21	
	Amount	Amount	Amount	Amount
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and Extraordinary Items	(239.92)		(1,159.99)	
Adjustment For:				
Add:				
Depreciation	3,140.99		3,579.77	
Fair Value on investment				
Foreign Exchange	-		56.44	
Loss on sale of Asset	3.55		0.19	
Interest on Income Tax				
Loss on sale of Investment	-		271.65	
Interest Paid	2,446.31		310.65	
Other Adjustment to reconcile profit	85.68			
	<u>5,676.53</u>		<u>4,218.69</u>	
Less:				
Fair Value on investment	-		1.87	
Interest Income	173.98		298.59	
Profit on sale of Asset	-			
Dividend Income	0.20		0.02	
	<u>174.17</u>		<u>300.48</u>	
		<u>5,502.35</u>		<u>3,918.21</u>
<b>Operating Profit before Working Capital Changes</b>				
Trade Receivables	(1,255.03)		(1,769.99)	
Other asset	34.69		619.05	
Inventories	776.15		673.65	
Trade Payables	1,346.76		(725.61)	
Other Financial Liability	-		395.96	
Other Liabilities	134.67		131.61	
Provision	-		-	
		<u>1,037.24</u>		<u>(675.33)</u>
Tax Paid		-		-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<u>6,299.67</u>		<u>2,082.89</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<u>Fixed Assets &amp; Work in Progress</u>				
Sale of Fixed Assets	4.20		0.40	
Purchase of Fixed Assets	(121.85)		(30.09)	
(Increase)/Decrease in Fixed Asset due to Ex. Difference			(136.53)	
Increase in Capital Work in progress	-		-	
<u>Investments</u>				
Purchase of Investments	(71.90)		(0.11)	
Sale of Investments			110.00	
Dividend received	0.20		0.02	
Interest Income	173.98		298.59	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<u>(15.37)</u>		<u>242.29</u>

(Rs. In Lakhs)

Particulars	F.Y. 2021-22		F.Y. 2020-21	
	Amount	Amount	Amount	Amount
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Equity Share Capital raised	-	-	-	-
Security premium received	-	-	-	-
Increase / Decrease in Borrowings	<b>(4,084.30)</b>		(1,803.89)	
Increase / Decrease in Loans & Advances	<b>193.57</b>		(178.74)	
Interest Paid	<b>(2,446.31)</b>		(310.65)	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		<b><u>(6,337.03)</u></b>		<b><u>(2,293.28)</u></b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b><u>(52.73)</u></b>		<b><u>31.90</u></b>
<b>(D) Opening Cash and Cash equivalents</b>		<b>83.36</b>		<b>51.46</b>
<b>(E) Closing Cash and Cash equivalents</b>		<b><u>30.63</u></b>		<b><u>83.36</u></b>
		<b><u>(52.73)</u></b>		<b><u>31.90</u></b>

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note 1: Company Overview and Notes to the Standalone financial statements****I) CORPORATE INFORMATION:**

SUMEET INDUSTRIES LTD. is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956; now referred as Companies Act, 2013. The address of its registered office is SUMEET INDUSTRIES LIMITED, 504, Trividh Chamber, Opp. Fire Station, Ring Road, Surat 395002, Gujarat, India. The Company has its primary listings on the Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE) of India Limited.

The Company is engaged in the business of manufacturing and exporting Polyester Yarn (POY and FDY), Polyester Chips and Texturizing Yarn. The company caters to both domestic and international markets.

**II) SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied by The Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements.

**(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:****(i) Compliance with Ind AS**

The standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the provisions of the Companies Act, 2013 ("the Companies Act") as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI").

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(ii) Historical cost convention**

These financial statements have been prepared on a historical cost convention basis, except for the following material items which have been measured at fair value as required by relevant Ind AS;

- The defined benefit asset (liability) is as the present value of defined benefit obligation less fair value of plan assets and
- Financial instruments classified as fair value through other comprehensive income.

**(iii) Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

**All other liabilities are classified as non-current.**

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months. However, for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as normal operating cycle.

**(iv) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III except number of shares and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

**(v) Use of estimates and judgment**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in financial statements are included in the following notes:

- Useful lives of Property, plant and equipment
- Measurement of defined benefit obligations
- Provision for inventories
- Measurement and likelihood of occurrence of provisions and contingencies
- Deferred taxes

**(B) Inventories: [Ind AS 2]**

**Inventories are assets :**

- Held for sale in the ordinary course of business
- In the process of production for such sale
- In the form of materials or supplies to be consumed in the production process or in the rendering of services.



**Measurement of Inventory**

Inventories consist of raw materials, stores & spares, work-in-progress, finished goods, Stock-in-trade are stated 'at lower of cost and net realizable value' except for raw materials which is valued at cost.

**Cost of Inventories**

Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae/ method for valuation used is 'Weighted Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

**Net Realisable Value**

Net realisable value (NRV) is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimate of net realisable value must be based on the most reliable evidence available and take into account fluctuations of price or cost after the end of the period, if this is evidence of conditions existing at the end of the period.

The Cost and net realisable value has been compared for each separately identifiable item of inventory, or group of similar inventories, rather than for inventory in total.

**(C) Cash flow statement [Ind AS 7]**

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**(D) Property, Plant and Equipment (PPE): [Ind AS 16]****Recognition and Measurement**

Items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

The historical cost of Property, plant and equipment comprises of its

- purchase price including import duties and non refundable purchase taxes,
- borrowing costs directly attributable to the qualifying asset in accordance with accounting policy on borrowing cost,
- the cost of dismantling, removing the item and restoring the site on which it is located and
- adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

**Subsequent Expenditure**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Standalone Statement of Profit and Loss during the reporting period in which they are incurred.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in progress'. The Company identifies and determines cost of each component of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.

Machinery spares which meets the criteria of PPE is capitalised and depreciated over the useful life of the respective asset.

**Depreciation methods, estimated useful lives and residual values**

Depreciation is provided on written down value method based on the respective estimate of useful lives.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Management believes that useful lives of assets are same as those prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows

<b>Asset Class</b>	<b>Useful Life</b>
Building	30 years
Road Development	10 Years
Plant & Machinery	15 Years
Furniture, Fixture	10 Years
Computers	3 Years
Office Equipment's	5 Years
Vehicle	10 Years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Standalone Statement of Profit and Loss. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

**(E) Income Taxes (Ind AS 12)**

Tax expenses for the period, comprising current and deferred income tax. Income tax expense is recognized in net profit in the Standalone Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions in accordance with the provisions of the Income Tax Act, 1961.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognized based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax expense/(credit) recognized in the Standalone Statement of Profit and Loss for the year ended 31.03.2022:

Sr.No.	Description	Amount (In ₹)	Amount (In ₹)
1	Difference in closing Balance of Depreciations Depreciation as Per Companies Act Depreciation as per Income Tax Act	31,40,98,533 (14,30,84,720) <u>17,10,13,813</u>	
	Deferred Tax Assets/(Liability) at 33.384%		5,70,91,251

Sr.No.	Particulars	Amount (In ₹)
1	Opening Balance of DTA / (DTL)	(43,37,41,404)
2	Deferred Tax Assets / (Liabilities) of the period	5,70,91,251
3	Closing Balance of DTA / (DTL)	(37,66,50,153)

**(F) Revenue from Contracts with Customers: [Ind AS 115]**

- Revenue from contract with customer is recognized when control of Goods or services are transferred to the buyer as per the terms of the contract; the entity retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.
- Export sales are accounted when the goods have left the premises or when the goods are received by the customers and incoterms are fulfilled at the exchange rate prevailing on the date of invoice. These are net of commission and do not include freight wherever applicable as per the terms of the sales contract.
- Dividend income is recognized when the right to receive the dividend is established by the reporting date, which is generally when shareholders approves the dividend.
- Interest income is recognized using the effective interest method (EIR) and accounted on accrual basis. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

**(G) Employee Benefits: [Ind AS 19]**

**Short-term employee benefits**

These are liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related employee service. The undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) or else recognised as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**Post-employment obligations**

The Company operates the following post employment schemes:

- (a) defined benefit plans such as gratuity and pension; and
- (b) defined contribution plans such as provident fund etc.

**(a) Defined Benefit Plans**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**(b) Defined Contribution Plans**

Contributions to defined contribution schemes such as employees' state insurance, provident fund, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Company is a member of recognized Provident Fund scheme established under the Provident Fund & Miscellaneous Act, 1952 by the Government of India. The contribution paid or payable under the scheme is recognized during the period under which the employee renders the related services. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions; and actuarial risk and investment risk falls on the employee.

**Other Employee Benefits**

Other employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided.

**Defined Benefit Plan - Gratuity**

The Company has a defined benefit gratuity plan in India (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees. Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity.

The Company's obligation in respect of the gratuity plan is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in other comprehensive income, net of taxes. Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

**Amount for the year ended March 31, 2022 and March 31, 2021 recognized in the Standalone Statement of Profit and loss under employee benefit expense:**

	Year ended	
	March 31, 2022 (Amt in Rs.)	March 31, 2021 (Amt in Rs.)
Current service cost	43,55,843.00	39,94,771.00
Net interest on net defined benefit liability/(asset)	15,59,537.00	15,70,785.00
<b>Net gratuity cost/(benefit)</b>	<b>59,15,380.00</b>	<b>55,65,496.00</b>

**Amount for the year ended March 31, 2022 and March 31, 2021 recognized in the statement of Other Comprehensive Income:**

Re-measurements of the net defined benefit liability / (asset)	Year ended	
	March 31, 2022 (Amt in Rs.)	March 31, 2021 (Amt in Rs.)
Actuarial (gains) / losses - Net of taxes	(28,05,049.00)	(43,99,206.00)
	(28,05,049.00)	(43,99,206.00)

The principal assumptions used for the purpose of actuarial valuation are as follows:

	Year ended	
	March 31, 2022	March 31, 2021
Discount rate	7.25%	6.82%
Expected return on plan assets	N.A	N.A
Expected rate of salary increase	8.00%	8.00%
Rate of employee turnover		
For service 4 years and below	12.00%	12.00%
For service 5 years and above	3.00%	3.00%
Mortality rate during employment	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2006-08) (Ultimate)
Mortality rate after employment	N.A	N.A

Change in present value of defined benefit obligation is summarized below:

(Amt in Rs.)

	Year ended	
	March 31, 2022	March 31, 2021
<b>Present value of Defined Benefit Obligation at the beginning of the period</b>	<b>2,28,67,105.00</b>	2,29,64,690.00
Current service cost	43,55,843.00	39,94,771.00
Past service cost	27,78,612.00	-
Interest cost	15,59,537.00	15,70,785.00
Liability transferred In/Acquisitions	-	-
(Liability transferred Out/Divestments)	-	-
(Gains)/Losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefits paid directly by the employer)	-13,84,555.00	-12,63,875.00
(Benefits paid from the fund)	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial loss/(gain) arising from financial assumptions	(15,02,974.00)	60,069.00
Actuarial loss/(gain) arising from demographic assumptions	13,908.00	-
Actuarial loss/(gain) arising from experience assumptions	(13,15,983.00)	-44,59,275.00
<b>Present value of Defined Benefit Obligation at the end of the period</b>	<b>2,73,71,493.00</b>	2,28,67,105.00

Amount Recognized in the Balance Sheet:

(Amt in Rs.)

	As At	
	March 31, 2022	March 31, 2021
(Present Value of Benefit Obligation at the end of the Period)	-2,73,71,493.00	-2,28,67,105.00
Fair Value of Plan Assets at the end of the Period		
Funded Status (Surplus/ (Deficit))	-2,73,71,493.00	-2,28,67,105.00
Net (Liability)/Asset Recognized in the Balance Sheet	-2,73,71,493.00	-2,28,67,105.00

**Maturity Analysis of the Benefit Payments: From the Employer**

Projected Benefits Payable in Future Years from the Date of Reporting	As At	
	March 31, 2022 (Amt in ₹)	March 31, 2021 (Amt in ₹)
1st Following Year	12,77,303.00	6,42,140.00
2nd Following Year	9,71,874.00	9,79,161.00
3rd Following Year	10,77,977.00	10,08,400.00
4th Following Year	17,74,329.00	7,65,343.00
5th Following Year	16,52,077.00	15,65,809.00
Sum of Years 6 To 10	84,03,020.00	63,07,721.00
Sum of Years 11 and above	6,89,93,654.00	5,86,05,059.00

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

**Sensitivity Analysis**

	As At	
	March 31, 2022 (Amt in ₹)	March 31, 2021 (Amt in ₹)
Projected Benefit Obligation on Current Assumptions	2,73,71,493.00	2,28,67,105.00
Delta Effect of +1% Change in Rate of Discounting	-30,63,254.00	-27,35,041.00
Delta Effect of -1% Change in Rate of Discounting	36,95,473.00	33,30,682.00
Delta Effect of +1% Change in Rate of Salary Increase	36,30,359.00	32,57,257.00
Delta Effect of -1% Change in Rate of Salary Increase	-30,69,777.00	-27,30,869.00
Delta Effect of +1% Change in Rate of Employee Turnover	-3,01,703.00	-4,18,511.00
Delta Effect of -1% Change in Rate of Employee Turnover	3,40,209.00	4,75,693.00

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Risks associated with defined benefit plan****Gratuity is a defined benefit plan and company is exposed to the Following Risks:**

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in salary of the members more than assumed level will increase the plan's liability.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Company has to manage pay-out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**(H) Foreign Currency: [Ind AS 21]**

**Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR), which is the company's functional and presentation currency.

**Foreign currency transactions**

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Realised gains and losses on settlement of foreign currency transactions are recognised in the Standalone Statement of Profit and Loss.
- Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Standalone Statement of Profit and Loss.
- Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- Exchange difference arising on settlement of monetary items or reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

**(I) Related parties [Ind AS 24]**

As per Ind AS-24 issued by the Institute of chartered Accountants of India, the company's related parties are disclosed below:

**i. Enterprises where control exists:**

Sumeet Global PTE Ltd. – 100% Owned subsidiary

**ii. Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year**

- Somani Overseas Pvt Ltd. - Director's Son is Director
- Betex India Ltd. - Director's Brother is Director
- Durga Transport Company - Director's Son-in-law is Proprietor

**iii. Key Management Personnel (KMP):**

**a) Executive Director**

- Shankarlal Somani
- Sumeet Somani

**b) Non-Executive Director**

- Zeel Suresh Kumar Modi
- Manoj Kumar Jain
- Vikashkumar Kamalsingh Chandaliya
- Saurav Santosh Duggar

**c) Company Secretary**

- Anil Kumar Jain

**d) Chief Financial Officer**

- Abhishek Prasad

**iv. Relatives of Key Management Personnel**

- Ganga Devi Somani

**v. Other related parties - NIL**

Sr. No.	Name of Party	Relationship	Nature of Transaction	Amount	Balance	
					Due To	Due From
1	Somani Overseas Pvt. Ltd	Director's Son is Director	Loan Taken	14,52,33,128/-	14,55,62,617/-	-
			Loan Repaid	1,21,37,550/-		
			Interest Paid	1,38,52,266/-		
			Financial Transaction	16,340/-		
			Purchase of Stores & Spares	1,80,24,319/-		
2	Betex India Ltd.	Director's Brother is Director	Loan Recovered	36,07,018/-	-	-
			Interest Received	3,04,633/-	-	-
3	Sumit Global PTE Ltd.	Fully Owned Subsidiary Company	Financial Transaction	4,17,375/-	7,38,40,974/-	-
			PTA Purchase	-	57,84,820/-	-
			Sales for Texturising (Polyester)	-	-	4,46,09,494/-
4	Shankarlal Somani	Chairman	Loan Repaid - (Entry through Income Tax Seize Ac.)	3,95,440/-	1,47,36,689/-	-
5	Zeel Sureshkumar Modi	Non-Executive Director	Director Sitting Fees	1,20,000/-	27,000/-	-
6	Ganga Devi Somani	Chairman's Wife	Loan Taken	-	16,13,220/-	-
			Director Sitting Fees	-	5,61,000/-	-
7	Manoj Kumar Jain	Non-executive Director	Director Sitting Fees	1,50,000/-	54,000/-	-
8	Vikashkumar Kamalsingh Chandaliya	Non-executive Director	Director Sitting Fees	1,50,000/-	73,920/-	-
9	Saurav Santosh Duggar	Non-executive Director	Director Sitting Fees	1,80,000/-	81,000/-	-
10	Anil Kumar Jain	Company Secretary	Salary	16,33,424/-	1,33,088/-	-
11	Abhishek Prasad	Chief Financial Officer	Salary	7,81,991/-	58,864/-	-
12	Durga Transport Company	Director's Son-in-law is Proprietor	Carriage Outward & Shipment Charges	6,00,000/-	1,01,35,579/-	-
			Transportation Charges	4,40,32,083/-		

Transactions with related parties are entered on arm's length price. The Purchases are inclusive of GST amount.

