ISSUE OPENS ON : MONDAY, DECEMBER 08, 2008

LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS : MONDAY, DECEMBER 15, 2008

ISSUE CLOSES ON : MONDAY, DECEMBER 22, 2008



(The company was originally incorporated as "Sumeet Synthetics Pvt. Ltd." on 1st August 1988 under Companies Act, 1956. The name of the company was changed to M/s. Sumeet Synthetics Limited vide fresh Certificate of incorporation consequent on change of name dated 26th February 1992. Subsequently the name of the company was changed to Sumeet Industries Limited vide fresh certificate of incorporation dated 1st September 1993.)

Registered Office: 504, Trividh Chambers, 5th Floor, Opp. Fire Brigade Station, Ring Road, Surat-395 002, Tel:(91-261) 2328902;

Fax:(91-261) 2334189, 2310196, Email: sumeetindus@yahoo.com; Website: www.sumeetindustries.com

Contact person: Mr. Anil Jain, Compliance Officer & Company Secretary

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

ISSUE OF 2,01,22,930 EQUITY SHARES OF RS. 10/- EACH AT A PREMIUM OF RS. 5/- PER SHARE (I.E. ISSUE PRICE OF RS. 15/- PER SHARE) AGGREGATING RS. 3018.43 LACS ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF ONE (1) EQUITY SHARE FOR EVERY ONE (1) EQUITY SHARE (I.E.1:1) HELD ON 29/10/2008 (RECORD DATE).

THE ISSUE PRICE IS 1.5 TIMES THE FACE VALUE

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document.

The attention of investors is drawn to the statement of Risk Factors beginning on page no. vi of the Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in the Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LICTING

The existing Equity shares of the company are listed on Bombay Stock Exchange Limited (BSE), (the Designated Stock Exchange). The Company has received in-principle approval from BSE vide their letter no. DCS/PREF/JA/IP-RT/723/08-09 dated June 24th 2008 for listing of the equity share being issued in terms of the Letter of Offer.

LEAD MANAGER TO THE ISSUE

CORPORATE SERVICES LTD

KEYNOTE

KEYNOTE CORPORATE SERVICES LIMITED 4th Floor, Balmer Lawrie Building,

5, J. N. Heredia Marg, Ballard Estate, Mumbai – 400 001 SEBI Regn No: INM 000003606

Tel: +91 022 2267 1321 / 2269 4324 Fax: + 91 022 22694323 Website: www.keynoteindia.net E-mail: mbd@keynoteindia.net Contact Person: Ms. Swati Sinha

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PVT. LTD.

E2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072 **Tel:** 022-2847 0652/53

Fax: 022- 28475207
Website: www.bigshareonline.com
Email: flavia@bigshareonline.com

Email: flavia@bigshareonline.com SEBI Regn. No.: INR000001385 Contact Person: Mr. Ashok Shetty

BANKERS TO THE ISSUE

Bank of Baroda

Udhna Industrial Estate Branch,

Udhna, Surat **Tel:** 0261-2278499, 2277467;

Fax: 0261-2678713
Email: udhnu@bankofbaroda.com
Contact Person: Mr. Vivek Kulkarni

COMPLIANCE OFFICER & COMPANY SECRETARY

Mr. Anil Jain 504, Trividh Chambers, 5th Floor,

Opp. Fire Brigade Station, Ring Road, Surat-395 002

Tel no: 0261- 2328902 Fax no: 0261 – 2334189, 2310196 Website: www.sumeetindustries.com Email: sumeetindus@yahoo.com

Investors can contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Letter of Offer/Letters of Allotment/Debenture Certificate(s)/Share Certificate(s)/Warrant Certificate(s)/Refund Orders/Demat Credit ect.

Auditors to the Company: PRADEEP SINGHI & ASSOCIATES, A-501, President Plaza, Near R.T.O. Office, Ring Road, Surat., Tel: (0261) 2474714, 2474954, Fax: (0261) 2471428, Email: pradeepsinghica@yahoo.co.in, Contact person: Mr. Pradeep K. Singhi

NOTE: Abridged Letter of Offer is sent to the shareholders as on record date. The shareholders may obtain copy of printed Letter of Offer if they so desire by writing to Compliance Officers before closure of the Issue. The Copy of Letter of Offer dated 15/11/2008 and Prospectus dated 30/09/1992 of the immediately proceeding public issue of the Company is available on website of the Company and Lead Manager to the Issue.

RISK FACTORS

An investment in equity shares involves a high degree of risk. The investors shall carefully consider all of the information in the Letter of Offer, in evaluating the Company and its business, including the risks and uncertainties described below, before making any investment decision. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and the investors may lose all or part of their investment.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

INTERNAL RISK FACTORS AND RISKS RELATING TO COMPANY'S BUSINESS

1. Outstanding Litigations/disputes/cases pending against the Company/ Promoter / Directors and Group companies :

I. Litigations against the Company: The Company is involved in certain legal proceedings, incidental to its business and operations, which if determined against the Company, could have an adverse impact on the results of its operations and financial condition. The summary of the litigations is as follows:

(Rs. in lacs)

			(113, 111 1003)
Sr. No	Particulars		Approx. amount involved where quantifiable
1	Central Excise Tax	3	197.33
2	Labour Law	10	Not quantifiable
3	Industrial Law	1	Not quantifiable
4	Securities related	3	75.00

For more information please refer to "Legal and other Information" commencing on page no. 118 of the Letter of Offer.

II. Litigations pending against Group Companie/ Promoters/ Directors:
The following litigations are pending against the group companies:

and others

The following litigations are pending against the group companies: (Rs. in lacs) **Particulars** notices/ warnings/ involved communications M/s. Somani Overseas i) Central Excise Tax 5.69 and Customs Act Pvt. Ltd. Securities related 2 Not quantifiable Betex India Limited Central Excise Tax 34.89 1 and Customs Act Securities related 2 Not quantifiable M/s. Sitaram Prints (P) Ltd. 3 Securities related Not quantifiable 4 Not quantifiable M/s. Ambaji Syntex (P) Ltd. Securities related Not quantifiable 5 M/s. Sumeet Menthol (P) Ltd. Securities related (formerly known as: Mahesh Texturisers (P) Ltd.) Mr. Sushil Kumar Somani 6 Securities related Not quantifiable

For more information please refer to "Legal and other Information" commencing on page no. 118 of the Letter of Offer. **2. Contingent liabilities**: As on 30th June 2008 the audited accounts, the company has contingent liabilities not provided for in respect of items detailed below:

(Rs. in lacs)

provided for in respect of items detailed below:	(AS. III lacs)
Particulars	3 months ended 30/06/2008
Letter of Credit outstanding	2350.00
Estimated amount of contract remaining to be executed on capital account	4500.95
Total	6850.95

In the event such contingent liabilities materialize it may have an adverse effect on the company's financial condition and future financial performance.

3. Securities related litigations: i. Dispute relating to the issued capital: The issued, subscribed and paid up capital of the company includes 2,50,000 equity shares of Rs.10 each allotted to M/s. Vishvas Infrastructure Ltd. (Vishvas) on a preferential basis on 13th April 2007. These shares are yet to be listed on BSE. The company submitted an application for the listing of 9,17,000 equity shares issued on preferential basis to BSE. 6,67,000 equity shares of Rs.10/- each were allotted to Bennett Coleman & Co. Ltd. and 2,50,000 equity shares of Rs.10/- each to Vishvas. The company received a communication from BSE vide their letter no. DCS/PREF/ST/GEN/1531/07-08 dated 11th Sep. 2007 advising the company to take requisite steps to address the discrepancy in the issued and listed capital arising out of the non approval of issue of 2,50,000 equity shares to Vishvas. The company called an Extra Ordinary General Meeting on 20th Nov. 2007 for the purpose of passing of Special Resolution for Reduction of share capital and accordingly the members of the company passed the special resolution for cancellation of preferential allotment of 2,50,000 shares to Vishvas. The company has filed a petition (company petition no. 30 of 2008) on 10th Jan. 2008 in the High Court of Gujarat at Ahmadabad under the provisions of section 78, 100 and 101 of the Companies Act, 1956 for cancellation of aforesaid 2,50,000 equity shares of Rs. 10 each issued at a premium of Rs. 20 per share and confirmation of reduction of share capital consequent to such cancellation. Vishvas has filed an objection to the proposed Reduction of share capital vide their affidavit dated 12th March 2008. The company's petition is pending for hearing by the Hon'ble High Court of Gujarat in this regard till date. Pending disposal of said petition there is uncertainty about the issued equity share capital of the company. ii. Show cause notice/ warning letters received from SEBI regarding the warning to the company to strengthen their system to avoid possibilities of insider trading failing which action may be initiated in accordance with provisions of SEBI Act.

4. The equity shares of Betex India Limited one of the group companies are listed on BSE. The shares of the company are included in "Z" category of BSE. The trading in the equity shares of the company have been suspended w.e.f 08/05/2000 on account of non-compliance with the following clauses.

Clause Number	Particulars of Non Compliance
15/16 Intimation of Book Closure /Record Date	
31	Submission of Annual Report
35	Submission of Shareholding Pattern
40B	Filing of Declarations under SEBI (SAST) Regulations'97
41	Submission of Quarterly Result
47	Submission of Compliance Certificate

5. The prospectus of the company in the year 1992 contained certain projections which could not be achieved. The Company had made a Public Issue during the year 1992. The projected profitability of the company was estimated as follows by Bank of Baroda for the first full 3 years based on the then prevailing situation. However, the projections relating to capacity utilization, sales in 1995 and profitability in 1996 and 1997 could not be achieved. The detail of the variations in the promises vs. performance is detailed hereinunder: (Rs. In lacs)

Particulars	As on 3	1.3.1995	As o	n 31.3.1996	As on 31.3.1997		
	Promises as given in the prospectus	mance	Promises as given in the prospectus	Actual perfor- mance	Promises as given in the prospectus	perfor- mance	
Capacity Utilization	65%	39%	80%	72%	90%	85%	
Sales	1812.72	1795.57	2231.04	3721.31	2509.22	3067.71	
Operating profits	239.40	583.73	413.56	653.09	539.42	641.54	
Cash Accruals	403.90	408.47	511.07	398.88	577.68	434.45	
Profit/ Loss after Tax	232.95	301.43	340.12	(62.30)	406.73	164.97	
EPS (Rs.)	2.01	2.60	2.93	•	3.51	1.42	

SUMEET INDUSTRIES LIMITED

- 6. The loan agreements entered into with the banks by the company contain certain restrictive covenants which may affect certain corporate decisions of the company: There are restrictive covenants in the agreement for borrowings from Banks which among other things require the Company to obtain prior permission from Bank for change in Management, declaring dividend and undertaking of new project which may limit Company's discretion in
- 7. The raw materials of the company form major portion of the production and any disruption in the supply or increase in prices of the raw materials would affect the profitability of the company. The price of the PTA & MEG, the key raw materials for the Company's operations is susceptible to volatility and forms a major portion (around 70%) of the total cost of production. The company has not entered into any firm arrangements with any party for supply of key raw materials like the MEG and PTA. Any upward fluctuations in their prices or unavailability may affect the Company's financial performance and operations.

Management proposal: The Company normally ties up with the suppliers of key raw materials for the whole year which hedges the risk of any shortfall in the supply of the raw materials. Further, the company has been in the industry for two decades and has the ability to anticipate the price movements and hedge itself against any adverse price trends. Also, in order to reduce dependence on outside suppliers and also to insulate the company from any future volatility in prices, the current expansion programme includes setting up of a manufacturing facility for production of PET chips and POY.

8. Delay in placing orders for Plant & Machinery for expanded manufacturing plant.: The company is yet to place firm orders for plant and machinery aggregating to Rs. 50 crores being about 40% of the total appraised cost of plant and machinery required for the project. Any delay in placement of orders for the entire requirement of plant and machinery may lead to time and cost over runs in the project.

Management proposal: The main Plant & Machineries of the proposed project are being imported from China and the company has executed the contracts and placed firm orders. The company has been sanctioned 20 Million US dollar Loan from their bankers Bank of Baroda & Bank of India on club deal basis. The company has opened L/C on behalf of the supplier. For the balance plant and machinery the company is in the process of finalizing the suppliers and orders will be placed with them in due course of time.

9. The company proposes to implement continuous polymerization plant and setting up of additional lines of POY spinning units. Any delay in installation may have an adverse effect on the profitability of the company. : Any delay in implementation of the proposed project due to uncertainties will lead to time and cost overruns thereby impacting the profitability of the company.

Management proposal: The Company has so far implemented expansion projects in the past within the scheduled timeframe. In view of the experience of the management of the company, the company does not envisage any delays in implementation of the project in the normal course. Besides, the penalty clause for late delivery of supplies and services in most agreements will ensure that there is no significant delay on the part of the suppliers and service providers.

10. The company has not entered into any tie-ups/ arrangements to sell the products produced from the expanded capacities. The inability to market these products would affect the financial performance of the company.: The company has embarked upon a project without any firm tie-ups for sale of products from such expanded capacity. Failure to market its additional production may affect the financial position of the Company.

Management proposal: The Company has embarked upon the project after a careful assessment of the demand for its products. The demand for its products has been encouraging in the past which has led the Company to go in for the expansion project. The demand- supply scenario is favorable for the company.

11. Cheap substitutes and imports may affect the business: The textile industry is highly fragmented with an unorganized sector forming a significant portion which leads to cheaper products entering the market. Also with the reduction in trade barriers there is an increase in imports of cheaper products which pose a competition to the existing domestic organized players. This may directly impact the Company's operations.

Management proposal: Cheaper and substandard products are prevalent in every market segment. These products cater to a different segment of the market and do not impact our market area. With growing preference of the customers for branded/better quality products, there is an assured market for the products of our Company. Also we are investing in technology which gives an edge over the cheaper substitutes by way of consistent better quality, flexibility and

12. All of our facilities are geographically located in one area: All of our manufacturing units (existing and proposed) are based in and around Surat. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in Surat could have material adverse effect on the business, financial position and results of operations of our Company. Further, continuous addition of industries in and around Surat without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure in Surat, which may affect our business. Further, spiraling cost of living in Surat may push our manpower cost in the upward direction, which may reduce our margin and cost competitiveness.

Management proposal: - The company's manufacturing facility is situated around Surat City which is the key city of Synthetics/ Polyester Industry in India. More than 90% of the Polyester is consumed in Surat city itself. The city has good infrastructure and is well connected with different parts of the country.

13. The company faces substantial competition in the textile business, both from Indian and international companies, which may adversely affect our revenues. The company faces significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive in the POY segment. The company has various competitors in the POY segment mainly from large vertically integrated and diversified companies as well as new companies, particularly in China. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on the business, results of operations and financial condition. We cannot be certain that we will continue to compete successfully against either current or potential competitors in the future.

Management prposal: The main concentration of Synthetics Industry has been diverted to India and China and both are cost competitive in POY production in comparison to other countries in the world. We are going to setup POY manufacturing facility which will be produced directly from MEG and PTA which will be most cost competitive and

price effective and the company will always be in a position in quoting most competitive price than its peer group.

- 14. The company's manufacturing activities are dependent upon availability of skilled and unskilled labour: Our manufacturing activities are relatively labour intensive and dependent on availability of skilled and unskilled labour in large numbers. Large labour intensive operations call for good monitoring and maintenance of cordial relations. Non-availability of labour and/or any disputes between the labour and the management may affect our
- 15. The company may face problems/ difficulties in retaining the existing personnel and attract new skilled personnel.: The success of any company depends upon its management team and key personnel and the Company's ability to attract and retain such persons. The resignation or loss of key management personnel may have an adverse impact on its business, future financial performance and the price of its Equity Shares.
- 16. The project of the company for which present right issue is made is not appraised by any appraising agency.: The expansion plans as per the objects of the present issue of the company are not appraised by any appraising agency and are based on the management estimates. Any deviations from the management estimates would delay the expansion plans of the company and affect the financial performance of the company.

EXTERNAL RISK FACTORS

- 1. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.: External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could prevent or block our ability to do business, increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could prevent or block our ability to do business, increase our costs and negatively affect our stock price.
- 2. Factors affecting Indian economy in general: The company's financial results are influenced by the macro economic factors determining the growth of the Indian economy in general and continued growth of the textile industry. Any slow down in the Indian economy the growth of textile industry coupled with inflationary pressures or any changes in government policy could adversely impact its future financial performance.
- 3. Material changes in the regulation: The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could have a significant effect on private sector entities, including us, and on market conditions. Any significant change in the government's policies or any regulations would have an impact on the company.
- 4. Competition particularly from the textile sector: The company operates in a globally competitive business environment and faces significant competition from countries such as China, which also have cheap labour and significant production capacities. The company may also face competition from other established companies and future entrants into the industry. The growing competition may force the company to reduce prices of its products, which may reduce its revenues and margins and/or decrease its market share, either of which could adversely affect its business, financial condition and results of operations
- 5. The growth of the Company will depend on its continued ability to access funds at competitive rates.: With the growth of its business the Company is increasingly reliant on funding from the debt, capital markets and commercial borrowings. The market for such funds are competitive, hence the ability of the company to obtain funds at competitive rates will depend on various factors including its ability to maintain its credit rating. Borrowing costs have been competitive in the past due to its ability to structure innovative debt products, credit rating and the quality of its asset portfolios. If the Company is unable to access funds at an effective cost that is comparable to or lower than its competitors, the Company may not be able to offer competitive interest rates for its loans. This may adversely impact the company's business, its future financial performance and the price of its Equity shares.
- 6. Operational risks associated with the industry: The industry is exposed to many types of operational risk, including the risk of fraud or misconduct by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record keeping errors or errors resulting from faulty system.

7. If the company fails to comply with environmental laws and regulations or face environmental litigation, the company's results of operations may be adversely affected .: Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If, as a result of non-compliance with any environmental regulations, any of the units or the operations of such units are shut down, the company will continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at the existing facilities and continuing to pay labour and other costs which continue even if the facility is closed. As a result, the overall operating expenses will increase and the profits will decrease, adversely affecting the business and results of operations

NOTES TO RISK FACTORS

1. The networth of the company as on 31st March 2008 is Rs. 3662.94 lacs and as on 30th June 2008 is Rs. 3792.72 lacs. 2. The average cost of acquisition of Equity shares of the promoters is Rs. 6.06 per equity share. 3. The Book value per share as on 30th June 2008 is Rs. 18.85 per equity share. 4. Rights Issue of 2,01,22,930 Equity shares of Rs.10/- each for cash at a price of Rs. 15/- per equity share, aggregating to Rs. 3018.43 lacs on rights basis to the existing equity shareholder of the company in the ratio of 1 equity share for every 1 equity share held as on the record date. 5. There is no interest of promoters/directors/foreign collaborators/key management personnel other than reimbursement of expenses incurred or normal remuneration or benefits. 6. For details on Related party disclosures refer page no.102 of the Letter of Offer. 7. For details on loans and advances made by the Company refer page no. 100 of the Letter of Offer. 8. Investors are free to contact the Lead Manager for any complaints/ information/ clarification pertaining to this Issue. For contact details of the Lead Manager, please refer to the cover page of this Offer Document. 9. All information shall be made available by the LM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever. 10. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 27 of this Offer Document before making an investment in this Issue, 11. The Lead Manager and the Company shall update the Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading of shares being issued in terms of the Letter of Offer commences.

the CAF with the Letter of Offer.; 4. Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAFs. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. An application is liable to be rejected for any non compliance of the Letter of Offer or the CAF.; 5. All enquiries in connection with the Letter of Offer or CAFs should be addressed to the Registrar to the Issue, quoting the Registered Folio number/DP and Client ID number and the CAF numbers as mentioned in the CAFs.; 6. The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI.; 7. All the legal requirements as applicable till the filing of the Letter of Offer with the Designated Stock Exchange have been complied with.