**(J) Financial instruments: [Ind AS 109]**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets:**
**Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.



The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

#### **Initial recognition and measurement**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

#### **Subsequent measurement**

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

#### **Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets are included in other income using the effective interest rate method.

#### **Fair Value Through Other Comprehensive Income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

#### **Fair Value Through Profit and Loss (FVTPL):**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

#### **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Standalone Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Standalone Statement of Profit and Loss.

**Debt instruments**

Debt instruments are subsequently measured at amortized cost on the basis of :

- (i) the entity's business model for managing the financial assets and
- (ii) the contractual cash flow characteristics of the financial asset.

**De-recognition**

A financial asset shall be derecognized only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers the financial asset and the transfer qualifies for derecognition.
- (c) On de-recognition of a financial asset, the difference between:
  - a. the carrying amount (measured at date of derecognition); and
  - b. the consideration received

shall be recognized in Statement of Profit and Loss.

**Note:** On de recognition of Investments the cumulative balance of OCI account related to those investments is been transferred to general reserve.

**Financial Liabilities:****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate., in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Preference Shares being redeemable at fixed date and having right of cumulative dividend are considered as financial liability.

**Subsequent measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit and loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of Profit and Loss.

**De-recognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(K) Earnings Per Share: [Ind AS 33]**

Basic and Diluted earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the board of directors.

**Calculation of EPS as appearing in Standalone Statement of Profit and Loss Account:**

Sr. No.	Particulars	Current Period	Previous Year
(i)	Net profit/(loss) as per Profit & Loss A/c* (Rs. In Lakhs)	301.06	-707.54
(ii)	Net Profit/(loss) adjusted from reserves	-	-
(iii)	Net Profit Attributable to ordinary Shareholders[(i)+(ii)]	301.06	-707.54
(iv)	Weighted average number of shares for Basic Earnings per share	10,36,42,389	10,36,42,389
(v)	Weighted average number of shares for Diluted Earnings per share	10,36,42,389	10,36,42,389
(vi)	Nominal value per share	10	10
(vii)	Basic earnings per share (₹)	0.29	-
(viii)	Diluted earnings per share (₹)	-	-

\*The fair value of cash and cash equivalents, trade receivables, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt and investment in fixed deposit have been contracted at market rates of interest. Accordingly, the carrying value of such instruments approximates their fair value.

**(L) Segment reporting: [Ind AS 108]**

Ind AS 108 establishes standards for the way public business enterprises report information about operating segments and related disclosures about product, services, geographic areas, and major customers.

**Operating segment**

Operating segments are defined as components of a company for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The operations of the company are limited to one segment viz. Yarn manufacturing.

**Geographical revenue is allocated based on the location of the customer. Information regarding geographical revenue is as follows:**

(₹ In Lakhs)

Sr. No.	Particulars	31-03-2022	31-03-2021
(i)	India	84777.49	55834.22/-
(ii)	Rest of the world	4488.90	1552.41/-

**Significant Clients**

Following customers represented 10% or more of the Company's total revenue during the year ended March 31, 2022 and March 31, 2021. (₹ In Lakhs)

Sr. No.	Particulars	31-03-2022	31-03-2021
(i)	Eagle Fashions Pvt Ltd	<b>12,004.57</b>	-
(ii)	Ginni Tradelinks Pvt. Ltd.	<b>20,601.85</b>	9915.09
(iii)	Eagle Fibers Limited	<b>18,164.42</b>	8756.57
(iv)	Pallas Fincap Privat Limited	<b>14,710.56</b>	10660.70
(v)	Aadhudev Polytex Private Limited	<b>20,559.34</b>	12150.23

**(M) Fair value measurement [Ind AS 113]**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) prices in active market for identical assets or liabilities. Investments in Quoted Shares are valued as per quoted price in active market.
- Level 2 – (Inputs other than quoted prices included in Level 1) Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

**(N) Cash and cash equivalents:**

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes Cash on hand, balance with banks and demand deposits with banks and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**(O) Provisions and Contingent Liabilities: [Ind AS 37]**

A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**Contingent Liabilities:**

- a) The Company has given corporate guarantee to Bank of Baroda, Singapore for term loan given to Sumeet Global PTE Limited and the present outstanding is Rs. 57.41 Crores (\$78,10,016.82)

- b) A show cause notice had been issued on the company by SEBI on 28.08.2018 under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication Officer) Rule 1995 and the reply to the same was filed and the adjudicating proceedings are not closed till date. However, the amount of the obligation is not practicable to be measured hence any estimate of its financial effect is not disclosed in the financial statements as per IndAS 37.
- c) Income Tax Assessment for A.Y. 2017-18 is pending with CIT (Appeals), Surat. Total amount of demand involved in all these cases is as follows subject to final order and rectification:

(Rs. in lakhs)

Sr. No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
(I)	Contingent Liabilities		
	Claims against the company/disputed liabilities not acknowledged as debts		
	(i) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2012-13 pending in CIT Appeal	NIL	595.59
	(ii) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2014-15 pending in CIT Appeal	NIL	11.14
	(iii) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2015-16 pending in CIT Appeal	NIL	9.73
	(iv) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2016-17 pending in CIT Appeal	NIL	36.40
	(v) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2017-18 pending in CIT Appeal	101.95	123.41

- d) The Company has filed appeal with CIT Appeals for the above mentioned Income Tax demands for AY 2017-18 which are still pending in the appeals.
- e) Pending outcome of the aforementioned appeals and based on the decision of the appellate authorities and the interpretations of other relevant provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- f) A sum of Rs.1,61,052/- has been paid against the demand raised by GST Department during FY 2020-21 against which an appeal has been filed before the Appellate Authority. The same amount has been shown under Other current Assets for the GST Penalty paid against appeal filed.

**NOTE # 2**  
**Property, plant and equipment**

Particulars	Land	Building	Road Development	Plant & Machinery	Plant & Machinery (Foreign Exchange)	Furniture & Fixture	Vehicle	Total
<b>Deemed cost as at April 01, 2020</b>	50.23	2,802.37	120.53	54,311.50	558.84	239.36	322.45	58,405.28
Additions from 01.04.19 to 31st march 2021	-	-	-	9.50	136.52	11.94	8.65	166.61
Disposal/Adjustment	-	-	-	-	-	-	4.35	4.35
<b>Closing gross carrying amount as at March 31, 2021</b>	<b>50.23</b>	<b>2,802.37</b>	<b>120.53</b>	<b>54,321.00</b>	<b>695.36</b>	<b>251.29</b>	<b>326.75</b>	<b>58,567.53</b>
<b>Accumulated amortization and impairment :</b>								
<b>Opening Accumulated Depreciation</b>	-	1,806.87	58.47	28,452.61	-	190.55	303.67	30,812.17
Depreciation/Amortization charge during the year	-	89.20	16.07	3,464.59	-	6.85	3.06	3,579.77
Disposal/Adjustment	-	-	-	-	-	-	3.76	3.76
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,896.07</b>	<b>74.54</b>	<b>31,917.20</b>	<b>-</b>	<b>197.41</b>	<b>302.97</b>	<b>34,388.18</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>50.23</b>	<b>906.30</b>	<b>45.99</b>	<b>22,403.80</b>	<b>695.36</b>	<b>53.90</b>	<b>23.78</b>	<b>24,179.36</b>
<b>Opening Gross Carrying Amount</b>	50.23	2,802.37	120.53	54,321.00	695.36	251.29	326.75	58,567.53
Additions	-	29.91	-	83.19	-	8.22	0.53	121.85
Disposal/Adjustment	-	-	-	-	-	-	86.68	86.68
<b>Closing gross carrying amount as at March 31, 2022</b>	<b>50.23</b>	<b>2,832.28</b>	<b>120.53</b>	<b>54,404.19</b>	<b>695.36</b>	<b>259.52</b>	<b>240.59</b>	<b>58,602.70</b>
<b>Accumulated amortization and impairment :</b>								
<b>Opening Accumulated Depreciation</b>	-	1,896.07	74.54	31,917.20	-	197.41	302.97	34,388.18
Depreciation /Amortization charge during the year	-	82.77	11.91	3,034.75	-	7.55	4.00	3,140.99
Disposal/Adjustment	-	-	-	-	-	-	78.93	78.93
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,978.84</b>	<b>86.44</b>	<b>34,951.95</b>	<b>-</b>	<b>204.95</b>	<b>228.04</b>	<b>37,450.23</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>50.23</b>	<b>853.44</b>	<b>34.08</b>	<b>19,452.24</b>	<b>695.36</b>	<b>54.58</b>	<b>12.55</b>	<b>21,152.47</b>

**NOTE # 2**

Property, plant and equipment

F.Y. 2021-22

Schedules to and forming part of Accounts

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2021	Addition	Deletion	As At 31.03.2022	As At 01.04.2021	For the Year	Adjustment	As At 31.03.2022	As At 31.03.2022	As At 31.03.2021
1	Land	50,23,285	-	-	50,23,285	-	-	-	-	50,23,285	50,23,285
2	Building	28,02,36,996	29,91,106	-	28,32,28,102	18,96,07,100	82,77,393	-	19,78,84,493	8,53,43,609	9,06,29,896
3	Road Development	1,20,52,771	-	-	1,20,52,771	74,53,729	11,90,692	-	86,44,421	34,08,350	45,99,042
4	Plant & Machinery	5,43,21,00,018	83,18,819	-	5,44,04,18,837	3,19,17,19,903	30,34,75,268	-	3,49,51,95,171	1,94,52,23,666	2,24,03,80,115
5	Plant & Machinery (Foreign Exchange)	6,95,36,029	-	-	6,95,36,029	-	-	-	-	6,95,36,029	6,95,36,029
6	Furniture, Fixture & Equipments	2,51,29,420	8,22,492	-	2,59,51,912	1,97,40,520	7,54,805	-	2,04,95,325	54,56,587	53,88,900
7	Vehicle	3,26,74,925	52,773	86,68,311	2,40,59,387	3,02,96,772	4,00,375	78,93,121	2,28,04,026	12,55,361	23,78,153
	<b>TOTAL</b>	<b>5,85,67,53,444</b>	<b>1,21,85,190</b>	<b>86,68,311</b>	<b>5,86,02,70,323</b>	<b>3,43,88,18,024</b>	<b>31,40,98,533</b>	<b>78,93,121</b>	<b>3,74,50,23,437</b>	<b>2,11,52,46,886</b>	<b>2,41,79,35,420</b>
	<b>Grand Total</b>	<b>5,85,67,53,444</b>	<b>1,21,85,190</b>	<b>86,68,311</b>	<b>5,86,02,70,323</b>	<b>3,43,88,18,024</b>	<b>31,40,98,533</b>	<b>78,93,121</b>	<b>3,74,50,23,437</b>	<b>2,11,52,46,886</b>	<b>2,41,79,35,420</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH, 2022**

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 3</b>		
<b>Investments</b>		
Financial instruments at FVTPL		
Equity instruments [Note 3.1]	5.49	3.61
Mutual Funds [Note 3.2]	6.63	5.24
	<u>12.12</u>	<u>8.85</u>
Investment in Subsidiaries (Note 3.3)	2,273.78	2,205.14
<b>Total</b>	<u><u>2,285.89</u></u>	<u><u>2,213.99</u></u>
Non-current	2,285.89	2,213.99
Current	-	-
<b>Aggregate amount of quoted investments (FMV)</b>		
Non-current	11.52	8.25
Current	-	-
<b>Aggregate amount of unquoted investments (FMV)</b>		
Non-current	2,274.38	2,205.74
Current	-	-
<b>3.1 Details of investments in equity instruments:</b>		
Quoted:		
Stampede Capital Ltd.	1.70	0.99
Tata Steel Ltd.	2.93	1.82
M/s. Questfin Ltd.	0.09	0.04
Zylog Systems Ltd.	0.17	0.17
	<u>4.89</u>	<u>3.01</u>
Unquoted:		
Inherent Computers Pvt Ltd	0.60	0.60
	<u>0.60</u>	<u>0.60</u>
<b>Total</b>	<u><u>5.49</u></u>	<u><u>3.61</u></u>
<b>3.2 Investment in Mutual funds - Quoted</b>		
" India First Life Insurance Co Ltd. MF (23,337.227 units @ 27.39 each)"	6.39	5.00
Baroda Treasury Advantage Fund	0.24	0.24
<b>Total</b>	<u><u>6.63</u></u>	<u><u>5.24</u></u>

Investment in India First Life Insurance Co. Ltd. has been shown at fair value as on 31.03.2022. and the difference between cost and fair value has been classified via Fair value through Profit and loss(FVTPL) as Gain on fair value of investment

**3.3 Investment in Subsidiaries - Unquoted**

Sumeet Global Pte. Ltd. (Wholly owned subsidiary) 2,273.78 2,205.14

Investment in Sumeet Global Pte. Ltd. has been taken at carrying amount.



**NOTE 4**  
**Trade Receivables as at 31/03/22**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	11652.59	0	446.09	0	0	12098.68
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(iii)	Undisputed Trade Receivables – credit impaired	0	0	0	0	0	0
(iv)	Disputed Trade Receivables– considered good	0	0	0	0	0	0
(v)	Disputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(vi)	Disputed Trade Receivables – credit impaired	0	0	0	0	0	0

**Trade Receivables as at 31/03/21**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	8921.85	0	1921.81	0	0	10843.66
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(iii)	Undisputed Trade Receivables – credit impaired	0	0	0	0	0	0
(iv)	Disputed Trade Receivables– considered good	0	0	0	0	0	0
(v)	Disputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(vi)	Disputed Trade Receivables – credit impaired	0	0	0	0	0	0

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 4</b>		
<b>Trade Receivables</b>		
Unsecured		
<b>Related Parties</b>		
Considered Good	446.09	432.63
Doubtful	-	-
<b>Others</b>		
Considered Good	11,652.59	10,411.03
Doubtful	-	-
<b>Less : Allowance for expected credit loss</b>	-	-
<b>Total</b>	<b>12,098.69</b>	<b>10,843.66</b>
Non - current		
	-	-
Current		
	12,098.69	10,843.66
Trade receivables are classified as current on the basis of normal operating cycle of twelve months		
<b>NOTE # 5</b>		
<b>Loans</b>		
<b>Loans to Related Parties</b>		
Non - Current	1,498.46	1,534.53
Current	-	-
<b>Loans to Others</b>		
Non - Current	-	157.50
Current	-	-
<b>Total</b>	<b>1,498.46</b>	<b>1,692.03</b>
<b>NOTE # 6</b>		
<b>Other Financial Assets</b>		
Security deposits	891.99	939.08
<b>Total</b>	<b>891.99</b>	<b>939.08</b>
<b>NOTE # 7</b>		
<b>Other Assets</b>		
Non - Current	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Current		
Balance with Revenue Authorities	4,031.73	4,012.92
Claim Receivable	3,776.62	3,982.79
Income Tax Seized Cash	-	12.00
Others	1,065.12	853.37
<b>Total</b>	<b>8,873.48</b>	<b>8,861.08</b>
<b>NOTE # 8</b>		
<b>Inventories</b>		
Raw Materials	2,444.29	2,755.97
Work-in-progress	3,338.59	3,516.44
Finished goods	5,051.81	5,493.01
Stores, Spares and Consumables	4,726.71	4,572.14
<b>Total</b>	<b>15,561.41</b>	<b>16,337.56</b>

(Rs. In Lakhs)

Particulars	As at	
	31st March, 2022	31st March, 2021
<b>Method of Valuation of Inventories</b>		
<b>Particulars</b>	<b>Method of Valuation</b>	
Raw material & W.I.P.	: Valued at cost.	
Finished Goods	: Valued at cost or NRV whichever is lower.	
<b>NOTE # 9</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks		
Current accounts	29.28	81.98
Demand deposits	1.28	1.23
(Fixed deposits/Margin Money/Security against borrowings )		
Cash on hand	0.06	0.15
<b>Total</b>	<b>30.63</b>	<b>83.36</b>

**NOTE # 10****Share Capital**

Authorised Capital		
145,000,000 Equity shares of Rs. 10/- each.	14,500.00	14,500.00
30,000,000 6% Non-convertible Redeemable Preference Shares of Rs. 10/- each	3,000.00	3,000.00
<b>Issued, Subscribed and paid up capital</b>	<b>17,500.00</b>	<b>17,500.00</b>
103642389 Equity shares of Rs. 10/- each.fully paid		
<b>[103642389 Equity Shares Earlier]</b>	<b>10,364.24</b>	<b>10,364.24</b>
	<b>10,364.24</b>	<b>10,364.24</b>

Preference shares issued being redeemable & non- convertible have been classified as financial liability (Unsecured Borrowings) and not equity.

**(I) Reconciliation of number of shares and share capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amt in lakhs	No. of shares	Amt in lakhs
<b>Authorised Capital</b>				
<b>Number of shares at the beginning</b>	17,50,00,000	17,500.00	17,50,00,000	17,500.00
Add : Increased during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>17,50,00,000</b>	<b>17,500.00</b>	<b>17,50,00,000</b>	<b>17,500.00</b>
<b>Issued, Subscribed and Paid up</b>				
Number of equity shares at the beginning	10,36,42,389	10,364.24	10,36,42,389	10,364.24
Add : Issued during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>10,36,42,389</b>	<b>10,364.24</b>	<b>10,36,42,389</b>	<b>10,364.24</b>
Number of preference shares at the beginning	3,00,00,000	3,000.00	3,00,00,000	3,000.00
Add : Issued during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>3,00,00,000</b>	<b>3,000.00</b>	<b>3,00,00,000</b>	<b>3,000.00</b>

**(ii) Terms and rights attached to equity shares.**

The company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

(iii) Shares held by Shareholder holding more than 5% shares and number of shares held is as follows.

Particulars	As at March 31, 2022	%	As at March 31, 2021	%
Shankarlal Somani	55,00,000	5.31	55,00,000	5.31
Somani Overseas Private Limited	1,02,88,855	9.93	1,02,88,855	9.93

(iv) Shares held by promoter & promoter group as at 31/03/2022

Sr. No.	Promoter name	No. of shares	% of total shares	% change during the year
1	Shankarlal Sitaram Somani	5500000	5.31	-
2	Gangadevi Shankarlal Somani	1500000	1.45	-
3	Sumandevi Somani	299291	0.29	-
4	Manisha Sumeet Somani	625000	0.60	-
5	Sushil Shankarlal Somani	677292	0.65	-
6	Sumeet Shankarlal Somani	2456337	2.37	-
7	Neelam Sushil Somani	737516	0.71	-
	<b>Total</b>	<b>11795436</b>	<b>11.38</b>	

(v) Other details of Equity Shares for a period of five years immediately preceding March 31, 2022:

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Aggregate number of share allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Aggregate number of shares allotted as fully paid bonus shares	-	-	-	20728478	-
Aggregate number of shares bought back	-	-	-	-	-

**NOTE # 11**

**Statement of changes in Equity for the year ended March 31, 2022**

**A. Equity Share Capital**

(Rs. In Lakhs)

Particulars	Amount
<b>As at April 1, 2020</b>	<b>10,364.24</b>
Changes in Equity share capital due to prior period errors "	-
Restated balance at the beginning of the current reporting period "	-
Changes in equity share capital during the current year	-
<b>Balance as at 31-03-21</b>	<b>10,364.24</b>
<b>As at April 1, 2021</b>	<b>10,364.24</b>
Changes in Equity share capital due to prior period errors "	-
Restated balance at the beginning of the current reporting period "	-
Changes in equity share capital during the current year	-
<b>As at March 31, 2022</b>	<b>10,364.24</b>

## B. Other Equity

(Rs. In Lakhs)

Particulars	Reserves and surplus						
	Capital Reserve	Securities premium reserve	General Reserve	Retained earnings	Remeasurement gain/(loss) on defined benefit obligations	Equity instruments through OCI	Total other equity
Balance as at April 01, 2021	25.00	6,741.20	573.49	(15,674.28)	(9.43)	136.69	-8,207.32
Prior period adjustments	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-
							-
<b>Restated balance at the beginning</b>	<b>25.00</b>	<b>6,741.20</b>	<b>573.49</b>	<b>-15,674.28</b>	<b>(9.43)</b>	<b>136.69</b>	<b>-8,207.32</b>
Other comprehensive income for the year	-	-	-	-	28.05	1.88	29.93
Transfer to general reserve	-	-	-	-	-	-	-
Transfer from Other Comprehensive Income (Equity Instruments)	-	-	-	-	-	-	-
Transfer from Provision for Taxation (OCI)	-	-	-	85.69	-	-	85.69
Transfer to retained earnings	-	-	-	301.06	-	-	301.06
<b>Balance as at March 31, 2022</b>	<b>25.00</b>	<b>6,741.20</b>	<b>573.49</b>	<b>(15,287.53)</b>	<b>18.62</b>	<b>138.57</b>	<b>(7,790.64)</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 12</b>		
<b>Borrowings</b>		
Non - current Borrowings:		
Secured		
Term loans from banks	-	-
Term loans from others	24.02	24.02
Unsecured:		
Loans and Deposits	1,622.03	170.35
30,000,000 6% Non-convertible Redeemable Preference Shares of Rs. 10/- each	3,000.00	3,000.00
<b>Total</b>	<b>4,646.05</b>	<b>3,194.37</b>
Current Borrowings:		
Cash Credit facilities	30,969.29	35,486.19
Inland LCs and Current a/c	1,591.18	1,741.84
<b>Total</b>	<b>32,560.47</b>	<b>37,228.03</b>
Current Maturities of Long Term Borrowings:	11,324.45	12,148.56
Current maturities of long term debt	679.78	724.08
Interest accrued but not paid	12,004.23	12,872.64

**Nature of security**

1. Hypothication of 1st charge on all fixed assets of the company and 2nd pari passue charge on all current assets of the company.
2. Mortgage of Fixed Assets of M/S. Sitaram Prints Pvt. Ltd. And Residence Bunglow of Shri Shankar Lal Somani and Smt.Ganga devi Somani.
3. Loan taken from BKB secured by hypothication of Exclusive Charges of Machinery.
4. The secured term loan includes loan availed by the company from LIC against Key Man Insurance policy taken by the company

**Loans guaranteed by directors or others**

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Mr. Shankarlal Sitaram Somani

Mr. Rajkumar Sitaram Somani

Mr. Sumeetkumar Shankarlal Somani

Smt. Gangadevi Somani

Corporate Guarantee of M/S. Sitaram Prints Pvt Ltd.

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Term Loan: Rs. 26.53 Crores  
& US\$ 39.29 Lacs

Mr. Shankarlal Sitaram Somani has personally gauranteed amount of Euros 6760414.11 for loan taken from Bremer Kredit Bank AG

**Terms of repayment of term loans & other loans**

(Refer Notes to accounts )

Terms of repayment of term loans & other loans  
F.Y. 2021-22

Long & Short Term of Borrowings	Original Amount Of Borrowings	Tenor at Inception (in years)	Terms of Repayment	Months in Which Last Installment is Due	Balance as on 31st March, 2022		Balance as on 31st March, 2021		Prevailing Interest Rate % Per Annum
					Shown in long Term Borrow	Shown in Short Term Borrow	Shown in long Term Borrow	Shown in Short Term Borrow	
ECB Loan 2 (BOB London)	Rs. 50 Crores (10M UDS)	7	Quarterly	-	-	29,77,56,218	-	28,87,68,433	5.36%
Bremer Kredit Bank AG	10441142 Euro	8.5	Half-Yearly	-	-	56,93,66,299	-	58,20,64,885	2.20%
Term Loan (BOB FDY Winder Loan)	Rs. 29.45 Crores	4	Quarterly	-	-	10,85,00,000	-	10,85,00,000	11.70%
Term Loan (Canara Bank Text)	Rs. 4.12 Crores	6	Monthly	-	-	40,44,678	-	65,44,678	13.65%
IDBI Loan (Corporate)	Rs. 25 Crores	4.5	Monthly	-	-	15,27,77,770	-	15,27,77,770	11.90%
TFCI Ltd.	Rs. 12 Crores	4	Monthly	31/03/2023	-	-	-	7,62,00,000	13.00%
<b>Total</b>					-	<b>1,13,24,44,965</b>	-	<b>1,21,48,55,766</b>	

**NOTE 13**  
**Trade Payables as at 31/03/22**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	856.21	22.32	0	0	878.53
(ii)	Others	3935.18	903.79	0	0	4838.97
(iii)	Disputed dues – MSME	0	0	0	0	0
(iv)	Disputed dues - Others	0	0	0	0	0

**Trade Payables as at 31/03/21**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	0.00	0.00	0	0	0.00
(ii)	Others	3389.35	981.40	0	0	4370.75
(iii)	Disputed dues – MSME	0	0	0	0	0
(iv)	Disputed dues - Others	0	0	0	0	0



(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 13</b>		
<b>Trade Payables</b>		
Creditors for Goods	3,604.12	2,205.67
Creditors for Expenses	1,234.86	2,165.08
Micro ,Small & Medium Enterprises	878.53	-
<b>Total</b>	<u>5,717.51</u>	<u>4,370.75</u>
Non Current	-	-
Current	5,717.51	4,370.75
<b>NOTE # 14</b>		
<b>Other Financial Liabilities</b>		
Non - Current	-	-
Current	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>NOTE # 15</b>		
<b>Deferred Tax Liabilities</b>		
Opening Balance	4,337.42	4,835.73
Provision for the period	(570.91)	(498.31)
Closing Balance	<u>3,766.51</u>	<u>4,337.42</u>
<b>NOTE # 16</b>		
<b>Other liabilities</b>		
Non-current:		
Security Deposit from Staff	0.11	0.59
Provision for employee benefits - Gratuity Payable	273.71	228.67
	<u>273.82</u>	229.26
Current:		
Advance from Customers	26.72	78.94
Provision for Expenses	774.25	646.42
Statutory Dues Payable	41.58	30.24
Other Payable to Employees	8.28	5.12
	<u>850.83</u>	760.72
<b>Total</b>	<u>1,124.65</u>	<u>989.98</u>
<b>NOTE # 17</b>		
<b>Provisions</b>		
Current:		
Provision for Taxation	-	-
Provision for taxation - OCI	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