Change in registered office:

The registered office of the company was changed from H-2045, Surat Textile Market, Ring Road, Surat 395 002 to 504, Trividh Chambers, Opp. Fire Station, Ring Road, Surat- 395 002 with effect from 20th July, 1992.

BOOK CLOSURE & OTHER DETAILS

PARTICULARS	DATE(S)
Book Closure	29/10/2008
Purpose	Rights entitlement (1: 1)
No Delivery Period on BSE	22/10/2008 to 28/10/2008
Ex-right/ Ex- dividend	22/10/2008
INITED OF ALL CONTINUES OF DECEMBER INTER	

INTER SE ALLOCATION OF RESPONSIBILITIES

Not Applicable

CREDIT RATING/DEBENTURE TRUSTEE

This being Rights Issue of equity shares, no Credit Rating or appointment of Debenture Trustee is required.

MONITORING AGENCY

Not Applicable

APPRAISING ENTITY Not Applicable

MINIMUM SUBSCRIPTION: i. If the Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within Fifteen days from the date of closure of the issue. ii. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e., Fifteen days after closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

GENERAL INFORMATION

Dear shareholder(s).

The Board of Directors at their meeting held on 21st January, 2008 had decided to make the offer to the existing shareholders of the Company on Rights basis. Accordingly a special resolution in respect of this rights issue was passed by the shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 3rd March, 2008 and authorized the Board of Directors to decide on terms of the issue and also to take steps to give effect to the said resolution. The Board of Directors at their meeting held on 15th May, 2008 has decided to make the offer to the existing shareholders of the company. The Board of Directors in their meeting held on 8th October, 2008 have finalized the rights issue offer as follows: Issue of 2,01,22,930 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share (i.e Issue Price of Rs. 15/- per share) aggregating Rs. 3018.43 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of One (1) Equity Share for every One (1) Equity Share held on 29/10/2008 (Record Date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price is 1.5 times the face value.

Sumeet Industries Limited Name of the Company 504. Trividh Chambers, 5th Floor, Opp. Fire Bridge Station, Registered Office Ring Road, Surat-395 002 Tel:(91-261) 2328902; Fax:(91-261) 2334189 Website: www.sumeetindustries.com Email: sumeetindus@yahoo.com

Address: 901, Vishwadeep Building, District Centre, **Branch Office** Janakpuri, New Delhi- 110 058 Tel: (011) 25554808; Fax: (011) 25554773

Block No. 292, Village - Karanj, **Factory Address** Taluka - Mandvi, Surat Registration No. 04-11049 of 1988-89

INE235C01010 Mr. Anil Jain, Compliance Officer & Company Secretary Contact person:

Registrar of Companies ROC Bhavan Opp. Rupal Park Society, Behind Ankur Bus Stand, Naranpur, Ahmadabad - 380013

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company at the close of business hours on 29/10/2008 (Record Date); 2. Your attention is drawn to the section on risk factors starting from page no. vi of the Letter of Offer.; 3. Please ensure that you have received

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below: "Any person who- (a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or (b) otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

UNDERWRITING/ STANDBY SUPPORT : This issue of equity shares is not being underwritten and/or no standby support is being sought for the said issue

		CAPITAL STRUCTURE OF THE COMPANY	
		Details as on the date of Letter of Offer	Aggregate Nominal Value (Rs. in Lacs)
A.	Authorized Cap	ital	
	4,50,00,000	Equity Shares of Rs. 10/- each	4,500.00
	50,00,000	6% Non Convertible Preference shares of Rs. 10/- each	500.00
В.	Issued, Subscri	bed & Paid-up Capital* (ref. Note 1 below)	
	2,01,22,930	Equity Shares of Rs. 10/- each, fully paid - up	2,012.29
	50,00,000	6% Non Convertible Preference shares of Rs. 10/- each	500.00
C.	Present Rights	Issue of equity shares * (ref. Note 1 below)	
	2,01,22,930	Equity shares of Rs. 10/- each for cash at price of Rs. 15/- per share [in the ratio of one equity share for every one equity share held (1:1)]	2,012.29
D.	Post Issue Capi	tal * (ref. Note 1 below)	
	4,02,45,860	Equity shares of Rs. 10/- each	4,024.59
	50,00,000	6% Non Convertible Preference shares of Rs. 10/- each	500.00
E.	Share Premium	Account	
	Before the offer		183.40
	After the offer		1006.14

* Note 1: The issued, subscribed and paid up capital of the company includes 2,50,000 equity shares of Rs.10 each allotted to M/s. Vishvas Infrastructure Ltd. (Vishvas) on a preferential basis on 13th April 2007. These shares are yet to be listed on BSE. The company submitted an application for listing of 9,17,000 (6,67,000 equity shares were allotted to M/s.Bennett Coleman & Co. Ltd.) equity shares issued on preferential basis to BSE. The company received a communication from BSE vide their letter no. DCS/PREF/ST/GEN/1531/07-08 dated 11th Sep. 2007 advising the company to take requisite steps to address the discrepancy in the issued and listed capital arising out of the non approval of issue of 2,50,000 equity shares to Vishvas. The company has convened an Extra Ordinary General Meeting on 20th Nov. 2007 for the purpose of passing of Special Resolution for Reduction of share capital and accordingly the members of the company passed the special resolution for cancellation of preferential allotment of 2,50,000 shares to Vishvas. The company has filed a petition (company petition no. 30 of 2008) on 10th Jan. 2008 in the Hon'ble High Court of Gujarat at Ahmadabad under the provisions of section 78, 100 and 101 of the Companies Act, 1956 for cancellation of aforesaid 2,50,000 equity shares of Rs.10 each issued at a premium of Rs.20 per share and confirmation of reduction of share capital consequent to such cancellation. The company's petition is pending for hearing by the Hon'ble High Court of Gujarat at Ahmadabad in this regard till date. In view of the above the aforesaid equity shares are yet to be listed. The company had allotted bonus shares in the ratio of 1 share for every 10 shares (1:10) on 21st Jan. 2008 in continuation of the shareholder's consent for the bonus shares vide resolution dated 31th Mar. 2007 to the shareholders of the company as on the record date of 27th Apr. 2007 except to Vishvas and the bonus shares pertaining to Vishvas are kept in abeyance. In case, the Hon'ble High Court of Ahmedabad at Gujarat approves the Reduction of capital; the capital of the company will stand reduced by 2,50,000 shares and consequently the bonus shares kept in abeyance will also be not issued to Vishvas. The action by the company in this regard depends on the order of the Hon'ble High Court. In case of non-cancellation of 2,50,000 equity shares to Vishvas the company shall issue bonus shares to them and Vishvas will also be entitled to the present rights shares to the extent of their holding as on the Record date of the Rights issue. In case of non-receipt of any order/ direction from the Hon'ble High Court in this regard, the rights entitlement of Vishvas will also be kept in abeyance and the company will proceed with the rights issue.

Other notes to Capital Structure:

Date of Resolution	Increased / changed From	Increased/ changed To
Subscription to Memorandum	-	Rs. 1.00 lacs consisting 10,000 equity shares of Rs. 10 each
20/08/1990	Rs. 1.00 lacs consisting 10,000 equity shares of Rs. 10 each	Rs. 50.00 lacs consisting 5,00,000 equity shares of Rs. 10 each
01/02/1992	Rs. 50.00 lacs consisting 5,00,000 equity shares of Rs. 10 each	Rs. 1,500.00 lacs consisting 1,50,00,000 equity shares of Rs. 10 each
27/12/1993	Rs. 1,500.00 lacs consisting 1,50,00,000 equity shares of Rs. 10 each	Rs. 2,000.00 lacs consisting 2,00,00,000 equity shares of Rs. 10 each
14/07/1995	Rs. 2,000.00 lacs consisting 2,00,00,000 equity shares of Rs. 10 each	Rs. 2,500.00 lacs consisting 2,50,00,000 equity shares of Rs. 10 each
23/02/2005	Rs. 2,500.00 lacs consisting 2,50,00,000 equity shares of Rs. 10 each	Converted into Rs. 2,000.00 lacs consisting of 2,00,00,000 equity shares of Rs. 10 per share and Rs. 500.00 lacs consisting of 50,00,000 6% convertible preference shares of Rs. 10 each
31/03/2007	Rs. 2500.00 lacs consisting of Rs. 2,000.00 lacs consisting of 2,00,00,000 equity shares of Rs. 10 each and Rs. 500.00 lacs consisting of 50,00,000 6% convertible preference shares of Rs. 10 each	Rs. 5,000.00 lacs consisting of 4,50,00,000 equity shares of Rs. 10 each and Rs. 500.00 lacs consisting of 50,00,000 6% non-convertible preference shares of Rs. 10 each

2 Details of naid-up Equity Share capital

Date of	Face	<u> </u>	No. of	Cumulative	Nature of	Consider-	% to
Allotmen	Value	Price	Shares	No. of	allotment		Post Issue
7	(Rs.)	(Rs.)	0.1400	shares			Capital (%)
25/07/1988	10	10	20	20	Subscription to Memorandum	Cash	0.00
12/12/1991	10	10	1,99,980	2,00,000	Further Allotment	Cash	0.50
13/05/1992	10	10	7,95,000	9,95,000	Further Allotment	Cash	1.98
07/07/1992	10	10	10,55,000	20,50,000	Further Allotment	Cash	2.62
20/07/1992	10	10	9,50,000	30,00,000	Further Allotment	Cash	2.36
08/08/1992	10	10	10,03,600	40,03,600	Further Allotment	Cash	2.49
12/08/1992	10	10	15,96,400	56,00,000	Further Allotment	Cash	3.97
24/10/1992	10	10	4,00,000	60,00,000	Further Allotment	Cash	0.99
12/01/1993	10	10	56,00,000	1,16,00,000	Public Issue made on 16/11/1992	Cash	13.91
01/04/2005	10	-	57,99,300*	1,73,99,300	Bonus issued in the ratio of 1:2	_	14.41
13/04/2007	10	20	**9,17,000	1,83,16,300	Preferential Allotment	Cash	2.28
21/01/2008	10	10	18,06,630	2,01,22,930	Bonus issued in the ratio of 1:10 (except to Vishvas)	_	4.49
TOTAL			·	2,01,22,930			50.00

- * 700 equity shares to be issued as Bonus to various shareholders are kept in abeyance on account of enquiries from various investigating authorities.
- ** Ref. "Note. 1" on page no. 13 of the Letter of Offer.
- 3. Promoters' Contribution and Lock-in: The present issue being a rights issue, provisions of promoters' contribution and lock-in are not applicable.