Particulars	(Rs. In Lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 18</b>		
<b>Revenue From Operations</b>		
Sale of Products:		
Domestic sales	84,861.54	55,834.23
Export:		
Export against Bond	3,402.91	208.64
Deemed Export sales	1,085.99	1,343.77
	<u>89,350.44</u>	<u>57,386.63</u>
Other Operating Revenues		
Export Incentives	-	-
<b>Total</b>	<u><u>89,350.44</u></u>	<u><u>57,386.63</u></u>
<b>NOTE # 19</b>		
<b>Other Incomes</b>		
Dividend received	0.20	0.02
Discount received	7.94	-
Int. on FDR'S	0.05	0.02
Others - Interest	173.93	167.77
Exchange Diff Income	189.23	-
Creditors/Debtors Balance Written Off	42.30	4.58
Interest received from Income Tax	25.40	-
Income from One Time Settlement	1,627.38	-
Gain on Fair Value of Investment	1.39	-
Bad Debts Recovered	32.07	117.97
<b>Total</b>	<u><u>2,099.88</u></u>	<u><u>290.35</u></u>
<b>NOTE # 20</b>		
<b>Cost of Materials Consumed</b>		
<b>Purchases of Raw Materials and Stores</b>		
Opening stock	2,755.97	2,550.06
Add: Purchase(net)	65,238.77	40,811.55
	<u>67,994.73</u>	<u>43,361.62</u>
Less: Closing Stock	2,444.29	2,755.97
	<u>65,550.44</u>	<u>40,605.65</u>
<b>Direct/Production expenses</b>		
Security Expense	2.73	2.79
Power & Fuel	10,221.44	7,085.74
Freight & Octroi	638.43	502.13
Stores & Spares	1,098.23	839.18
Factory Expense	10.16	5.29
Repair & Maintenance: Factory Building	52.61	2.00
Repair & Maintenance: Plant & Machinery	125.44	42.94
Packing Expenses	2,502.21	1,965.12
	<u>14,651.24</u>	<u>10,445.19</u>
<b>Total</b>	<u><u>80,201.68</u></u>	<u><u>51,050.84</u></u>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 21</b>		
<b>Change in inventories</b>		
Opening Stock	9,009.45	9,428.74
Less: Closing Stock	8,390.40	9,009.45
<b>Total</b>	<b>619.05</b>	<b>419.29</b>
<b>NOTE # 22</b>		
<b>Employment Benefit Expenses</b>		
Salary	2,092.82	1,623.71
Gratuity	86.94	55.65
Bonus	121.87	89.32
P.F.	37.61	27.61
Leave Encashment	8.95	12.25
ESIC	0.07	0.05
Manpower Supply Service	93.87	69.02
<b>Total</b>	<b>2,442.14</b>	<b>1,877.60</b>
<b>NOTE # 23</b>		
<b>Financial Cost</b>		
Interest paid to Banks	2,300.68	265.24
Interest paid to others	145.63	45.41
"Bank Charges & Guarantee commission"	201.26	4.94
Overseas Bank Charges	6.95	1.26
<b>Total</b>	<b>2,654.51</b>	<b>316.85</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 24</b>		
<b>Other Expenses</b>		
Advertisement & Publicity	1.38	0.86
Auditors Remuneration	7.50	16.75
Brokerage & Overseas Agency Commission	145.15	127.22
Carraige outward	863.76	485.77
Computer and printer expenses	6.62	6.62
Demat Charges	0.03	0.02
Director Sitting Fees	6.00	8.40
Donation & CSR Activity	2.23	3.75
Electricity Expenses	4.14	3.54
Insurance Expenses	22.71	32.07
Legal & Professional	318.38	249.90
Loss on sale of Investments	-	271.65
Membership & Subscriptions	0.22	2.60
Office & General Expenses	39.44	31.05
Postage & Telegram & Telephone	4.48	4.21
Printing & Stationery Expenses	9.30	7.74
Rent, Rates & Taxes	9.38	12.65
Repairs Office Building	0.10	1.95
Repairs Other	-	0.28
Travelling & Conveyance	4.97	5.20
Vehicle Expense	22.99	20.80
Advance Paid /Balance Written Off	-	3.51
Claims & Discounts	-	213.91
Exchange Difference	-	29.75
Bad Debts Written-Off	1,096.69	-
Balance Written-Off	92.78	-
<b>Total</b>	<b>2,658.25</b>	<b>1,540.22</b>

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
 CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
 PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

## NOTE # 25

Particulars		31/03/2022	31/03/2021	Change	Reasons for deviation (More than 25%)
Current Ratio	Current asset	0.72	0.65	9%	-
	Current liabilities				
Debt Equity Ratio	Current borrowings(Including Current maturities of long term debts)+Non current borrowings	19.12	24.71	-23%	-
	Total Equity				
Debt Service Coverage Ratio	Earnings before Finance cost, Tax, Depreciation & Amortisation	2.08	8.49	-75%	An increase of Debt service coverage is due to increase in EBITDA as compared to previous year from 26.9 Crore to 55.25 Crore, and there is not any current debt with company as all the debts has been recognised as NPA.
	Finance cost + Current debt service				
Return on Equity Ratio	Profit after Tax	0.12	-0.33	136%	Return on equity ratio has been increased because of increase in Profit after tax from Loss of 7.07 Crore to profit of 3.01 Crore.
	Total Equity				
Inventory Turnover	Cost of Goods sold	1.26	1.48	-15%	-
	Average inventory				
Trade Receivables turnover ratio	Net Credit Sale	1.95	1.44	35%	Trade receivable turnover ratio is increased due to Increase in Sales by 56% and increase in receivable from 12% as compared to previous year
	Average Trade Receivable				
Trade payables turnover ratio	Net Credit Purchases for Goods	5.61	3.74	50%	Trade payable turnover ratio has been increased by 50% because of increase in purchases by approx 50%.
	Average Accounts Payable for Goods				
Net capital turnover ratio	Revenue from Operation	-6.13	-3.00	-104%	Net capital turnover ratio has been decreased by 104% because of increase in sales from 573.87 Crore to 893.50 Crore as compared to previous year.
	Working Capital				
Net profit ratio	Profit After Tax	0.00	-0.01	127%	Net profit ratio has been increased by 127% because of increase in profit after tax of the current year.
	Total Revenue				
Return on Capital employed	EBIT	0.21	-0.09	336%	Return on capital employed has been increased because of increase in EBIT from (8.88 Crore) to 23.88 Crore which is an increase of approx 3 times.
	Capital Employed				
Return on investment	Income generated from investments	3.46	-12.73	127%	Return on investment has been increased by 127% majorly because of exchange fluctuation (on invest in subsidiary) earning recognised in books in current year, while loss in previous year, and also there has been loss on sale of equity-share's of Sumicot Limited in previous year.
	Total Investments				

**Notes Accompanying the Financial Statements**

26. The following term loans are called up by banks so now these are payable on demand basis. We are shown under the head Current Liabilities as Borrowing,.

- BOB (FDY Winder) Term Loan
- Canara Bank Term Loan [Texturising]
- IDBI Corporate Loan
- Bremer Kredit bank AG\*
- ECB London Term Loan (BOB)

\* The Company has taken loan from Bremer Kredit bank AG. During the F.Y. 2019-20 on the basis of information received by the company the name was changed from Bremer Kredit bank AG to Oldenburgische Landesbank AG. But Oldenburgische Landesbank AG has unable to provide any document for the same, hence during the current financial year the name has been taken as Bremer Kreditbank AG, which is shown under the current maturity of long term debt.

27. The company has entered in one-time settlement of debt during the year ended March 31, 2022 which is determined by the Company and included in Other Income in Statement of Profit and Loss of Rs. 1631.56 lakhs [Rs. 1459.56 lakh for State Bank of India and Rs. 172 lakhs for Tourism Finance Corporation of India].

28. The company has not created provision for Interest on MSME dues in case where payment is made after 45 days. The amount of interest and outstanding dues as on 31.03.2022 are,

Outstanding Dues	Interest
Rs 6,77,76,965/-	Rs 30,69,475/-

**29. Payment to Auditors:**

Sr. No.	Particulars	Current Period	Previous Year
(a)	Statutory Auditors:		
	(i) Audit Fees	6,50,000	6,50,000
	(ii) Tax Audit Fees	1,00,000	1,00,000
(b)	Cost Audit	40,000	40,000
(c)	Internal Audit	4,00,000	8,85,000

**30. Managerial Remuneration;**

Sr. No.	Particulars	Current Period	Previous Year
(i)	Salary	0	0
(ii)	Perquisite	0	0

31. Previous year's figures have been regrouped and recasted wherever necessary.

**32. Additional regulatory information required by Schedule III of Companies Act, 2013**

- (i) The Company has not revalued its property, plant and equipment during the current or previous year.
- (ii) No proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (iii) The Company has no transactions with struck off companies during the year.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

- (v) The Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013, which has an accounting impact on current or previous financial year.
- (vi) The Company has not advanced or loaned funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- (viii) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (ix) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

33. The figures have been rounded off to the nearest lakhs of rupees upto two decimal places.

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**INDEPENDENT AUDITOR'S REPORT**

**TO,  
THE MEMBERS  
SUMEET INDUSTRIES LIMITED**

**1. Report on the Audit of Consolidated Financial Statements****Qualified Opinion**

We have audited the accompanying consolidated financial statements of **SUMEET INDUSTRIES LIMITED** ("The Holding Company") and its subsidiary (the Company and its subsidiary together referred to as the "Group") which comprises the Consolidated Balance Sheet as on **31st March 2022**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Group as at **March 31, 2022**, and its Consolidated **Profit** other comprehensive Loss, Consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**2. Basis for Qualified Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion except:

- The Holding Company has not created provision for interest on loan taken from bank and financial institutions for the year ending 31.03.2022 on Rs. 62.42 Crore (Rs.438.84 – Rs.376.42) Crore being other than proposed continuing sustainable debt. The same will result in overstatement of profit
- The Holding Company has not created provision for Interest amounting to Rs. 30,69,475/- on delayed payment of MSME dues resulting in overstatement of profit.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.



<u>Key Audit Matter</u>	<u>How our audit addressed the Key Audit Matter</u>
<p><b><u>Calculation of Interest paid to Bank</u></b></p> <p>The Holding Company has loan from various banks like Bank of Baroda, Union Bank of India, IDBI Bank, Central bank , BOB(e-Dena bank) which have been classified as Non-Performing Assets</p> <p>In the meeting held on 19th February 2022 of Joint Lenders, it was proposed that on continuing sustainable debts of Rs. 376.42 Crore, interest to be charged as per the rate proposed in the meeting from 01.04.2021.</p> <p>The Holding Company has booked interest amount of Rs. 23 Crore in books of accounts shown under Finance cost on the basis of Interest rates proposed in that plan on continuing sustainable debts, However the plan has not been implemented yet.</p> <p>Considering the significance of the judgments used by the management and non-implementation of the proposal we have considered this as Key Audit Matter.</p> <p><b><u>Investment in subsidiary company</u></b></p> <p>As at March 31, 2022, the Holding Company has investment of Rs. 22.73 Crore in the Equity shares of Sumeet Global PTE Ltd (subsidiary company incorporated in Singapore) which is measured at Historical cost,(after considering the exchange rate fluctuations) as per Ind AS 109.</p> <p>On the basis of certified financial statement of Sumeet Global PTE Ltd, it has been observed that subsidiary company does not have any Asset in its balance sheet, moreover it has negative net worth of \$78,26,875 i.e Rs. 59.32 crores. Therefore there is a doubt about recovery of the invested amount.</p> <p>Considering the above we have determined this as Key Audit Matter.</p>	<p>We performed the following audit procedure</p> <ul style="list-style-type: none"> <li>• We checked the minutes of the meeting held by Joint lenders and the proposal.</li> <li>• We checked the calculation accuracy of interest component as provided in the proposal and rates taken for interest expenditure in books.</li> <li>• We have evaluated the reasonableness of the decreasing the debts by balance amount of cutback deducted by bank</li> </ul> <p>Our audit procedures included and were not limited to the following,</p> <ul style="list-style-type: none"> <li>• Reviewed the certified copy of financials and Compliance report by the Public Accountants and chartered Accountants, Singapore) of Sumeet Global PTE Ltd.</li> <li>• Reviewed the disclosures made by the company and its subsidiary in the financial statement.</li> <li>• We have checked the amount of investment disclosed in the financial statement.</li> </ul>

#### 4. Information other than the Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 5. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act, read with Rule 7 of companies (Accounts) Rules, 2014 and the companies (Indian Accounting Standards) Rules 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

## 6. Auditor's Responsibility for the Audit of Consolidated Financial Statement

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements.

Materiality is the magnitude of the misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements

We communicate with those charged with governance of the Holding Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

## 7. Other Matters

We did not audit the financial statements/financial information of Sumeet Global PTE Limited (Wholly Owned Subsidiary) whose financial statements/financial information reflect Total Assets is NIL as at 31st March, 2022, Total Revenues is 7.41 Lakhs and Net Profit of Rs 6.97 Lakhs for the year ended 31st March 2022.

The subsidiary company has been elected under section 205(C)(3) of the Companies Act to have Financial Statements exempted from the audit requirements. Hence, the Practitioner's Compilation Report has been provided by the management to us for the consolidation, which clearly mentions that:

*"We performed this compilation engagement in accordance with Singapore Standard on Related Services 4410 (Revised), Compilation Engagements.*

*We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Financial Reporting Standard in Singapore (FRSs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.*

*These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.*

*Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us to compile these financial statements. Accordingly, we don't express an audit opinion or a review conclusion on whether these financials statements as prepared in accordance with FRSs."*

Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the Associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid Associate, is based solely on the compilation reports of the M/s S. Renganathan & Co .

8. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the consolidated financial statements / consolidated financial information certified by the management

**Report on Other Legal and Regulatory Requirements**

1. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, we report that CARO report is not applicable to our subsidiary company, as it is not registered under the companies Act, 2013. Hence the reporting requirement under clause (xxi) of Para 3 of the CARO is not applicable to this Consolidated Financial Statement.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act. read with companies (Indian Accounting Standards) Rules 2015, as amended.
  - e) On the basis of written representations received from the directors of Holding Company as on **31st March, 2022** taken on record by the Board of Directors, none of the directors are disqualified as on **31st March, 2022** from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**";
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration were provided to its directors during the current year by the Holding Company.
  - h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Consolidated financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group. Refer Note No. 1. II-(M) Contingent liabilities to the consolidated financial statements.
    - (ii) Based on the assessment made by the Group there are no material foreseeable losses on its long-term contracts that may require any provisioning.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.
    - (iv) a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note No. 32 (iv) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- b) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 32 (v) to the accounts, no funds have been received by the Holding Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- c) Based on such audit procedures as considered reasonable and appropriate in the circumstances performed by us on the holding Company, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv)(a) and (iv)(b) contain any material mis-statement.
- v) The Holding company has not paid/declared any dividend during the year and hence compliance of section 123 of the Act is not applicable.

**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER

**M. NO. : 055043**

**FIRM REG. NO. : 111032W**

**UDIN : 22055043ALESFP6337**

**PLACE : SURAT**  
**DATE : 30.05.2022**

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT OF  
SUMEET INDUSTRIES LTD.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended **March 31, 2022**, we have audited the internal financial controls over financial reporting of SUMEET INDUSTRIES LIMITED (hereinafter referred to as the "**Holding Company**").

**Management's Responsibility for Internal Financial Controls**

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Holding Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorizations of management and directors of the Holding company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **March 31, 2022** based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR H. TOSNIWAL & CO.**  
CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
PARTNER

**M. NO. : 055043**

**FIRM REG. NO. : 111032W**

**UDIN : 22055043ALESFP6337**

**PLACE : SURAT**

**DATE : 30.05.2022**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022**

(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
<b>I. ASSETS</b>			
(1) <b>Non-Current Assets</b>			
<b>PROPERTY, PLANT &amp; EQUIPMENT AND INTANGIBLE ASSET</b>			
(a) Property, Plant and Equipment	2	21,152.47	24,179.35
(b) Capital Work in Progress		-	-
(c) Investment Property			
(d) Goodwill			
(e) Other Intangible Aseets			
(f) Intangible Aseets under Development			
(g) Financial Assets			
(i) Investments	3	12.12	8.85
(ii) Trade Receivables	4	-	-
(iii) Loans	5	1,498.46	1,692.03
(iv) Other Financial Assets	6	891.99	939.08
(h) Deferred Tax Assets			
(i) Other non current assets	7	-	-
(2) <b>Current Assets</b>			
(a) Inventories	8	15,561.41	16,337.56
(b) Financial Assets			
(i) Investments			
(ii) Trade Receivables	4	11,652.60	10,411.03
(iii) Cash and Cash Equivalents	9	30.63	83.36
(iv) loans			
(v) Other Financial Assets			
(b) Others Current Assets	7	8,873.48	8,861.08
<b>TOTAL ASSETS</b>		<b>59,673.15</b>	<b>62,512.34</b>
<b>II EQUITY AND LIABILITIES</b>			
(1) <b>Equity</b>			
Equity Share Capital	10	10,364.24	10,364.24
Other Equity	11	-15,646.43	-15,801.45
Total Equity		<b>-5,282.19</b>	<b>-5,437.21</b>
(2) <b>Liabilities</b>			
<b>Non Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	4,646.05	3,194.37
(ii) Trade Payable	13	-	-
(iii) Other Financial Liabilities	14	-	-
(b) Provisions			
(c) Deferred Tax liabilities (Net)	15	3,766.51	4,337.42
(d) Other non current liabilities	16	273.82	229.26



(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	12	<b>50,484.10</b>	55,841.40
(ii) Trade Payable Due to :	13		
Micro ,Small & Medium Enterprises		<b>878.53</b>	-
Other than Micro, Small & Medium Enterprises		<b>4,051.44</b>	3,574.41
(iii) Other Financial Liabilities	14	-	-
(b) Other Current Liabilities	16	<b>842.54</b>	760.72
(c) Provisions	17	<b>12.34</b>	11.97
<b>Total Liabilities</b>		<b>64,955.34</b>	67,949.55
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,673.15</b>	62,512.34

**Significant Accounting Policies****Notes on Financial Statements**

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
 CHARTERED ACCOUNTANTS  
**CA. HARISHANKAR TOSNIWAL**  
 PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors  
**Shankarlal Somani** - Chairman  
**Sumeet Kumar Somani** - Mg. Director  
**Anil Kumar Jain** - Company Secretary  
**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**CONSOLIDATED PROFIT & LOSS STATEMENT FOR YEAR ENDED ON 31ST MARCH, 2022**

(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
I. Revenue from Operations	18	<b>89,350.44</b>	57,386.64
II. Other Incomes	19	<b>2,090.64</b>	290.35
III. Share of profits/losses in a Partnership firm/AOP			
IV. Share of profits/losses in a Limited Liability Partnership			
III. Total Income (I + II)		<b>91,441.08</b>	57,676.99
IV Expenses:			
<u>Manufacturing Expenses</u>			
Cost of Materials Consumed	20	<b>80,201.68</b>	51,050.84
Purchases of Stock-in-Trade		-	98.07
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	<b>619.05</b>	419.29
<u>Administrative &amp; Selling Expenses</u>			
Employee Benefit Expenses	22	<b>2,442.14</b>	1,877.60
Finance Costs	22	<b>2,654.51</b>	316.86
Depreciation and Amortization Expense	23	<b>3,140.99</b>	3,579.77
Other Expenses	24	<b>2,658.69</b>	1,544.31
Total Expenses		<b>91,717.06</b>	58,886.74
V Profit before Exceptional Items and Tax (III-IV)		<b>(275.98)</b>	(1,209.75)
VI Exceptional Items		<b>(3.55)</b>	0.19
VII Profit Before Tax		<b>(279.53)</b>	(1,209.94)
X Tax Expense:			
(1) Current tax		-	-
(2) Income Tax of Earlier Year		-	-
(3) Deferred Tax		<b>(570.91)</b>	(498.31)
(4) MAT credit		-	-
		<b>(570.91)</b>	(498.31)
XI Profit/ (Loss) for the period from Continuing Operations		<b>291.38</b>	(711.63)
XII Profit/ (Loss) from discontinuing Operations		-	-
XIII Tax expense of discontinued operation		-	-
XIV Profit/ (Loss) from discontinuing Operations (after tax)		-	-
XV Profit/ (Loss) for the period		<b>291.38</b>	(711.63)
Other Comprehensive Income			
<b>A Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of defined benefit obligations		<b>28.05</b>	43.99
Less : Income tax relating to above item			
Total		<b>28.05</b>	43.99

(Rs in lakhs except share and per share data, unless otherwise stated)

Particulars	Note No.	31st March, 2022	31st March, 2021
(b) Fair value of equity instruments through other comprehensive income		1.88	1.87
Less : Income tax relating to above item			
Total		1.88	1.87
<b>B (i) Items that will be reclassified to profit or loss</b>		-	-
(a) Exchange Difference in translating the Financial Statement of a Foreign Operation		-251.98	574.64
Less: Income Tax relating to items that will be reclassified to profit or loss			
Net		-251.98	574.64
Total Comprehensive Income for the period		-222.05	620.50
Earning per equity share (for countinuing operation):			
(1) Basic		0.28	-
(2) Diluted		-	-

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
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**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors  
**Shankarlal Somani** - Chairman  
**Sumeet Kumar Somani** - Mg. Director  
**Anil Kumar Jain** - Company Secretary  
**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022**

(Rs. In Lakhs)

Particulars	F.Y. 2021-22		F.Y. 2020-21	
	Amount	Amount	Amount	Amount
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and Extraordinary Items	(249.60)		(1,164.09)	
Adjustment For:				
Add:				
Depreciation	3,140.99		3,579.77	
Fair Value on investment				
Exchange diff. from Internal Transaction	(251.98)		574.64	
Foregin Exchange	-			
Loss on sale of Asset	3.55		0.19	
Interest on Income Tax				
Loss on sale of Investment	-		271.65	
Interest Paid	2,446.31		310.65	
Other Adjustment to reconcile profit	85.68		28.04	
	<u>5,424.55</u>		<u>4,764.93</u>	
Less:				
Fair Value on investment	-		1.87	
Interest Income	173.98		167.78	
Profit on sale of Asset	-			
Dividend Income	0.20		0.02	
	<u>174.17</u>		<u>169.67</u>	
		<u>5,250.37</u>		<u>4,595.25</u>
<b>Operating Profit before Working Capital Changes</b>				
Trade Receivables	(1,241.57)		7,129.68	
Other asset	34.69		619.05	
Inventories	776.15		673.65	
Trade Payables	1,355.56		(9,990.50)	
Other Financial Liability	-		395.96	
Other Liabilities	126.39		131.61	
Provision	0.37		(30.01)	
		<u>1,051.60</u>		<u>(1,070.56)</u>
Tax Paid		-		-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<u>6,052.37</u>		<u>2,360.60</u>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>				
<u>Fixed Assets &amp; Work in Progress</u>				
Sale of Fixed Assets	4.20		0.40	
Purchase of Fixed Assets	(121.85)		(30.09)	
(Increase)/Decrease in Fixed Asset due to Exchange Difference	-		(136.52)	
Increase in Capital Work in progress	-		-	
<u>Investments</u>				
Purchase of Investments	(3.27)		(0.11)	
Sale of Investments	-		110.00	
Dividend received	0.20		0.02	
Interest Income	173.98		167.78	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<u>53.26</u>		<u>111.49</u>

(Rs. In Lakhs)

Particulars	F.Y. 2021-22		F.Y. 2020-21	
	Amount	Amount	Amount	Amount
© <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Equity Share Capital raised	-		-	
Security premium received	-		-	
Increase / Decrease in Borrowings	(3,905.62)		(1,950.82)	
Increase / Decrease in Loans & Advances	193.57		(178.73)	
Interest Paid	(2,446.31)		(310.65)	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>(6,158.36)</b>		<b>(2,440.19)</b>
<b>Net Increase in Cash &amp; Cash equivalents</b>		<b>(52.73)</b>		<b>31.90</b>
(D) Opening Cash and Cash equivalents		<b>83.36</b>		<b>51.46</b>
(E) Closing Cash and Cash equivalents		<b>30.63</b>		<b>83.36</b>
		<b>(52.73)</b>		<b>31.90</b>

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
 CHARTERED ACCOUNTANTS  
**CA. HARISHANKAR TOSNIWAL**  
 PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors  
**Shankarlal Somani** - Chairman  
**Sumeet Kumar Somani** - Mg. Director  
**Anil Kumar Jain** - Company Secretary  
**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022****Note 1: Company Overview and Notes to the Consolidated financial statements****I) CORPORATE INFORMATION:**

SUMEET INDUSTRIES LTD. is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956; now referred as Companies Act, 2013. The address of its registered office is SUMEET INDUSTRIES LIMITED, 504, Trividh Chamber, Opp. Fire Station, Ring Road, Surat 395002, Gujarat, India. The Holding Company has its primary listings on the Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE) of India Limited.

The Holding Company is engaged in the business of manufacturing and exporting Polyester Yarn (POY and FDY), Polyester Chips and Texturizing Yarn. The company caters to both domestic and international markets.

**II) SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied by the Group in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:****(i) Compliance with Ind AS**

The Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, the provisions of the Companies Act, 2013 ("the Companies Act") as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI").

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(ii) Historical cost convention**

These financial statements have been prepared on a historical cost convention basis, except for the following material items which have been measured at fair value as required by relevant Ind AS;

- The defined benefit asset (liability) is as the present value of defined benefit obligation less fair value of plan assets and
- Financial instruments classified as fair value through other comprehensive income.

**(iii) Current and non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

**All other assets are classified as non-current.**

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

**All other liabilities are classified as non-current.**

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products / services and time between acquisition of assets for processing / rendering of services and their realization in cash and cash equivalents, operating cycle is less than 12 months. However, for the purpose of current/non-current classification of assets & liabilities period of 12 months has been considered as normal operating cycle.

**(iv) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III except number of shares and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

**(v) Use of estimates and judgment**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

In particular, information about significant areas of estimation, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in financial statements are included in the following notes:

- Useful lives of Property, plant and equipment
- Measurement of defined benefit obligations
- Provision for inventories
- Measurement and likelihood of occurrence of provisions and contingencies
- Deferred taxes

**(vi) Inventories: [Ind AS 2]****Inventories are assets:**

- Held for sale in the ordinary course of business
- In the process of production for such sale
- In the form of materials or supplies to be consumed in the production process or in the rendering of services.

**Measurement of Inventory**

Inventories consist of raw materials, stores & spares, work-in-progress, finished goods, Stock-in-trade are stated 'at lower of cost and net realizable value' except for raw materials which is valued at cost.

**Cost of Inventories**

Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae/ method for valuation used is 'Weighted Average cost'. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

**Net Realisable Value**

Net realisable value (NRV) is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimate of net realisable value must be based on the most reliable evidence available and take into account fluctuations of price or cost after the end of the period, if this is evidence of conditions existing at the end of the period.

The Cost and net realisable value has been compared for each separately identifiable item of inventory, or group of similar inventories, rather than for inventory in total.

**(A) Cash flow statement [Ind AS 7]**

Cash flows are reported using the Indirect Method, as set out in Ind AS 7 'Statement of Cash Flow', whereby profit for the year is adjusted for the effects of transaction of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**(B) Property, Plant and Equipment (PPE): [Ind AS 16]****Recognition and Measurement**

Items of Property, plant and equipment acquired or constructed are initially recognized at historical cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

The historical cost of Property, plant and equipment comprises of its

- purchase price including import duties and non refundable purchase taxes,
- borrowing costs directly attributable to the qualifying asset in accordance with accounting policy on borrowing cost,
- the cost of dismantling, removing the item and restoring the site on which it is located and
- adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

**Subsequent Expenditure**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Advances paid towards the acquisition of PPE outstanding at each Balance Sheet date is classified as capital advances under 'Other non-current assets' and cost of assets not put to use before such date are disclosed under 'Capital work-in progress'. The Group identifies and determines cost of each component of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful lives that is materially different from that of the remaining plant and equipment.



Machinery spares which meets the criteria of PPE is capitalised and depreciated over the useful life of the respective asset.

**Depreciation methods, estimated useful lives and residual values**

Depreciation is provided on written down value method based on the respective estimate of useful lives.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Management believes that useful lives of assets are same as those prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows

<b>Asset Class</b>	<b>Useful Life</b>
Building	30 years
Road Development	10 Years
Plant & Machinery	15 Years
Furniture, Fixture	10 Years
Computers	3 Years
Office Equipment's	5 Years
Vehicle	10 Years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

**Disposal**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Consolidated Statement of Profit and Loss. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

**(C) Income Taxes (Ind AS 12)**

Tax expenses for the period, comprising current and deferred income tax. Income tax expense is recognized in net profit in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Provision for current tax is made based on tax liability computed after considering tax allowances and exemptions in accordance with the provisions of the Income Tax Act, 1961.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognized based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax expense/(credit) recognized in the Consolidated Statement of Profit and Loss for the year ended 31.03.2022:

Sr .No.	Description	Amount (In ₹)	Amount (In ₹)
1	Difference in closing Balance of Depreciations Depreciation as Per Companies Act Depreciation as per Income Tax Act	31,40,98,533 (14,30,84,720)	
	Deferred Tax Assets/(Liability) at 33.384%	17,10,13,813	
			5,70,91,251

Sr .No.	Particulars	Amount (In ₹)
1	Opening Balance of DTA / (DTL)	(43,37,41,404)
2	Deferred Tax Assets / (Liabilities) of the period	5,70,91,251
3	Closing Balance of DTA / (DTL)	(37,66,50,153)

**(D) Revenue from Contracts with Customers: [Ind AS 115]**

- Revenue from contract with customer is recognized when control of goods or services are transferred to the buyer as per the terms of the contract; the entity retains neither continuing managerial involvement nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales.
- Export sales are accounted when the goods have left the premises or when the goods are received by the customers and incoterms are fulfilled at the exchange rate prevailing on the date of invoice. These are net of commission and do not include freight wherever applicable as per the terms of the sales contract.
- Dividend income is recognized when the right to receive the dividend is established by the reporting date, which is generally when shareholders approves the dividend.
- Interest income is recognized using the effective interest method (EIR) and accounted on accrual basis. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of a financial liability or a financial asset to their gross carrying amount.

**(E) Employee Benefits: [Ind AS 19]**

**Short-term employee benefits**

These are liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related employee service. The undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognised as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, an entity shall recognise that excess as an asset (prepaid expense) or else recognised as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**Post-employment obligations**

**The Holding Company operates the following post employment schemes:**

- (a) defined benefit plans such as gratuity and pension; and
- (b) defined contribution plans such as provident fund etc.

**(a) Defined Benefit Plans**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Holding Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Holding Company. The Holding Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**(b) Defined Contribution Plans**

Contributions to defined contribution schemes such as employees' state insurance, provident fund, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The Holding Company is a member of recognized Provident Fund scheme established under The Provident Fund & Miscellaneous Act, 1952 by the Government of India. The contribution paid or payable under the scheme is recognized during the period under which the employee renders the related services. The above benefits are classified as Defined Contribution Schemes as the Holding Company has no further defined obligations beyond the monthly contributions. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by an entity (and perhaps also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions; and actuarial risk and investment risk falls on the employee.

**Other Employee Benefits**

Other employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided.

**Defined Benefit Plan - Gratuity**

The Holding Company has a defined benefit gratuity plan in India (unfunded). The Holding Company's defined benefit gratuity plan is a final salary plan for employees. Gratuity is paid from holding company as and when it becomes due and is paid as per holding company scheme for Gratuity.

The Holding Company's obligation in respect of the gratuity plan is provided for based on actuarial valuation using the projected unit credit method. The Holding Company recognizes actuarial gains and losses immediately in other comprehensive income, net of taxes. Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

**Amount for the year ended March 31, 2022 and March 31, 2021 recognized in the Consolidated Statement of Profit and loss under employee benefit expense:** (Amt in Rs.)