4. Present Rights Issue:

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Type of Instrument	Ratio	Face Value (Rs.)	No. of shares	Issue Price (Rs.)	Consideration
Equity Shares	1:1 (One equity share	10/-	2,01,22,930	15/-	Cash
	for every one equity share held.)				

5. Pre & Post issue shareholding pattern of the Company assuming full subscription in the rights issue is given below (the pre and post issue shareholding may undergo a change. Please refer to Note 1 appearing

Cate	page 13 of the Letter of Offer):- gory of Shareholder	Pre-issue		Post-issu	
		Number of Shares	%	Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	5452880	27.10	10905760	27.1
(b)	Central Government/ State Government(s)/				
	Government company	_	_	_	-
(c)	Bodies Corporate	338745	1.68	677490	1.6
(d)	Financial Institutions/ banks/ others				
	Sub- Total (A)(1)	5791625	28.78	11583250	28.7
2	Foreign				
(a)	Individuals (Non-Resident Individuals/				
/I \	Foreign non Individuals)	_	_	_	-
(b)	Bodies Corporate/ institutions	_	_	_	-
(d)	Any other (specify)	_	_	_	-
	Sub-Total (A)(2)	0	0.00	0	0.0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5791625	28.78	11583250	28.7
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	_	_	_	-
(b)	Financial Institutions/ Banks	495	0.00	990	0.0
(c)	Central Government/ State Government(s)	_	_	_	-
(d)	Venture Capital Funds/ insurance companies	_	_	_	-
(e)	Foreign Institutional Investors/	_	_	_	-
(f)	Foreign Venture Capital Investors	_	_	_	-
(g)	Any Other (specify)	_	_	_	-
	Sub-Total (B)(1)	495	0.00	990	0.0
2	Non-institutions				
(a)	Bodies Corporate	2493135	12.39	4986270	12.3
(b)	Individuals-				
	i. Individual shareholders holding nominal				
	share capital up to Rs. 1 lakh.	8800042	43.73	17600084	43.7
	ii. Individual shareholders holding nominal				
	share capital in excess of Rs. 1 lakh.	2780118	13.82	5560236	13.8
(c)	Individuals (Non-Resident Individuals/				
	Foreign non Individuals)	92675	0.46	185350	0.4
(d)	Clearing Members	164840	0.82	329680	0.8
	Sub-Total (B)(2)	14330810	71.22	28661620	71.2
	Total public shareholding (B)= $(B)(1)+(B)(2)$		71.22	28662610	71.2
	TOTAL (A)+(B)	20122930	100.00	40245860	100.0
(C)	Shares held by Custodians and against				
	which Depository Receipts have				
	been issued	_	_	_	<u> </u>
	GRAND TOTAL (A)+(B)+(C)	20122930	100.00	40245860	100.0

6. The shareholding nattern of the promoter group is as detailed below as on date

Pa	rticulars	Preser	nt	Pos	t Rights
		No. of equity	% of	No. of equity	% of pos
		shares of	present	shares of	issue
		Rs. 10/- each	capital	Rs. 10/- each	capita
(a)	Promoters				
	Mr. Shankarlal Sitaram Somani	919698	4.57	1839396	4.57
	Mr. Rajkumar Sitaram Somani	353575	1.76	707150	1.70
	Mr. Sumeet Shankarlal Somani	821398	4.08	1642796	4.0
	SUB – TOTAL	2094671	10.41	4189342	10.4
(b)	Immediate relatives of promoters (Spouse, Parent, Child, Brother, Sister):				
	Ms. Shardadevi Somani	825000	4.10	1650000	4.1
	Ms. Gangadevi Shankarlal Somani	750000	3.73	1500000	3.7
	Ms. Suman Devi Somani	550000	2.73	1100000	2.7
	Ms. Urmila Devi Somani	550000	2.73	1100000	2.7
	Mr. Sushil Shankarlal Somani	666544	3.31	1333088	3.3
	M/s. Betex India Ltd	264000	1.31	528000	1.3
	M/s. Somani Overseas Ltd	74745	0.37	149490	0.3
	Mr. Mangi Lal Lahoti	16500	0.08	33000	0.0
	Mr. Vinod Kumar Ladia	165	0.00	330	0.0
	SUB – TOTAL	3696954	18.37	7393908	18.3
c)	Company in which 10% or more of the share capital is held by the promoter/his immediate relative, firm or HUF in which the promoter or his immediate relative is a member.	_	_	_	-
d)	Company in which the Company mentioned in © above holds 10% or more of the share capital	_	_	_	-
e)	HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total.	N.A.	N.A.	N.A.	N. <i>i</i>
	GRAND TOTAL	5791625	28.78	11583250	28.7

The promoters/ promoter group collectively intend to subscribe to their rights entitlement as well as the entire undersubscribed portion from public shareholders, if any, in this rights issue in full. The promoters/ promoter group have already brought in an amount of Rs. 1849.20 lacs till date towards share application money which will be

adjusted towards their entitlement and subscription to un-subscribed portion if any by the public shareholders. The details of share application money received by the company as on date are as follows:

Sr. No.	Name	Amount (Rs. In lacs)
1	Ms. Gangadevi Somani	61.05
2	Ms. Sharda Devi Somani	59.30
3	Mr. Manish Somani	40.00
4	Ms. Urmila Devi Somani	24.70
5	Ms. Manisha Somani	59.00
6	Ms. Neelam Somani	69.80
7	Ms. Rashmi Somani	30.00
8	Mr. Shankarlal Somani	46.05
9	Mr. Sushil kumar Somani	59.00
10	M/s. Sitaram Prints (P) Ltd.	280.80
11	M/s. Somani Oversears (P) Ltd.	811.10
12	M/s. Sumeet Menthol (P) Ltd.	302.40
13	M/s. Ambaji Syntex (P) Ltd.	6.00
-	TOTAL	1849.20

Presuming no subscription is received from other shareholders and the promoters/promoter group subscribing to the entire unsubscribed portion, their shareholding shall increase to 63.58% of the post rights issue equity capital of the Company. As a result of this subscription and consequent allotment, the promoters/promoter group may acquire shares over and above their entitlement in the issue which may result in their shareholding in the company being above their current holding. This subscription and acquisition of additional equity shares by the Promoter/promoter group, if any, will not result in change of control of the management of the Company and shall be exempt from applicability of Takeover Regulations in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The issuer company is complying with clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continous listing is 25% of the total paid up capital.

- 7. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.
- 8. Equity shares of the Company are being traded in compulsory dematerialized mode. The market lot of the equity shares is 1 (one).
- **9.** There are no transactions in the securities of the Company during preceding 6 months which were financed/ undertaken directly or indirectly by the promoters, by directors, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons except as follows:

Name of the Person	Date	No. of	shares	Rate per s	hares (Rs.)
		Purchase	Sale	Avg. Pur. price	Avg. Sale price
Mr. Shankarlal Somani					
	05.05.08	3,083	2,505	13.02	13.13
	06.05.08	10,000	-	13.00	
	13.05.08	2,000	2,000	12.86	12.56
	20.05.08	-	3,250	-	14.40
	21.05.08	3,000	3,000	14.15	14.35
	10.06.08	3,000	-	10.84	
	19.06.08	72	8,200	10.55	10.42
	23.06.08	5,000	-	9.50	
	24.06.08	1,000	-	9.60	,
	25.06.08	1,800	-	9.39	
	06.08.08	5,000	-	10.48	,
	14.10.08	3,25,000	-	6.21	
	31.10.08	12,227	-	5.04	
	05.05.08	3,083	2,505	13.02	13.10
	06.05.08	10,000	· -	13.00	
Mr. Sumeet Kumar Somani	01.10.08	28,383	_	7.34	
	14.10.08	5,00,000	-	6.21	

9. a) The ten largest shareholders two years prior to the date of filing of the Letter of Offer with Stock Exchanges are as follows:

Serial	Name of the Shareholders	No. of	% of
No.		Equity Shares	Capital
1	Mr. Rajkumar Somani	7,50,000	4.31
2	Mr. Maheshkumar Somani	7,50,000	4.31
3	Mr. Bajranglal Somani	7,50,000	4.31
4	Ms. Sharda Devi Somani	7,50,000	4.31
5	Ms. Gangadevi Somani	7,50,000	4.31
6	Ms. Urmila Devi Somani	7,50,000	4.31
7	Ms. Suman Devi Somani	7,50,000	4.31
8	Mr. Shankarlal Somani	6,01,667	3.46
9	Mahesh Texturisers Pvt. Ltd.	6,00,000	3.45
10	Mr. Sushil Kumar Somani	3,00,000	1.72