	Year ended	
	March 31, 2022	March 31, 2021
Current service cost	43,55,843.00	39,94,771.00
Net interest on net defined benefit liability/(asset)	15,59,537.00	15,70,785.00
Net gratuity cost/(benefit)	59,15,380.00	55,65,496.00

**Amount for the year ended March 31, 2022 and March 31, 2021 recognized in the statement of Other Comprehensive Income:** (Amt in Rs.)

Re-measurements of the net defined benefit liability / (asset)	Year ended	
	March 31, 2022	March 31, 2021
Actuarial (gains) / losses - Net of taxes	(28,05,049.00)	(43,99,206.00)
	(28,05,049.00)	(43,99,206.00)

The principal assumptions used for the purpose of actuarial valuation are as follows:

	Year ended	
	March 31, 2022	March 31, 2021
Discount rate	7.25%	6.82%
Expected return on plan assets	N.A	N.A
Expected rate of salary increase	8.00%	8.00%
<u>Rate of employee turnover</u>		
For service 4 years and below	12.00%	12.00%
For service 5 years and above	3.00%	3.00%
Mortality rate during employment	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2006-08)(Ultimate)
Mortality rate after employment	N.A	N.A

Change in present value of defined benefit obligation is summarized below:

(Amt in Rs.)

	Year ended	
	March 31, 2022	March 31, 2021
<b>Present value of Defined Benefit Obligation at the beginning of the period</b>	<b>2,28,67,105.00</b>	2,29,64,690.00
Current service cost	43,55,843.00	39,94,771.00
Past service cost	27,78,612.00	-
Interest cost	15,59,537.00	15,70,785.00
Liability transferred In/Acquisitions	-	-
(Liability transferred Out/Divestments)	-	-
(Gains)/Losses on curtailment	-	-
(Liabilities extinguished on settlement)	-	-
(Benefits paid directly by the employer)	-13,84,555.00	-12,63,875.00
(Benefits paid from the fund)	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial loss/(gain) arising from financial assumptions	(15,02,974.00)	60,069.00
Actuarial loss/(gain) arising from demographic assumptions	13,908.00	-
Actuarial loss/(gain) arising from experience assumptions	(13,15,983.00)	-44,59,275.00
<b>Present value of Defined Benefit Obligation at the end of the period</b>	<b>2,73,71,493.00</b>	2,28,67,105.00

Amount Recognized in the Consolidated Balance Sheet:

(Amt in Rs.)

	As At	
	March 31, 2022	March 31, 2021
(Present Value of Benefit Obligation at the end of the Period)	-2,73,71,493.00	-2,28,67,105.00
Fair Value of Plan Assets at the end of the Period		
Funded Status (Surplus/ (Deficit)	-2,73,71,493.00	-2,28,67,105.00
<b>Net (Liability)/Asset Recognized in the Balance Sheet</b>	<b>-2,73,71,493.00</b>	-2,28,67,105.00

**Maturity Analysis of the Benefit Payments: From the Employer**

Projected Benefits Payable in Future Years from the Date of Reporting	As At	
	March 31, 2022 (Amt in ₹)	March 31, 2020 (Amt in ₹)
1st Following Year	12,77,303.00	6,42,140.00
2nd Following Year	9,71,874.00	9,79,161.00
3rd Following Year	10,77,977.00	10,08,400.00
4th Following Year	17,74,329.00	7,65,343.00
5th Following Year	16,52,077.00	15,65,809.00
Sum of Years 6 To 10	84,03,020.00	63,07,721.00
Sum of Years 11 and above	6,89,93,654.00	5,86,05,059.00

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

**Sensitivity Analysis**

	As At	
	March 31, 2022 (Amt in ₹)	March 31, 2021 (Amt in ₹)
Projected Benefit Obligation on Current Assumptions	2,73,71,493.00	2,28,67,105.00
Delta Effect of +1% Change in Rate of Discounting	-30,63,254.00	-27,35,041.00
Delta Effect of -1% Change in Rate of Discounting	36,95,473.00	33,30,682.00
Delta Effect of +1% Change in Rate of Salary Increase	36,30,359.00	32,57,257.00
Delta Effect of -1% Change in Rate of Salary Increase	-30,69,777.00	-27,30,869.00
Delta Effect of +1% Change in Rate of Employee Turnover	-3,01,703.00	-4,18,511.00
Delta Effect of -1% Change in Rate of Employee Turnover	3,40,209.00	4,75,693.00

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Risks associated with defined benefit plan**

**Gratuity is a defined benefit plan and Holding company is exposed to the following risks:**

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in salary of the members more than assumed level will increase the plan's liability.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Company has to manage pay- out based on pay as you go basis from own funds.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**(F) Foreign Currency: [Ind AS 21]****Functional and presentation currency**

The financial statements are presented in Indian Rupees (INR), which is the group's functional and presentation currency.

**Foreign currency transactions**

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Realised gains and losses on settlement of foreign currency transactions are recognised in the Consolidated Statement of Profit and Loss.
- Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss.
- Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- Exchange difference arising on settlement of monetary items or reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

**(G) Related parties [Ind AS 24]**

As per Ind AS-24 issued by the Institute of chartered Accountants of India, the group's related parties are disclosed below:

**i. Enterprises over which Key Management Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year**

- Somani Overseas Pvt Ltd. - Director's Son is Director
- Betex India Ltd - Director's Brother is Director
- Durga Transport Company - Director's Son-in-law is Proprietor

**ii. Key Management Personnel (KMP):****a) Executive Director**

- Shankarlal Somani
- Sumeet Somani

**b) Non-Executive Director**

- Zeel Suresh Kumar Modi
- Manoj Kumar Jain
- Vikashkumar Kamalsingh Chandaliya
- Saurav Santosh Duggar

**c) Company Secretary**

- Anil Kumar Jain

**d) Chief Financial Officer**

- Abhishek Prasad

**iii. Relatives of Key Management Personnel**

- Ganga Devi Somani

**iv. Other related parties - NIL**

Sr . No.	Name of Party	Relationship	Nature of Transaction	Amount	Balance	
					Due To	Due From
1	Somani Overseas Pvt. Ltd	Director's Son is Director	Loan Taken	14,52,33,128/-	14,55,62,617/-	-
			Loan Repaid	1,21,37,550/-		
			Interest Paid	1,38,52,266/-		
			Financial Transaction	16,340/-		
			Purchase of Stores & Spares	1,80,24,319/-		
2	Betex India Ltd.	Director's Brother is Director	Loan Recovered	36,07,018/-	-	-
			Interest Received	3,04,633/-		
3	Shankarlal Somani	Chairman	Loan Repaid - (Entry through Income Tax Seize Ac.)	3,95,440/-	1,47,36,689/-	-
4	Zeel Sureshkumar Modi	Non-Executive Director	Director Sitting Fees	1,20,000/-	27,000/-	-
5	Ganga Devi Somani	Chairman's Wife	Loan Taken	-	16,13,220/-	-
			Director Sitting Fees	-	5,61,000/-	-
6	Manoj Kumar Jain	Non-executive Director	Director Sitting Fees	1,50,000/-	54,000/-	-
7	Vikashkumar Kamalsingh Chandaliya	Non-executive Director	Director Sitting Fees	1,50,000/-	73,920/-	-
8	Saurav Santosh Duggar	Non-executive Director	Director Sitting Fees	1,80,000/-	81,000/-	-
9	Anil Kumar Jain	Company Secretary	Salary	16,33,424/-	1,33,088/-	-
10	Abhishek Prasad	Chief Financial Officer	Salary	7,81,991/-	58,864/-	-
11	Durga Transport Company	Director's Son-in-law is Proprietor	Carriage Outward & Shipment Charges	6,00,000/-	1,01,35,579/-	-
			Transportation Charges	4,40,32,083/-		-

Transactions with related parties are entered on arm's length price.

#### (H) Financial instruments: [Ind AS 109]

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets:**

##### **Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

##### **Initial recognition and measurement**

Financial assets are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not

recorded at fair value through Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in the Statement of Profit and Loss.

**Subsequent measurement**

After initial recognition, financial assets are measured at:

- fair value (either through other comprehensive income or through Profit and Loss), or
- amortized cost.

**Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in the Statement of Profit and Loss when the asset is derecognized or impaired. Interest income from these financial assets are included in other income using the effective interest rate method.

**Fair Value Through Other Comprehensive Income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to Statement of Profit and Loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair Value Through Profit and Loss (FVTPL):**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is recognised in the Statement of Profit and Loss.

**Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

**Debt instruments**

Debt instruments are subsequently measured at amortized cost on the basis of :

- (i) the entity's business model for managing the financial assets and
- (ii) the contractual cash flow characteristics of the financial asset.



**De-recognition**

A financial asset shall be derecognized only when:

- (a) the contractual rights to the cash flows from the financial asset expire, or
- (b) it transfers the financial asset and the transfer qualifies for derecognition.

On de-recognition of a financial asset, the difference between:

- (a) the carrying amount (measured at date of derecognition); and
- (b) the consideration received

shall be recognized in Statement of Profit and Loss.

**Note:** On de recognition of Investments the cumulative balance of OCI account related to those investments is been transferred to general reserve.

**Financial liabilities:****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate., in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue/origination of the financial liability.

Preference Shares being redeemable at fixed date and having right of cumulative dividend are considered as financial liability.

**Subsequent measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit and loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of Profit and Loss.

**De-recognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(I) Earnings Per Share: [Ind AS 33]**

Basic and Diluted earnings/(loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the board of directors.

**Calculation of EPS as appearing in Consolidated Statement of Profit and Loss Account:**

Sr. No.	Particulars	Current Period	Previous Year
(i)	Net profit/(loss) as per Profit & Loss A/c* (Rs. In Lakhs)	291.38	-711.64
(ii)	Net Profit/(loss) adjusted from reserves		
(iii)	Net Profit Attributable to ordinary Shareholders [(i)+(ii)] (Rs. In Lakhs)	291.38	-711.64
(iv)	Weighted average number of shares for Basic Earnings per share	10,36,42,389	10,36,42,389
(v)	Weighted average number of shares for Diluted Earnings per share	10,36,42,389	10,36,42,389
(vi)	Nominal value per share	10	10
(vii)	Basic earnings per share (₹)	0.28	-
(viii)	Diluted earnings per share (₹)	-	-

\*The fair value of cash and cash equivalents, trade receivables, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Group's long-term debt and investment in fixed deposit have been contracted at market rates of interest. Accordingly, the carrying value of such instruments approximates their fair value.

**(J) Segment reporting: [Ind AS 108]**

Ind AS 108 establishes standards for the way public business enterprises report information about operating segments and related disclosures about product, services, geographic areas, and major customers.

**Operating segment**

Operating segments are defined as components of a group for which discrete financial information is available that is evaluated regularly by Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The operations of the group are limited to one segment viz. Yarn manufacturing.

**Geographical revenue** is allocated based on the location of the customer. Information regarding geographical revenue is as follows: (₹ In Lakhs)

Sr. No.	Particulars	31-03-2022	31-03-2021
(i)	India	84777.49	55834.22
(ii)	Rest of the world	4488.90	1552.41

**Significant Clients**

Following customers represented 10% or more of the Group's total revenue during the year ended March 31, 2022 and March 31, 2021. (₹ In Lakhs)

Sr. No.	Particulars	31-03-2022	31-03-2021
(i)	Eagle Fashions Pvt Ltd	12,004.57	-
(ii)	Ginni Tradelinks Pvt. Ltd.	20,601.85	9915.09
(iii)	Eagle Fibers Limited	18,164.42	8756.57
(iv)	Pallas Fincap Privat Limited	14,710.56	10660.70
(v)	Aadhidev Polytex Private Limited.	20,559.34	12150.23

**(A) Consolidated Financial Statements: [Ind AS 110]**

Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity.

In its consolidated financial statements, an entity shall:

- I. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
- II. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary [Ind AS 103 explains how to account for any related goodwill].
- III. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group [profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full].

Ind AS 12, Income Taxes, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements shall be in the form specified in Schedule III to the Act and comply with Accounting Standards or Indian Accounting Standards as applicable. Provided that the items contained in the financial statements shall be prepared in accordance with the definitions and other requirements specified in the Accounting Standards or the Indian Accounting Standards, as the case may be."

**The Effects of Changes in Foreign Exchange Rates [Ind AS 21]**

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

- I. Assets and liabilities for each balance sheet presented [i.e. including comparatives] shall be translated at the closing rate at the date of that balance sheet;
- II. Income and expenses for each statement of profit and loss presented [i.e. including comparatives] shall be translated at exchange rates at the dates of the transactions; and
- III. All resulting exchange differences shall be recognised in other comprehensive income.

**(K) Fair value measurement [Ind AS 113]**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) prices in active market for identical assets or liabilities. Investments in Quoted Shares are valued as per quoted price in active market.

- Level 2 – (Inputs other than quoted prices included in Level 1) Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amount approximates fair value due to the short maturity of these instruments.

**(L) Cash and cash equivalents:**

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents includes Cash on hand, balance with banks and demand deposits with banks and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**(M) Provisions and Contingent Liabilities: [Ind AS 37]**

A provision is recognised when the group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

**Contingent Liabilities:**

- a) The Holding Company has given corporate guarantee to Bank of Baroda, Singapore for term loan given to Sumeet Global PTE Limited and the present outstanding is Rs. 57.41 Crores (\$78,10,016.82)
- b) A show cause notice had been issued on the holding company by SEBI on 28.08.2018 under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudication Officer) Rule 1995 and the reply to the same was filed and the adjudicating proceedings are not closed till date. However, the amount of the obligation is not practicable to be measured hence any estimate of its financial effect is not disclosed in the consolidated financial statements as per Ind AS 37.
- c) Income Tax Assessment for A.Y. 2017-18 is pending with CIT (Appeals), Surat. Total amount of demand involved in all these cases is as follows subject to final order and rectification:

(₹ In Lakhs)

Sr. No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
(I)	Contingent Liabilities		
	Claims against the holding company/disputed liabilities not acknowledged as debts		
	(i) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2012-13 pending in CIT Appeal	NIL	595.59
	(ii) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2014-15 pending in CIT Appeal	NIL	11.14
	(iii) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2015-16 pending in CIT Appeal	NIL	9.73
	(iv) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2016-17 pending in CIT Appeal	NIL	36.40
	(v) Demand raised by Income Tax Department for Income Tax Demand for the period A.Y. 2017-18 pending in CIT Appeal	<b>101.95</b>	123.41

- d) The Holding Company has filed appeal with CIT Appeals for the above mentioned Income Tax demands for AY 2017-18 which are still pending in the appeals.
- e) Pending outcome of the aforementioned appeals and based on the decision of the appellate authorities and the interpretations of other relevant provisions, the holding company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- f) A sum of Rs.1,61,052/- has been paid against the demand raised by GST Department during the current year against which an appeal has been filed by the Holding Company before the Appellate Authority. The same amount has been shown under Other current Assets for the GST Penalty paid against appeal filed.