9 b) The ten largest shareholders 10 days prior to the date of filling of the Letter of Offer with Stock Exchanges are as follows:

Serial	Name of the Shareholders	No. of	% of
No.		Equity Shares	Capital
1	Ms. Sharda Devi Somani	8,25,000	4.10
2	Mr. Shankarlal Somani	9,07,471	4.51
3	Mr. Sumeet Kumar Somani	8,21,398	4.08
4	M/s. Bennett Coleman & Co. Ltd.	7,33,700	3.65
5	Ms. Gangadevi Somani	7,50,000	3.73
6	Mr. Sushil Kumar Somani	6,66,544	3.31
7	Ms. Suman Devi Somani	5,50,000	2.73
8	Ms. Urmila Devi Somani	5,50,000	2.73
9	Mr. Rajkumar Somani	3,53,575	1.76
10	Ms. Krishna Devi Lahoti	3,18,678	1.58

9 c) The ten largest shareholders as on the date of filing of the Letter of Offer with Stock Exchanges are as follows:

Serial	Name of the Shareholders	No. of	% of
No.		Equity Shares	Capital
1	Ms. Sharda Devi Somani	8,25,000	4.10
2	Mr. Shankarlal Somani	9,19,698	4.57
3	Mr. Sumeet Kumar Somani	8,21,398	4.08
4	M/s. Bennett Coleman & Co. Ltd.	7,33,700	3.65
5	Ms. Gangadevi Somani	7,50,000	3.73
6	Mr. Sushil Kumar Somani	6,66,544	3.31
7	Ms. Suman Devi Somani	5,50,000	2.73
8	Ms. Urmila Devi Somani	5,50,000	2.73
9	Mr. Rajkumar Somani	3,53,575	1.76
10	Ms. Krishna Devi Lahoti	3,18,678	1.58

10. The Company/Promoters/Directors/Lead Managers have not entered into buy back and stand by or similar arrangements for purchase of securities issued by the Company.

11. As on the date of filing of the Letter of offer there are no partly paid up shares in the company. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.

12. The equity shares of the Company are of face value of Rs.10/- and marketable lot is 1 (one). At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with.

13. The Company shall not make any further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from the submission of the Letter of Offer to SEBI for the Rights Issue till the securities referred in the Letter of Offer have been listed or application money if any is refunded.

14. Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this LOO or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

15. The company has not raised any bridge loan against the proceeds of the issue.

16. The total numbers of shareholders in the company as on date is 29,839.

OBJECTS OF THE ISSUE

The object of the issue is to augment the capital base to meet the requirement of funds by way of equity, arising out of growth of operations of the company and for meeting the expenses of the issue. The objects of the issue are: i) To part finance the cost of installation of continuous polymeraisation plant (CPP) with capacity if 1,00,000 tonnes per annum. ii) Setting up of additional 10 lines of POY spinning unit iii) To augment margin money requirements for the working capital iv) To meet pre-operative expenses.

The main object clause of the Memorandum and Articles of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

The main objects of the Projects are as follows: The company intends to raise funds for the installation which will be in the nature of expansion cum backward integration of Continuous Polycondensation Plant (CPP) with capacity of 1,00,000 tons per annum. The plant will produce Partially Oriented Yarn (POY) with annual installed capacity of 48,300 Tons after setting up 10 lines of POY spinning plant. This CP plant will also enable to produce 51,700 PET chips which are used as raw material in the production of POY. The company intends to use these PET chips for internal purposes and excess for selling to the desired customers. With the installation of the CP plant the company's POY spinning capacity will rise from 12,000 tons per annum to 60,300 tons per annum.

Cost of project

The estimated cost of the envisaged project along with margin for working capital requirement is Rs. 12,520 lacs which is proposed to be financed by term loan of Rs. 8,000 lacs, equity share capital Rs. 2012.29 lacs, equity share premium of Rs. 1006.14 lacs and internal cash accruals of Rs. 1501.57 lacs.

Details of the cost of the project are as follows:

	(Rs. in Lacs)
Particulars	Amount
Land & Site Development	20.00
Building & related Civil work	734.00
Plant & Machinery	10,158.00
Miscellaneous Fixed Assets	50.00
Margin money for working capital	878.00
Provision for contingencies	530.00
Pre- Operative Expenses	150.00
Total	12,520.00
Means of Finance	·

	(Rs. In Lacs)
Particulars	Amount
Proceeds of the Rights Issue	3,018.43
Term loan	8,000.00
Internal Accruals and unsecured Loans from promoters and relatives	1,501.57
Total	12,520.00

The company has received sanctions for Foreign Currency Term Loan to the extent of USD 20 million amounting approximately to Rs. 8,000 lacs from Bank of Baroda and Bank of India at All in Yield (AIY) @6M+350 bps for a door to door tenor of 7.5 years to part finance the expansion cum backward integration project.

For details of Terms of the said sanction refer to the Letter of Offer

Land & Site Development: The project will be located at the existing factory at Village Karanj, Taluka Mandavi, District Surat. So there is no need of purchasing additional land. The company is in the process of development of this land by laying 6 meters wide roads of about 500 running meter within the plot at the rate of Rs. 2,100 per running meter. The total cost of laying roads is around Rs. 11.50 lacs based on the managements' estimates. Besides this Rs. 8.50 lacs are required towards storm water drains, compound wall, gates and fencing work. The total cost of site development is estimated at Rs. 20 lacs.

Building and related civil works: Total building and related civil works cost is estimated at Rs. 734 lacs for 19,222 square meters and includes construction of plant rooms, control rooms, MCC, laboratory and administrative office, maintenance room, utilities, inverter room, mechanical stores, raw material and finished goods storage areas., DG shed, pump houses for water pumps, water reservoir, storage tank, effluent collection tank, gate cabin and internal fencing for MEG storage.

Plant and Machinery: The company plans to import the required plant and machinery from Hong Kong Huitong Chemical Industry Co. Ltd. having its office at 21/F, New World Tower, 18 Queen's Road Central, Hong Kong. The MOU has already been entered with the company. The value of imported plant and machinery is estimated to Rs. 7,307 lacs. Besides this Rs. 749 lacs are accounted for import duty and other expenses. The company also intends to purchase machinery indigenously worth Rs. 2,102 lacs.

Pre- operative Expenses:

The company has made provisions of Rs. 150 lacs towards pre- operative expenses i.e. various legal and overhead expenses such as traveling expenses, insurance, rent and taxes, office expenses, issue expenses etc.

Contingencies:

The company has made provisions for contingencies worth Rs. 530 lacs for site development, civil works, plant and machinery and miscellaneous fixed assets and foreign exchange component of the cost of plant and machinery.

Margin Money for working capital:

The working capital requirements for the C.P. Plant are estimated at Rs.2828 lacs. The detailed calculation of the working capital requirement which is partly to be funded through the proceeds of the present rights issue is as under:

	(Rs. in Lacs)
Particulars	Estimates
(A) Current Assets	
1. Inventories	2712.77
2. Debtors	1239.88
3. Advances	471.61
4. Other current assets	
Total Current Assets (A)	4424.26
(B) Current Liabilities & provisions	
 Creditors for suppliers and others 	1220.99
2. Provisions	375.27
Total Current Liabilities (B)	1596.26
Working Capital Gap (A) – (B)	2828.00

ABRIDGED LETTER OF OFFER CONTAINING SALIENT FEATURES OF THE LETTER OF OFFER (Rs. in Lacs) Estimates 878.00 Rs. in Cr.) (Rs. in Cr.)

Financed by:

Rights Issue 878.00
Bank Borrowings* 1950.00

TOTAL 2828.00

*At present the company is availing cash credit facility of Rs.22.00 crores sanctioned by Bank of Baroda. The company

*At present the company is availing cash credit facility of Rs.22.00 crores sanctioned by Bank of Baroda. The company has made an application for enhancement of working capital limit facility vide their letter dated 26/03/2008 from Rs.22.00 crores to Rs.48.00 crores based on the requirements for CP Project.

Basis of estimation of working capital requirement

Particulars	No. of Days
Inventory	65
Debtors	15
Cash & Bank	55
Other Items in Current Assets	5
Creditors	7

SCHEDULE OF IMPLEMENTATION

Particulars	Commencement	Completion
Land & Site development	November 2007	Completed in April 2008
Ordering of imported plant and machinery	October 2007	Completed in July 2008
Factory Building	December 2007	November 2008
Ordering of domestic plant & machinery	July 2008	November 2008
M/C errection & commissioning	October 2008	February 2009
Trial Run	March 2009	March 2009
Commercial Production	March 2009	March 2009

SOURCES AND DEPLOYMENT OF FUNDS

As per certificate given by M/s. Pradeep Singhi and Associates, Chartered Accountants dated 06/11/2008; an amount of Rs. 2039.19 lacs has been spent on the backward cum expansion project as on. The details for which are as follows:

Sources of funds

Particulars

	(Rs. in Lacs)
Particulars	Amount
Share application money	1849.20
Internal Accruals	189.99
TOTAL	2039.19

Application of funds

	(Hs. In Lacs)
Particulars	Amount
Plant and machinery purchased including advances to suppliers against capital assets	952.55
Building and construction expenses	568.01
Margin against letter of credit	357.25
Pre-operative expenses	145.63
Rights issue expenses	15.75
Total	2039.19

The promoters and promoter group have brought in Rs.1,849.20 lacs which is spent towards implementation of the project. They have undertaken to convert the application money and/ or unsecured loan towards their rights entitlement of the said issue.

INTERIM USE OF FUNDS

Pending deployment the funds raised through the rights issue would be deployed by the company judiciously in the fixed deposits of the Banks and other short term investment opportunities.

BASIC TERMS OF THE ISSUE

The Equity shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of the Letter of Offer and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, GOI, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

QUANTITATIVE FACTORS (a) Earnings Per Share (EPS)

Year Ended	EPS (Rs)	Weights
31/03/2006	0.49	1
31/03/2007	1.93	2
31/03/2008	1.82	3
Weighted Average EPS		1.64

EPS of the company as on 30/06/2008 (3-months period) is Rs. 0.46

(b) Price Earning Ratio (PE) in relation to issue price

Ì	PE based on Weighted average EPS	9.15
	PE based on 31st March, 2008 EPS	8.24

The PE of the company based on EPS as on 30/06/2008 (3-months period) is Rs. 32.61

(c) Return on Networth (RONW)

(b) Hotain on Hotaotti (Hota)		
Year Ended	RONW (%)	Weights
31/03/2006	3.18	1
31/03/2007	11.79	2
31/03/2008	10.02	3
Weighted Average RONW		9.47

RONW of the company is 2.46% as on 30/06/2008 (3-months period)

Minimum Return on Networth required to maintain pre issue Weighted average EPS = 9.88%

(e) Net Asset Value (NAV) per share

Pre issue as on 31st March, 2008 (Rs.)	18.20
Post Issue (Rs.)	16.60

Note: Net Asset Value Per Share = (Equity Share Capital *plus* Reserves & Surplus *less* Miscellaneous Expenditure to the extent not written off) /No. of Equity Shares

(f) Industry P/E Ratio

High	est (Nirlon Ltd.)	17.60
Lowe	est (Filatex India Ltd.)	2.18
Aver	rage	9.89

Source: Capital Market Issue Nov 03-16, 2008; Segment- Textile- Manmade

Comparison of key ratios with the companies in the same industry group

Company Name	Face Value (Rs.)	Equity (Rs. in Cr.)	Sales as on 31/03/2008 (Rs. in Cr.)	Income for the year ended 31/03/2008 (Rs in Cr.)	EPS (Rs.)	Price as on 11/11/2008	P/E Ratio at the market price as on 11/11/2008
Aditya Birla Nuvo Ltd.	10.00	95.00	3886.70	246.60	25.00	616.40	24.66
Filatex India Ltd.	10.00	17.14	345.50	10.50	6.00	13.10	2.18

Company Name	Face Value (Rs.)		Sales as on 31/03/2008 (Rs. in Cr.)	Income for the year ended 31/03/2008 (Rs in Cr.)	EPS (Rs.)	Price as on 11/11/2008	P/E Ratio at the market price as on 11/11/2008
Futura Polyester Ltd.	10.00	52.42	413.60	7.30	1.40	5.55	3.96
Indo Rama Synthetics Ltd.	10.00	151.83	2542.80	12.30	0.60	14.00	23.33
Nirlon Ltd.	10.00	58.22	11.30	1.70	0.30	24.80	82.66
Paras Petrofils Ltd.	1.00	33.42	90.30	-2.10	-	0.81	-
Pasupati Acrylon Ltd.	10.00	71.13	329.60	-4.20	-	2.35	-
SRF Ltd	10.00	67.89	1615.30	154.00	21.80	74.45	3.42
Zenith Fibres Ltd.	10.00	5.75	33.50	1.80	2.90	16.00	5.51
Sumeet Industries Ltd.	10.00	20.12	128.50	3.67	1.82	4.94	2.71

Source: Capital Market Issue Nov 03-16, 2008; Segment-Textiles-Manmade

The Companies in the above list have been selected on the basis that they are listed Companies engaged in similar line of business. Their size of operations may not match with the company's capacities. However, their performance may not be directly comparable with that of our business as they cater to different segments of the market and therefore their business portfolio will vary.

The Issue Price of Rs. 15/- per share is the same as the Face Value of Rs.10/- per share of the Equity Shares being issued. The market price of the shares of the Company as on 3rd March, 2008 (EGM date) is Rs. 14.49 at BSE. Considering the above qualitative and quantitative factors, the issue price of Rs. 15/- per equity share is justified.

STATEMENT OF TAX BENEFITS

SPECIAL TAX BENEFIT AVAILABLE TO THE SUMEET INDUSTRIES LIMITED AND ITS SHAREHOLDERS: The Company does not enjoy any "Special Tax Benefits". All the benefits as mentioned in the statement are as per the current tax laws amended by the Finance Act, 2007 and will be available only to the sole / first named holder in case the shares are held by joint holders.

BENEFITS UNDER THE INCOME TAX ACT, 1961

I.: TO THE COMPANY: Under sections 10(34), 115-O, 10(35), (23D), 2(a), 2(h), 10(38), 10(23D),88E, 115JB, 10(38), 115JB, 112, 10(38), 48, 32, 32(1)(iia), 54EC, 111A of the Act.

II. BENEFITS TO THE RESIDENT SHAREHOLDERS OF THE COMPANY UNDER THE INCOME-TAX ACT, 1961: Under sections 10(34), 115-O, 48, 10(38), 88E, 112, 10(38), 54EC, 80C, 3, 54F, 111A, 88E of the Act.

III. Non-Resident Indians/Non Resident Shareholders (other than FIIs and Foreign venture capital investors): Under sections 10(34), 115-O, 10(38), 88E, 54EC, 3, 54F, 115-C(e), 115D, 115E, 115F, 115G, 139(1), 115H, 115-I, 111A, 90(2) of the Act.

IV. FOREIGN INSTITUTIONAL INVESTORS (Fils): Under sections 10(34), 115-O, 10(8), 115AD, 10(38), 54EC, 10(38), 54ED, 88E, 90(2) of the Act.

V. VENTURE CAPITAL COMPANIES/FUNDS: Under section 10(23FB) of the Act.

VI. MUTUAL FUNDS: Under Section 10(23D) of the Act.

VII. BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE WEALTH TAX, ACT, 1967: Under section 2(ea) of Wealth Tax Act, 1957

VIII BENEFITS TO SHAREHOLDERS OF THE COMPANY UNDER THE GIFT TAX ACT.: Gift Tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of Shares will not attract gift – tax. For further details please refer to the Letter of Offer

INDUSTRY: For industry summary refer to the Letter of Offer

COMPANY SUMMARY

The Company was incorporated on 1st August 1988 as a Private Limited Company with Registrar of Companies, Gujarat and converted to Public Limited Company in February, 1992. Mr. Shankar Lal Somani and his family promoted the Company and recognized the name and brand of the Company as quality product supplier among its competitors. The Company has mainly been engaged in the business of manufacturing of Polypropylene Multifilament Yarn (PPMFY), Polyester Filament Yarn (POY) and weaving fabrics. The Company has established its brand "Sumilon "with excellent Customer base nationally and internationally. The Company made its maiden public Issue in the year 1992 of 56,00,000 Equity Shares of Rs. 10/- at par aggregating to Rs. 560 lacs. Equity Shares of the Company were listed on Bombay Stock Exchange and Vadodara Stock Exchange. The equity shares were delisted from VSE w.e.f. 9th January 2007. The Company in 1993-94 set up a plant to manufacture Polypropylene Multifilament Yarn (PPMFY) with installed capacity of 1,500 tons per annum with total project cost of Rs. 1995 Lacs. The company has 60 water jet looms commissioned which have a capacity of 35 lacs mts. per annum. The company has also installed a menthol distilling plant which caters to the menthol needs of the renowned consumer goods manufacturers. The menthol plant of the company is ISO 9001:2000 certified.

Products of the company

The following is the brief of the products of the company:

P.P. MULTI FILAMENT YARN (PPMFY):- The Company started its Polypropylene operation way back in 1993. This yarn can be tailored to many fabrications, methods and applications. The basic advantages of this yarn include excellent chemical resistance, lower tenacity, high melting point and moderate cost. The company has well equipped lab of international standards to maintain even quality of material. The company today is among the best quality manufacturer in India, for producing dope dyed polypropylene yarn in which accuracy and uniformity of colour is guaranteed. Our company's product is marketed under brand name "SUMILON" and has and approximate share of 20% in India.

POLYESTER FILAMENT YARN (POY) :- Company commenced its Polyester operations in 2004. The company imports the PET chips and buys locally from suppliers of international repute. The spin finish oil is imported from Tako Moto Japan.

POLYESTER FABRICS:- The company started its weaving operations in 2005. We have installed 60 waterjet looms plain as well dobby to manufacture woven fabric. The machines are of Tsudakoma, Japan. Tsudakoma is pioneer in the world for waterjet looms.

MENTHOL:- The company has an installed capacity to produce 900 M. Tonnes of Peppermint Oil & 300 M. Tonnes Menthol Crystal (with/without terpens) per annum. The company has installed a state of art lab with all major equipments needed as per international standards.

Business strengths: • Proximity to raw material sources and end product: • Innovation and product excellence • Modern and efficient manufacturing facilities • Efficiency in production processes • Experienced Management Team Business strategy: The Company's vision is to prove its existence in the national market as one of the major player in the man-made fibre industry specialized in PPMFY by offering various innovative products and designs to cater the need of the industry. a) Enhancing Customer Base b) Quality Products c) Maintain Operational Efficiencies and Cost Competitiveness d) Expansion of the Existing Capacities:

Issue Details: Issue of 2,01,22,930 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share (i.e Issue Price of Rs. 15/-) aggregating Rs. 3018.43 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of One (1) Equity Share for every One (1) Equity Share held on 29/10/2008 (Record Date). The face value of the Equity Shares is Rs. 10/- per share and the Issue Price is 1.5 times the face value.