**NOTE # 2**
**Property, plant and equipment**

Particulars	Land	Building	Road Development	Plant & Machinery	Plant & Machinery (Foreign Exchange)	Furniture & Fixture	Vehicle	Total
<b>Deemed cost as at April 01, 2020</b>	50.23	2,802.37	120.53	54,311.50	558.84	239.36	322.45	58,405.28
Additions from 01.04.19 to 31st march 2021	-	-	-	9.50	136.52	11.94	8.65	166.61
Disposal/Adjustment	-	-	-	-	-	-	4.35	4.35
<b>Closing gross carrying amount as at March 31, 2021</b>	<b>50.23</b>	<b>2,802.37</b>	<b>120.53</b>	<b>54,321.00</b>	<b>695.36</b>	<b>251.29</b>	<b>326.75</b>	<b>58,567.53</b>
<b>Accumulated amortization and impairment :</b>	-	-	-	-	-	-	-	-
<b>Opening Accumulated Depreciation</b>	-	1,806.87	58.47	28,452.61	-	190.55	303.67	30,812.17
Depreciation/Amortization charge during the year	-	89.20	16.07	3,464.59	-	6.85	3.06	3,579.77
Disposal/Adjustment	-	-	-	-	-	-	3.76	3.76
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,896.07</b>	<b>74.54</b>	<b>31,917.20</b>	<b>-</b>	<b>197.41</b>	<b>302.97</b>	<b>34,388.18</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>50.23</b>	<b>906.30</b>	<b>45.99</b>	<b>22,403.80</b>	<b>695.36</b>	<b>53.90</b>	<b>23.78</b>	<b>24,179.36</b>
<b>Opening Gross Carrying Amount</b>	50.23	2,802.37	120.53	54,321.00	695.36	251.29	326.75	58,567.53
Additions	-	29.91	-	83.19	-	8.22	0.53	121.85
Disposal/Adjustment	-	-	-	-	-	-	86.68	86.68
<b>Closing gross carrying amount as at March 31, 2022</b>	<b>50.23</b>	<b>2,832.28</b>	<b>120.53</b>	<b>54,404.19</b>	<b>695.36</b>	<b>259.52</b>	<b>240.59</b>	<b>58,602.70</b>
<b>Accumulated amortization and impairment :</b>	-	-	-	-	-	-	-	-
<b>Opening Accumulated Depreciation</b>	-	1,896.07	74.54	31,917.20	-	197.41	302.97	34,388.18
Depreciation /Amortization charge during the year	-	82.77	11.91	3,034.75	-	7.55	4.00	3,140.99
Disposal/Adjustment	-	-	-	-	-	-	78.93	78.93
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>1,978.84</b>	<b>86.44</b>	<b>34,951.95</b>	<b>-</b>	<b>204.95</b>	<b>228.04</b>	<b>37,450.23</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>50.23</b>	<b>853.44</b>	<b>34.08</b>	<b>19,452.24</b>	<b>695.36</b>	<b>54.58</b>	<b>12.55</b>	<b>21,152.47</b>

**NOTE # 2**  
**Property, plant and equipment**  
**F.Y. 2021-22**  
**Schedules to and forming part of Accounts**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As At 01.04.2021	Addition	Deletion	As At 31.03.2022	As At 01.04.2021	For the Year	Adjustment	As At 31.03.2022	As At 31.03.2021
1	Land	50,23,285	-	-	50,23,285	-	-	-	50,23,285	50,23,285
2	Building	28,02,36,996	29,91,106	-	28,32,28,102	82,77,393	-	19,78,84,493	8,53,43,609	9,06,29,896
3	Road Development	1,20,52,771	-	-	1,20,52,771	11,90,692	-	86,44,421	34,08,350	45,99,042
4	Plant & Machinery	5,43,21,00,018	83,18,819	-	5,44,04,18,837	30,34,75,268	-	3,49,51,95,171	1,94,52,23,666	2,24,03,80,115
5	Plant & Machinery (Foreign Exchange)	6,95,36,029	-	-	6,95,36,029	-	-	-	6,95,36,029	6,95,36,029
6	Furniture, Fixture & Equipments	2,51,29,420	8,22,492	-	2,59,51,912	7,54,805	-	2,04,95,325	54,56,587	53,88,900
7	Vehicle	3,26,74,925	52,773	86,68,311	2,40,59,387	4,00,375	78,93,121	2,28,04,026	12,55,361	23,78,153
	<b>TOTAL</b>	<b>5,85,67,53,444</b>	<b>1,21,85,190</b>	<b>86,68,311</b>	<b>5,86,02,70,323</b>	<b>31,40,98,533</b>	<b>78,93,121</b>	<b>3,74,50,23,437</b>	<b>2,11,52,46,886</b>	<b>2,41,79,35,420</b>
	<b>Grand Total</b>	<b>5,85,67,53,444</b>	<b>1,21,85,190</b>	<b>86,68,311</b>	<b>5,86,02,70,323</b>	<b>31,40,98,533</b>	<b>78,93,121</b>	<b>3,74,50,23,437</b>	<b>2,11,52,46,886</b>	<b>2,41,79,35,420</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST MARCH, 2021**

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 3</b>		
<b>Investments</b>		
Financial instruments at FVTPL		
Equity instruments [Note 3.1]	5.49	3.61
Mutual Funds [Note 3.2]	6.63	5.24
	<u>12.12</u>	<u>8.85</u>
<b>Total</b>	<u>12.12</u>	<u>8.85</u>
Non-current	12.12	8.85
Current	-	-
<b>Aggregate amount of quoted investments (FMV)</b>		
Non-current	11.52	8.25
Current	-	-
<b>Aggregate amount of unquoted investments (FMV)</b>		
Non-current	0.60	0.60
Current	-	-
<b>3.1 Details of investments in equity instruments:</b>		
Quoted:		
Stampede Capital Ltd.	1.70	0.99
Tata Steel Ltd.	2.93	1.82
M/s. Questfin Ltd.	0.09	0.04
Zylog Systems Ltd.	0.17	0.17
	<u>4.89</u>	<u>3.01</u>
Unquoted:		
Inherent Computers Pvt Ltd	0.60	0.60
	<u>0.60</u>	<u>0.60</u>
<b>Total</b>	<u>5.49</u>	<u>3.61</u>
Investment in Sumicot Ltd. has been taken at carrying amount.		
<b>3.2 Investment in Mutual funds - Quoted</b>		
India First Life Insurance Co Ltd. MF (23337.227 units @ 27.39 each)	6.39	5.00
Baroda Treasury Advantage Fund	0.24	0.24
<b>Total</b>	<u>6.63</u>	<u>5.24</u>

Investment in India First Life Insurance Co. Ltd. has been shown at fair value as on 31.03.2022. and the difference between cost and fair value has been classified via Fair value through Profit and loss(FVTPL) as Gain on fair value of investment



**NOTE 4**  
**Trade Receivables as at 31/03/22**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	11652.60	0	0	0	0	11652.60
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(iii)	Undisputed Trade Receivables – credit impaired	0	0	0	0	0	0
(iv)	Disputed Trade Receivables– considered good	0	0	0	0	0	0
(v)	Disputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(vi)	Disputed Trade Receivables – credit impaired	0	0	0	0	0	0

**Trade Receivables as at 31/03/21**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	8921.85	0	1489.18	0	0	10411.03
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(iii)	Undisputed Trade Receivables – credit impaired	0	0	0	0	0	0
(iv)	Disputed Trade Receivables– considered good	0	0	0	0	0	0
(v)	Disputed Trade Receivables – which have significant increase in credit risk	0	0	0	0	0	0
(vi)	Disputed Trade Receivables – credit impaired	0	0	0	0	0	0

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 4</b>		
<b>Trade Receivables</b>		
Others:		
Considered Good	11,652.60	10,411.03
Doubtful		
Less : Allowance for expected credit loss	-	-
<b>Total</b>	<b>11,652.60</b>	<b>10,411.03</b>
Non - current	-	-
Current	11,652.60	10,411.03
Trade receivables are classified as current on the basis of normal operating cycle of twelve months.		
<b>NOTE # 5</b>		
<b>Loans</b>		
<b>Loans to Related Parties</b>		
Non - Current	1,498.46	1,534.53
Current	-	-
<b>Loans to Others</b>		
Non - Current	-	157.50
Current	-	-
<b>Total</b>	<b>1,498.46</b>	<b>1,692.03</b>
<b>NOTE # 6</b>		
<b>Other Financial Assets</b>		
Security deposits	891.99	939.08
<b>Total</b>	<b>891.99</b>	<b>939.08</b>
<b>NOTE # 7</b>		
<b>Other Assets</b>		
Non - Current	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Current		
Balance with Revenue Authorities	4,031.73	4,012.92
Claim Receivable	3,776.62	3,982.79
Income Tax Seized Cash	-	12.00
Others	1,065.12	853.37
<b>Total</b>	<b>8,873.48</b>	<b>8,861.08</b>
<b>NOTE # 8</b>		
<b>Inventories</b>		
Raw Materials	2,444.29	2,755.97
Work-in-progress	3,338.59	3,516.44
Finished goods	5,051.81	5,493.01
Stores, Spares and Consumables	4,726.71	4,572.14
<b>Total</b>	<b>15,561.41</b>	<b>16,337.56</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>Mode of Valuation of Inventories</b>		
<b>Particulars</b>	<b>Mode of Valuation</b>	
Raw material & W.I.P. :	Valued at cost.	
Finished Goods :	Valued at cost or NRV whichever is lower.	
<b>NOTE # 9</b>		
<b>Cash and cash equivalents</b>		
Balances with Banks		
Current accounts	29.28	81.98
Demand deposits	1.28	1.23
(Fixed deposits/Margin Money/Security against borrowings)		
Cash on hand	0.06	0.15
<b>Total</b>	<b>30.63</b>	<b>83.36</b>

**NOTE # 10****Share Capital**

Authorised Capital

145,000,000 Equity shares of Rs. 10/- each.	14,500.00	14,500.00
30,000,000 6% Non-convertible Redeemable Preference Shares of Rs. 10/- each	3,000.00	3,000.00
	<b>17,500.00</b>	<b>17,500.00</b>

**Issued, Subscribed and paid up capital**

103642389 Equity shares of Rs. 10/- each. fully paid	10,364.24	10,364.24
<b>[103642389 Equity Shares Earlier]</b>	<b>10,364.24</b>	<b>10,364.24</b>

Preference shares issued being redeemable & non- convertible have been classified as financial liability (Unsecured Borrowings) and not equity.

**(I) Reconciliation of number of shares and share capital**

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	Amt in lakhs	No. of shares	Amt in lakhs
<b>Authorised Capital</b>				
<b>Number of shares at the beginning</b>	17,50,00,000	17,500.00	17,50,00,000	17,500.00
Add : Increased during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>17,50,00,000</b>	<b>17,500.00</b>	<b>17,50,00,000</b>	<b>17,500.00</b>
<b>Issued, Subscribed and Paid up</b>				
<b>Number of equity shares at the beginning</b>	10,36,42,389	10,364.24	10,36,42,389	10,364.24
Add : Issued during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>10,36,42,389</b>	<b>10,364.24</b>	<b>10,36,42,389</b>	<b>10,364.24</b>
<b>Number of preference shares at the beginning</b>	3,00,00,000	3,000.00	3,00,00,000	3,000.00
Add : Issued during the year	-	-	-	-
<b>Number of shares at the end</b>	<b>3,00,00,000</b>	<b>3,000.00</b>	<b>3,00,00,000</b>	<b>3,000.00</b>

**(ii) Terms and rights attached to equity shares**

The company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

**(iii) Shares held by Shareholder holding more than 5% shares and number of shares held is as follows.**

Particulars	As at March 31, 2022	%	As at March 31, 2021	%
Shankarlal Somani	55,00,000	5.31	55,00,000	5.31
Somani Overseas Private Limited	1,02,88,855	9.93	1,02,88,855	9.93

**(iv) Shares held by promoter as at 31/03/2022**

Sr. No.	Promoter name	No. of shares	% of total shares	% change during the year
1	Shankarlal Sitaram Somani	5500000	5.31	-
2	Gangadevi Shankarlal Somani	1500000	1.45	-
3	Sumandevi Somani	299291	0.29	-
4	Manisha Sumeet Somani	625000	0.60	-
5	Sushil Shankarlal Somani	677292	0.65	-
6	Sumeet Shankarlal Somani	2456337	2.37	-
7	Neelam Sushil Somani	737516	0.71	-
	<b>Total</b>	<b>11795436</b>	<b>11.38</b>	

**(v) Other details of Equity Shares for a period of five years immediately preceding March 31, 2021:**

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Aggregate number of share allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Aggregate number of shares allotted as fully paid bonus shares	-	-	-	20728478	-
Aggregate number of shares bought back	-	-	-	-	-

**NOTE # 11**
**Consolidated Statement of changes in Equity for the year ended March 31, 2022**
**A. Equity Share Capital**

Particulars	Amount
<b>As at April 1, 2020</b>	<b>10,364.24</b>
Changes in Equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Changes in equity share capital during the current year	-
<b>Balance as at 31-03-21</b>	<b>10,364.24</b>
<b>As at April 1, 2021</b>	<b>10,364.24</b>
Changes in Equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	-
Changes in equity share capital during the current year	-
<b>As at March 31, 2022</b>	<b>10,364.24</b>

## B. Other Equity

(Rs. In Lakhs)

Particulars	Reserves and surplus							Total other equity
	Capital Reserve	Securities premium reserve	General Reserve	Retained earnings	Remeasurement gain/(loss) on defined benefit obligations	Equity instruments through OCI	Exchange Difference in Financial Statement of a Foreign Operation	
<b>Balance as at April 01, 2021</b>	25.00	6,741.20	603.19	(24,071.98)	(9.43)	201.56	709.01	-15,801.45
Prior period adjustments	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning</b>	<b>25.00</b>	<b>6,741.20</b>	<b>603.19</b>	<b>-24,071.98</b>	<b>(9.43)</b>	<b>201.56</b>	<b>709.01</b>	<b>-15,801.45</b>
Other comprehensive income for the year	-	-	-	-	28.05	1.88	(251.98)	(222.05)
Transfer to general reserve	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Transfer from Other Comprehensive Income (Equity Instruments)	-	-	-	-	-	-	-	-
Transfer from Provision for Taxation (OCI)	-	-	-	85.69	-	-	-	85.69
Transfer to retained earnings	-	-	-	291.38	-	-	-	291.38
<b>Balance as at March 31, 2022</b>	<b>25.00</b>	<b>6,741.20</b>	<b>603.19</b>	<b>(23,694.91)</b>	<b>18.62</b>	<b>203.44</b>	<b>457.03</b>	<b>(15,646.43)</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 12</b>		
<b>Borrowings</b>		
Non - current Borrowings		
Secured		
Term loans from banks	-	-
Term loans from others	24.02	24.02
Unsecured		
Loans and Deposits	1,622.03	170.35
30,000,000 6% Non-convertible Redeemable Preference Shares of Rs. 10/- each	3,000.00	3,000.00
<b>Total</b>	<b>4,646.05</b>	<b>3,194.37</b>
Current Borrowings:		
Cash Credit facilities	30,969.29	35,486.19
Inland LCs and Current a/c	1,591.18	1,741.84
Bank Overdraft	5919.41	5740.73
<b>Total</b>	<b>38,479.88</b>	<b>42,968.76</b>
Current Maturities of Long Term Borrowings		
Current maturities of long term debt	11,324.45	12,148.56
Interest accrued but not paid	679.78	724.08
	<b>12,004.23</b>	<b>12,872.64</b>

**Nature of security**

- Hypothication 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.
- Loan taken from BKB secured by hypothication of Exclusive Charges of Machinery.
- The secured term loan includes loan availed by the company from LIC against Key Man Insurance policy taken by the company

**Loans guaranteed by directors or others**

Mr. Shankarlal Sitaram Somani

Mr. Rajkumar Sitaram Somani

Mr. Sumeetkumar Shankarlal Somani

Smt. Gangadevi Somani

Corporate Guarantee of M/S. Sitaram Prints Pvt Ltd.