REGULATIONS AND POLICIES : For futher details on Regulations and Policies please refer to the Letter of Offer **HISTORY**

The Company was incorporated on 1st August, 1988 as a Private Limited Company with Registrar of Companies, Gujarat and was converted to Public Limited Company on 26th February, 1992. Mr. Shankar Lal Somani and his family promoted the Company and recognized the name and brand of the Company as quality product supplier among its competitors. The Company is mainly engaged in the business of manufacturing of Polypropylene Multifilament Yarn (PPMFY), Polyester Filament Yarn (POY) and weaving fabrics. The Company has established its brand "Sumilon "with excellent Customer base nationally and internationally. The Company made its maiden public Issue in the year 1992 of 56,00,000 Equity Shares of Rs. 10/- at par aggregating to Rs. 560 lacs and received overwhelming response from investors. Equity Shares of the Company were listed on Bombay Stock Exchange and Vadodara Stock Exchange Ltd. (VSE). The equity shares were delisted from VSE w.e.f. 09/01/2007.

History:

Milestones achieved by the Company since incorporation:					
Year	Event				
1988	Incorporation of the company as Sumeet Synthetics Pvt. Ltd.				
1992	Conversion from Private Company to Public Company				
1993	Installed capacity of 1,500 MT per annum Polypropylene Multifilament Yarn (PPMFY)				
1995	Installed capacities of 1,500 Mt per annum for Texturising & Twisting Yarn				
1997	Increased capacities of PPMFY to 3,900 MT per annum				
1999	Increased the Capacities of Texturising & Twisting Yarn to 3,900 MT & 2,000 MT per annum respectively.				
2004	Installed coal based Power Plant of 2.5 MW for captive power generation				
2005	Installed Polyester Spinning plant to manufacture 12000 MT POY per annum				
2006	Installed 60 water jet looms				
2006	Installed Menthol Distilling & Crystallizing Plant with a installed capacity of 900 MT of Peppermint Oil & 300 MT of Menthol Crystal				
2007	Converted Coal based power plant to Gas based Gen Set Power Plant to reduce power cost				
A	Contifications				

Awards & Certifications

Year	Event
2007-08	Crisil rating "SME 2"
2007-08	Received an ISO 9001:2000 certification
2007-08	Received Kosher Certificate
2004-05	Received a Star Export House status by Ministry of Commerce & Industry
2001-02	Received Award for Highest Export Performance in Polypropylene Yarn by SRTEPC
2001-02	Received Gold Trophy for Outstanding Export Performance from SRTEPC

Changes in Registered Office of the Company

Date of change	Address Chan	ged
	From	to
20/07/1992	H-2045, Surat Textile Market,	504 Trividh Chambers,
	Ring Road, Surat- 395 002	Opp. Fire Station, Ring Road, Surat- 395 002

Main Objects of the Company: The main objects of the company are as follows: (As set out in the Memorandum and Articles of Association of the Company) 1. To carry on the business of spinners, weavers, manufactures, crimpers Texturisers ginners, processors, packers and balers of cotton, jute, hemp silk, artificial silk, rayon, nylon, strechlon, man-made synthetic fibers, stable fiber wool and any others fibrous material and the business of manufacturing, weaving, bleaching, printing & selling yarns of all types whether knitted or looped and importing, exporting, buying, selling, and/ or otherwise dealing in cotton, silk, nylon, strechlon, man-made synthetic fibers, wool, hemp and other fibrous material, yarn, cloth, line, rayon and generally to carry on business of processors, dyers, sizers, manufacturers, and/or dealers in cotton, linen, flax, hemp, jute, silk, rayon, man-made synthetic fibers, wool, yarn and cloth merchants, cleaners and combers. 2. To carry on the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting to otherwise handling or dealing in rayon yarn (also known as Continuous filament rayon or Artificial Silk Yarn and which expression shall including all Synthetic fibers whatsoever for textile use), staple fiber yarn (also known as spun Rayon), Polyester filaments yarn, Nylon Filaments yarn, acrylic yarn. 3. To promote, run, establish, install, set-up, and to act as agent, broker, stockiest, trader, buyer, seller, importer, exporter, job worker, or otherwise deal in composite steel plants, integrated steel plants, mini steel plants, sponge iron plants, hot rolling steel mills, cold rolling mills, blooms and billet mills, steel furnaces, concasts, rolling mills, induction furnace for the manufacturing, producing, converting, extracting, treating, processing, or otherwise to deal in all types, grades and size of steels, stainless, ball bearing steels, corrosion resisting steels, corrosion resisting steels, TMT bars, heat resisting free cutting steels, spring steels, silico manganese steels, structural steels, ship building quality steels armour steels, magnet steels, hot rolled and cold rolled again oriented electrical steels or any other type of steels that may be prevailing from time to time present of future. 4. To carry on business as manufacturers, producers, fabricators, processors, refiners, stockiest, agents, importers, exporters, traders, whole-sellers, retailers, distributors, concessionaires or dealers of menthol Crystal, Menthol, Peppermint oil and all other types raw materials for drugs, medicines, spirits, mixtures, tonic, pigments powder, tablets, pills, capsules, injections, compounds, mother tinctures triturations, glubules, creams, scents, soaps, lotions, shampoo, toilet goods and all kind or pharmaceuticals, cosmetics and medical preparations required or used in homeopathic, ayurvedic, unani or any other or nature cure or any other medicinal system or branch of medicine or as beauty aid or personal hygine, whether or human, animal birds, insects for whatever purpose, such as prevention curation and nourishments. 5. To undertake and/or direct all types of construction and the maintenance of and to acquired by purchase, lease, exchange lease, exchange hire and otherwise, lands, properties, buildings and estates off the same and to purchase, construct and sell for self or for any person free hold or lease hold lands, house properties, buildings, offices factories, work-shops., godowns, farm houses, farms and any kind of landed properties or any share/interest therein and to carry on the business of land and estate agents on commissions or otherwise without commission.

SUBSIDIARIES OF THE COMPANY: The company has presently one subsidiary company named M/s. Somani

Industries (Nepal) Pvt. Ltd. (SIPL) the details of SPIL is as given under:

Incorporation details: Somani Industries (Nepal) Private Limited was incorporated on 21st April, 2000 and commenced its business activity on 19th September, 2000. The main activity of the company was to manufacture Polypropylene Multifilament Yarn. Presently, there are no operations in the company due to political unrest prevailing in Nepal. The company is an unlisted company.

Board of Directors of Somani Industries (Nepal) Pvt. Ltd. are:

Mr. Shankarlal Somani

Mr. Bhagchand Chordia

Shareholding Pattern:

onaronoranig ramorini		
Name of the shareholder	No. of shares of Rs.100/- each	% of shares held
Sumeet Industries Ltd.	1,60,000	100.00
TOTAL	1,60,000	100.00

Financial Information:

(Rs. In lacs)

Particulars	As on 30 th	For Financia	Year Ended 3	31st March
	June 2008	2007-08	2006-07	2005-06
Sales	0.00	0.00	0.00	0.00
Cost of Sales	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	3.37
Total Income	0.00	0.00	0.00	3.37
Profit After Tax	0.00	(0.07)	(10.88)	3.18
Equity Share Capital	100.00	100.00	100.00	100.00
Reserves & Surplus	(27.24)	(27.24)	(27.17)	(16.29)
EPS (Rs.)	-	-	-	1.99
Book Value per share (Rs.)	45.48	45.48	45.52	52.32
(100 Indian Rupees = 160.15 Nepal Rupe	es as on 30/09/2008 Source	e: Nepal Rastra	Bank website)	

Other details.	
Public issue or rights issue in the preceding 3 years	No
Whether the company has become a sick company within the meaning of	
sick industrial companies (Special Provision) Act, 1985 or is under winding up	No

Shareholders' Agreements: There is no separate agreement between any shareholder and the company as on date of filing the Letter of Offer.

Strategic/ financial partner: The company does not have any strategic partner and financial partner as on the date of filing of the Letter of Offer.

Other agreements: There are no other agreements entered by the company other than those entered into the normal course of the business.

CHANGES IN MEMORANDUM

Dates on which some of the main clauses of the Memorandum of Association of the Company has been altered citing

the details of Amendment as under

Date of Passing Resolution	Clause	Amendment
20/08/1990	Sec. 94(1) & (2)	Increase in Authorized Share Capital from Rs. 1.00 lac to Rs. 50.00 lacs
01/02/1992	Sec. 94	Increase in Authorized Share Capital from Rs. 50.00 lacs to Rs. 1500.00 lacs
01/02/1992	Sec. 44	Conversion from Private Company to Public Company
27/12/1993	Sec. 94(1) & (2)	Increase in Authorized Share Capital from Rs. 1500.00 lacs to Rs. 2000.00 lacs
14/07/1995	Sec. 94 & 97	Increase in Authorized Share Capital from Rs. 2000.00 lacs to Rs. 2500.00 lacs
28/12/1995	Sec. 21	Change of name of the Company from Sumeet Synthetics Ltd. to Sumeet Industries Ltd.
23/02/2005	Sec. 80, 81 (1A)	Preferential Allotment of Shares (6% Convertible Preference Shares)
31/03/2007	Sec. 94	Increase in Authorized Capital from Rs. 2500.00 lacs to Rs. 5000.00 lacs