" Term Loan: Rs. 26.53 Crores &  
US\$ 39.29 Lacs "

Mr. Shankarlal Sitaram Somani has personally gauranteed amount of Euros 6760414.11 for loan taken from Bremer Kredit Bank AG

**Terms of repayment of term loans & other loans**

(Refer Notes to accounts )

Terms of repayment of term loans & other loans  
F.Y. 2021-22

Long & Short Term of Borrowings	Original Amount Of Borrowings	Tenor at Inception (in years)	Terms of Repayment	Months in Which Last Installment is Due	Balance as on 31st March, 2022		Balance as on 31st March, 2021		Prevailing Rate % Per Annum
					Shown in long Term Borrow	Shown in Short Term Borrow	Shown in long Term Borrow	Shown in Short Term Borrow	
ECB Loan 2 (BOB London)	Rs. 50 Crores (10M UDS)	7	Quarterly	-	-	29,77,56,218	-	28,87,68,433	5.36%
Bremer Kredit Bank AG	10441142 Euro	8.5	Half-Yearly	-	-	56,93,66,299	-	58,20,64,885	2.20%
Term Loan (BOB FDY Winder Loan)	Rs. 29.45 Crores	4	Quarterly	-	-	10,85,00,000	-	10,85,00,000	11.70%
Term Loan (Canara Bank Text)	Rs. 4.12 Crores	6	Monthly	-	-	40,44,678	-	65,44,678	13.65%
IDBI Loan (Corporate)	Rs. 25 Crores	4.5	Monthly	-	-	15,27,77,770	-	15,27,77,770	11.90%
TFCI Ltd.	Rs. 12 Crores	4	Monthly	31/03/2023	-	-	-	7,62,00,000	13.00%
<b>Total</b>					-	<b>1,13,24,44,965</b>	-	<b>1,21,48,55,766</b>	

**NOTE 13**  
**Trade Payables as at 31/03/22**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	856.21	22.32	0	0	878.53
(ii)	Others	3943.47	107.98	0	0	4051.45
(iii)	Disputed dues – MSME	0	0	0	0	0
(iv)	Disputed dues - Others	0	0	0	0	0

**Trade Payables as at 31/03/21**

Sr. No.	Particulars (Amount in Lakhs)	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i)	MSME	0.00	0.00	0	0	0.00
(ii)	Others	3389.35	185.06	0	0	3574.41
(iii)	Disputed dues – MSME	0	0	0	0	0
(iv)	Disputed dues - Others	0	0	0	0	0



(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 13</b>		
<b>Trade Payables</b>		
Creditors for Goods	2,816.58	1,799.97
Creditors for Expenses	1,234.86	1,774.44
Micro ,Small & Medium Enterprises	878.53	-
<b>Total</b>	<b>4,929.97</b>	<b>3,574.41</b>
Non Current	-	-
Current	4,929.97	3,574.41
<b>NOTE # 14</b>		
<b>Other Financial Liabilities</b>		
Non - Current	-	-
Current	-	-
Total	-	-
<b>NOTE # 15</b>		
<b>Deferred Tax Liabilities</b>		
Opening Balance	4,337.42	4,835.73
Provision for the period	(570.91)	(498.31)
Closing Balance	3,766.51	4,337.42
<b>NOTE # 16</b>		
<b>Other liabilities</b>		
Non-current		
Security Deposit from Staff	0.11	0.59
Provision for employee benefits - Gratuity Payable	273.71	228.67
	<b>273.82</b>	<b>229.26</b>
Current		
Advance from Customers	26.72	78.94
Provision for Expenses	774.25	646.42
Statutory Dues Payable	41.58	30.24
Other Payable to Employees	-	5.12
	<b>842.54</b>	<b>760.72</b>
<b>Total</b>	<b>1,116.37</b>	<b>989.98</b>
<b>NOTE # 17</b>		
<b>Provisions</b>		
Current		
Provision for Taxation	12.34	11.97
Provision for taxation - OCI	-	-
<b>Total</b>	<b>12.34</b>	<b>11.97</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 18</b>		
<b>Revenue From Operations</b>		
Sale of Products		
Domestic sales	84,861.54	55,834.22
Export		
Export against Bond	3,402.91	208.64
Deemed Export sales	1,085.99	1,343.78
	<u>89,350.44</u>	<u>57,386.64</u>
Other Operating Revenues		
Export Incentives	-	-
<b>Total</b>	<u><u>89,350.44</u></u>	<u><u>57,386.64</u></u>
<b>NOTE # 19</b>		
<b>Other Incomes</b>		
Dividend received	0.20	0.02
Discount received	7.94	-
Int. on FDR'S	0.05	0.02
Others - Interest	173.93	167.77
Exchange Diff Income	175.76	-
Creditors/Debtors Balance Written Off	42.30	4.58
Interest received from Income Tax	25.40	-
Income from One Time Settlement	1,627.38	-
Gain on Fair Value of Investment	1.40	-
Bad Debts Recovered	32.07	117.97
Bad DEbts Recovered - Subsidiary	7.41	
Less : Bad Debt Recovered of Sumeet Industries Limited	-3.19	
<b>Total</b>	<u><u>2,090.64</u></u>	<u><u>290.35</u></u>
<b>NOTE # 20</b>		
<b>Cost of Materials Consumed</b>		
<b>Purchases of Raw Materials and Stores</b>		
Opening stock	2,755.97	2,550.06
Add: Purchase(net)	65,238.77	40,811.55
	<u>67,994.73</u>	<u>43,361.62</u>
Less: Closing Stock	2,444.29	2,755.97
	<u><u>65,550.44</u></u>	<u><u>40,605.65</u></u>
<b>Direct/Production expenses</b>		
Security Expense	2.73	2.79
Power & Fuel	10,221.44	7,085.74
Freight & Octroi	638.43	502.13
Stores & Spares	1,098.23	839.18
Factory Expense	10.16	5.29
Repair & Maintenance: Factory Building	52.61	2.00
Repair & Maintenance: Plant & Machinery	125.44	42.94
Packing Expenses	2,502.21	1,965.12
	<u>14,651.24</u>	<u>10,445.19</u>
<b>Total</b>	<u><u>80,201.68</u></u>	<u><u>51,050.84</u></u>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 21</b>		
<b>Change in inventories</b>		
Opening Stock	9,009.45	9,428.74
Less: Closing Stock	8,390.40	9,009.45
<b>Total</b>	<b>619.05</b>	<b>419.29</b>

**NOTE # 22****Employment Benefit Expenses**

Salary	2,092.82	1,623.71
Gratuity	86.94	55.65
Bonus	121.87	89.32
P.F.	37.61	27.61
Leave Encashment	8.95	12.25
ESIC	0.07	0.05
Manpower Supply Service	93.87	69.02
<b>Total</b>	<b>2,442.14</b>	<b>1,877.60</b>

**NOTE # 22****Financial Cost**

Interest paid to Banks	2,300.68	265.24
Interest paid to others	145.63	45.41
"Bank Charges & Guarantee commission"	201.26	4.95
Overseas Bank Charges	6.95	1.26
<b>Total</b>	<b>2,654.51</b>	<b>316.86</b>

**NOTE # 23****Depreciation and Amortization Expense**

Depreciation	3,140.99	3,579.77
<b>Total</b>	<b>3,140.99</b>	<b>3,579.77</b>

(Rs. In Lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<b>NOTE # 24</b>		
<b>Other Expenses</b>		
Advertisement & Publicity	1.38	0.86
Auditors Remuneration	7.50	16.75
Brokerage & Overseas Agency Commission	145.15	127.22
Carraige outward	863.76	485.77
Computer and printer expenses	6.62	6.62
Demat Charges	0.03	0.02
Director Sitting Fees	6.00	8.40
Donation & CSR Activity	2.23	3.75
Electricity Expenses	4.14	3.54
Insurance Expenses	22.71	32.07
Legal & Professional	318.38	249.90
Loss on sale of Investments	-	271.65
Membership & Subscriptions	0.22	2.60
Office & General Expenses	39.44	31.05
Postage & Telegram & Telephone	4.48	4.21
Printing & Stationery Expenses	9.30	7.74
Rent, Rates & Taxes	9.38	12.65
Repairs Office Building	0.10	1.95
Repairs Other	-	0.28
Travelling & Conveyance	4.97	5.20
Vehicle Expense	22.99	20.80
Advance Paid /Balance Written Off	-	3.51
Claims & Discounts	-	213.91
Exchange Difference	-	29.74
Bad Debts Written-Off	1,096.69	-
Balance Written-Off	92.78	-
Admin Exp	0.44	4.10
<b>Total</b>	<b>2,658.69</b>	<b>1,544.31</b>

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
 CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
 PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

**Notes Accompanying the Financial Statements**

25. The following term loans are called up by banks so now these are payable on demand basis. We are shown under the head Current Liabilities as Borrowing,.

- BOB (FDY Winder) Term Loan
- Canara Bank Term Loan [Texturising]
- IDBI Corporate Loan
- Bremer Kredit bank\*
- ECB London Term Loan (BOB)

\* The Holding Company has taken loan from Bremer Kredit bank AG. During the F.Y. 2019-20 on the basis of information received from the bank, the name was changed from Bremer Kredit bank AG to Oldenburgische Landesbank AG. But Oldenburgische Landesbank AG has unable to provide any document for the same, hence during the current financial year the name has been taken as Bremer Kredit bank AG, which is shown under the current maturity of long-term debt.

26. The Holding Company has entered in one-time settlement of debt during the quarter ended 31st March, 2022 which is determined by the Holding Company and included in Other Income in Statement of Profit and Loss of Rs. 1631.56 lakhs [Rs.1459.56 lakh for State Bank of India and Rs.172 lakhs for Tourism Finance Corporation of India].

27. As per provisions of Singapore Financial Reporting Standard, Sumeet Global PTE LTD. (Wholly Owned Subsidiary) has settled of its debtors and creditors belonging to Holding company in their Financial Statement, whereas the same is reflecting outstanding in the name of subsidiary company in the Standalone Financial Statement of the Holding company.

28. The Holding company has not created provision for Interest on MSME dues in case where payment is made after 45 days. The amount of interest and outstanding dues as on 31.03.2022 are,

Outstanding Dues	Interest
Rs 6,77,76,965/-	Rs 30,69,475/-

**NOTE # 29**

Particulars		31/03/2022	31/03/2021	Change	Reasons for deviation (More than 25%)
Current Ratio	Current asset	0.64	0.59	8%	-
	Current liabilities				
Debt Equity Ratio	Current borrowings (Including Current maturities of long term debts)+Non current borrowings	-10.44	-10.86	-4%	-
	Total Equity				
Debt Service Coverage Ratio	Earnings before Finance cost, Tax, Depreciation & Amortisation	2.08	8.48	-75%	Decrease in Debt service coverage is due to increase in EBIDTA as compared to previous year from 26.9 Crore to 55.25 Crore and there is no any current debt with holding company as all the debts has been recognised as NPA and finance cost have been increased from 3 Crore to 25 Crore.
	Finance cost + Current debt service				
Return on Equity Ratio	Profit after Tax	-0.06	0.13	142%	Return on equity ratio has been increased because of increase in Profit after tax from Loss of 7.11 Crore to profit of 2.91 Crore.
	Total Equity				
Inventory Turnover	Cost of Goods sold	1.26	0.74	70%	Increase in inventory turnover ratio is due to increase in cost of material consumed from 491 Crore to 802 Crore ie approx 62%
	Average inventory				
Trade Receivables turnover ratio	Net Credit Sale	2.02	1.03	97%	Trade receivable turnover ratio is increased due to Increase in Sales by 56% and increase in receivable from 12% as compared to previous year
	Average Trade Receivable				
Trade payables turnover ratio	Net Credit Purchases for Goods	7.07	1.51	368%	Trade payable turnover ratio has been increased due to increase in purchase from 408 Crore to 652 Crore and average inventory during previous year has been decreased by almost 70% resulting to increase in ratio.
	Average Accounts Payable for Goods				
Net capital turnover ratio	Revenue from Operation	-4.43	-2.34	-89%	Net capital turnover ratio has been decreased because of increase in sales from 573.87 Crore to 893.50 Crore as compared to previous year.
	Working Capital				
Net profit ratio	Profit After Tax	0.00	-0.01	126%	Net profit ratio has been increased by 126% because of increase in profit after tax of the current year.
	Total Revenue				
Return on Capital employed	EBIT	0.70	-0.38	282%	Return on capital employed has been increased because of increase in EBIT from (8.93 Crore) to 23.74 Crore which is an increase of approx 3 times.
	Capital Employed				
Return on investment	Earnings generated from such investments	0.00	0.13	104%	Return on investment has been increased by 127% majorly because of loss on sale of equity-share's of Sumicot Limited in previous year.
	Total Investments				

**30. Payment to Auditors:**

Sr. No.	Particulars	Current Period	Previous Year
(a)	Statutory Auditors:		
	(i) Audit Fees	6,50,000	6,50,000
	(ii) Tax Audit Fees	1,00,000	1,00,000
(b)	Cost Audit	40,000	40,000
(c)	Internal Audit	4,00,000	8,85,000

**31. Managerial Remuneration:**

Sr. No.	Particulars	Current Period	Previous Year
(i)	Salary	-	-
(ii)	Perquisite	-	-

**32. Additional regulatory information required by Schedule III of Companies Act, 2013**

- (i) The Holding Company has not revalued its property, plant and equipment during the current or previous year.
- (ii) The Holding Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (iii) The Holding Company has not entered into any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013, which has an accounting impact on current or previous financial year.
- (iv) The Holding Company has not advanced or loaned funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (v) The Holding Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Holding Company shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- (vi) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**33.** Previous year's figures have been regrouped and recasted wherever necessary. The figures have been rounded off to the nearest lakhs of rupees upto two decimal places.

**See accompanying notes to the financial statements**

As per our report of even date  
**FOR H. TOSNIWAL & CO.**  
 CHARTERED ACCOUNTANTS

**CA. HARISHANKAR TOSNIWAL**  
 PARTNER  
**M. NO. : 055043**  
**FIRM REG. NO. : 111032W**

**PLACE : SURAT**  
**DATE : 30.05.2022**

For and on behalf of the Board of Directors

**Shankarlal Somani** - Chairman

**Sumeet Kumar Somani** - Mg. Director

**Anil Kumar Jain** - Company Secretary

**Abhishek Prasad** - CFO

**PLACE : SURAT**  
**DATE : 30.05.2022**

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