MANAGEMENT

he details of the board of directo	DIN	Date of		Other Directorchine
Name, Age, Designation, Father's name, Address, Occupation, no. of shares held and status	DIN	Appointment (Term period)	Qualification	Other Directorships
Mr. Shankarlal Somani (54) Chairman S/o Mr. Sitaram Somani 12, Keshav Park Society, Parle Point, Surat, Gujarat, India Industrialist No. of shares held: 567471 Non-Independent, Executive	165238	01/08/88	B.Com	a) Somani Overseas Pvt. Ltd. b) Mahesh Texturisers Pvt. Ltd. c) Somani Industries (Nepal) Pvt. L
Mr. Rajkumar Somani (47)	254038	11/03/91	B.Com	a) Akashganga Dyeing &
Managing Director S/o Mr. Sitaram Somani 37, Sangam Society, City Light Road, Surat, Gujarat, India Industrialist No. of shares held: 353575 Non-Independent, Executive	254056	11/03/91	b.Com	Akasrigariga Dyerrig & Printing Mills Ltd. Sumeet Silk Processors Pvt. Ltd. Betex India Ltd. Rakesh industries Pvt. Ltd. Chinton Processors Pvt. Ltd.
Mr. Sumeet Kumar Somani (27) S/o Mr. Shankarlal Somani 12, Keshav Park Society, Parle Point, Surat, Gujarat, India Industrialist No. of shares held: 293015 Non-Independent, Executive	318156	01/06/04	M.Com, PGDBM	a) Somani Overseas Pvt. Ltd.b) Sitaram Prints Pvt. Ltd.c) Sanya Fashions
Mr. Devi Prasad Saboo (75) Director S/o Badri Narainji Saboo 65, Sant Tukaram Society No. 3, Jamna Nagar, Ghod Dod Road, Surat, Gujarat Consultant No. of shares held: NIL Independent, Non-Executive	1265546	05/02/07	B.S. in Mechanical Engineering	None
Mr. Dinesh Sharan Khare (41) Director S/o Mr. Radhamohan Khare 14, Vasant Vihar Row House, Near Sahaj Dham Row House, Opp. Parasram Garden, Adajan, Surat, Gujarat Service No. of shares held: NIL Independent, Non-Executive	383743	17/12/01	B. Tex.	None
Name, Age, Designation, Father's name, Address, Occupation, no. of shares held and status	DIN	Date of Appointment (Term period)	Qualification	Other Directorships
Mr. B. C. Chordia (42) Director S/o Mr. Bhanwarlal Chordia 10-C, Megh Sarman Tower-5, City Light Road, Surat, Gujarat Chartered Accountant No. of shares held: NIL Independent, Non-Executive	165398	17/12/01	B.Com. FCA	a) B. Chordia & Co. Chartered Accountants b) Somani Industries (Nepal) Pvt. I
Mr. Vinod Kumar Ladia (62) Director S/o Mr. Raghunath P Ladia Shyamkunj, Modern Complex, Pulla Bhawana Road, N. H. No. 8, Udiapur-313 004 Businessman No. of shares held: 165 Independent, Non-Executive	168257	01/08/00	B.Sc., MBA- IIM Ahmadabad	 (a) V.K. Texichem Pvt. Ltd. (b) Shree Shyam Ind Pvt. Ltd. (c) Swan Ind. Ltd. (d) Shree Shyam Distributors & Marketing Pvt. Ltd. (e) Shree Rajasthan Syntex Ltd.
Mr. Mangilal Lahoti Director S/o Sukhlal Lahoti C/608, Green Avenue Complex, Ghod Dod Road, Surat – 395 007 Businessman No. of shares held: 16,500 Independent, Non-Executive	234817	07/02/08	Intermediate (Commerce)	a) Chinton Processors Pvt. Ltd.

For description of Board of Director please refer to the Letter of Offer

RELATIONSHIP AMONG DIRECTORS: Mr. Sumeet Kumar Somani is son of Mr. Shankarlal Somani. Mr. Rajkumar Somani and Mr. Shankarlal Somani are brothers.

CHANGE IN BOARD OF DIRECTORS DURING THE LAST THREE YEARS

The changes in the Board of Directors of the Company in the last three year are as under:

Sr. No	Name of the Director	Date of change	Reason
1	Mr. Mangilal Lahoti	17/12/2007	Resigned
2	Mr. Mangilal Lahoti	17/02/2008	Appointed

Sr. No	Name of the Director	Date of change	Reason
3	Mr. Maheshkumar Somani	05/02/2007	Resigned
4	Mr. Devi Prasad Saboo	05/02/2007	Appointed
5	Mr. Sarvan Kumar Kabra	05/02/2007	Resigned
6	Mr. Madanlal Bhala	05/02/2007	Resigned
7	Mr. Bajranglal Somani	05/02/2007	Resigned
8	Mr. Sumeet Kumar Somai	01/06/2004	Appointed

DETAILS OF BORROWING POWER: Pursuant to a resolution passed by the members in accordance with the Companies Act, the Board is authorized to borrow sums of money for the purpose of business of the company upon such terms and conditions and with or without security as the Board of directors may think fit, provided that the money or monies to be borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs 20,000 lacs.

INTEREST OF DIRECTORS: All the Directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and reimbursement of expenses. All the directors may also be deemed to be interested to the extent of equity shares, if any, already held by them and /or by their friends /relatives in the Company that may be subscribed for or allotted to them in the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares. All the directors may also be deemed to be interested to the extent of normal transactions, if any, with the company. The Directors may also be regarded as interested in the equity shares, if any, held or that may be allotted to the companies, firms and trust in which they are interested as directors, members, partners and or trustees. Mr. Rajkumar Somani, Managing Director, may be deemed to be interested to the extent of remuneration paid/payable to him.

1. CORPORATE GOVERNANCE: The Company has complied with the requirements of the applicable regulations including the Listing agreement with the Stock Exchanges and the SEBI (DIP) Guidelines, 2000 in respect of corporate governance especially with respect to the broad basing of the board, constitution of the committees such as the shareholders/ Investor grievance committee. The Board of the Company consists of eight Directors, of which four are independent directors in accordance with the requirements of Clause 49 of the Listing Agreement. The Chairman of the Board is an Executive Director. Committees of the Board have been constituted in order to look into the matters in respect of audit and shareholders/ investors grievance redressal.

The following committees are formed in compliance with the corporate governance norms:

1. Company's Philosophy on Corporate Governance: The company's Philosophy on corporate governance continues to aim at high levels of transparency, accountability and equity in all areas of its operations and its dealing with members, employees, customers, lenders, regulatory and government agencies.

2. COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

The Audit Committee was constituted on 28th May 2001. The latest committee meeting was held on 25/07/2008. The Audit Committee commisses of the following members

Addit Committee comprises of the following members	70101	
Name of the Director	Status in Committee	Nature of Directorship
Mr. B.C. Chordia	Chairman	Non-Executive
Mr. Mangilal Lahoti	Member	Non-executive
Mr. Devi Prasad Saboo	Member	Non-executive

Proceeds from public issues, rights issues, preferential issues etc.

The company shall disclose to the Audit Committee, the uses/ applications of funds by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly basis as a part of their quarterly decleration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and place it before the audit committee. Such discloseure shall be made only till such time that the full money raised through the issue has been fully spent.

Remuneration Committee

The Remuneration Committee was constituted on 28th May 2001. The latest committee meeting was held on 27/06/2008. The remuneration Committee comprises of the following members.

Name of the Director	Status in Committee	Nature of Directorship
Mr. B.C. Chordia	Chairman	Non-Executive
Mr. Mangilal Lahoti	Member	Non-executive
Mr. Devi Prasad Saboo	Member	Non-executive

Shareholders' / Investors' Grievance Committee

The functions of the committee are to redress the grievances of shareholders / investors and to create and review the systems for improving the services. The latest committee meeting was held on 26/09/2008.

Composition

The composition of the Shareholders' and Investors' Grievance Committee is given below:

Name of the Director	Status in Committee	Nature of Directorship
Mr. B.C. Chordia	Chairman	Non-Executive
Mr. Mangilal Lahoti	Member	Non-Executive
Mr. Devi Prasad Saboo	Member	Non-Executive

The shareholders and investors Grievances Committee is responsible for remedying of all investor and shareholder grievances. This Committee will also oversee the performance of the Registrars, Transfer agents and the depository related services. This committee will also undertake all such acts, deeds and things relating to share transfer, transmission, splitting of share certificates, issuance of duplicate shares certificates and other related matters as may be considered necessary in this behalf.

2. CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Name	Date of Appointment	Date of Resignation
		Date of nesignation
Mr. Anil Kumar Jain	01/01/2008	-
Mr. Surendra Phophalia	-	10/08/2005
Mr. Abhishek M Gupta	08/08/2005	-
Mr. P.C. Jain	-	04/10/2005
Mr. Talshibhai L. Patel	05/10/2005	-
Mr. Anoop R Gautam	05/04/2005	-
Mr. Chatra Singh Suhalka	-	31/10/2005
Mr. Yogesh Bhai N. Gadiali	14/05/2006	-
Mr. Manish C. Kinariwala	06/10/2006	-
Mr. Prikshit Bhandari	10/05/2007	-
Mr. Prabhat K. Shrivastav	01/01/2008	-
Mr. Dipak C. Chaudhari	01/01/2008	-
Mr. Balasaheb G. Shinde	01/01/2008	-

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL: No key managerial persons are holding any shares on the company.

BONUS OR PROFIT SHARING PLAN FOR KEY MANAGERIAL PERSONNEL: No bonus or profit shareing plan exists for key managerial persons.

EMPLOYEE STOCK OPTION SCHEMES: Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY: Except as stated in the Letter of Offer, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

3. PROMOTERS

Mr. Shankarlal Somani, aged 54 years is a chairman of the company. He is a commerce graduate and has more than 3 decades of experience in Textile industry. During 1976-80 he started Fabric Trading in the name of M/s. Somani Trading Co., Surat Textile Market, Surat as Partner. He has served various social prestigious posts like President of Rajasthan Parisad, Surat, President of Maheshwari Bhawan Samiti, Managing committee member of Sarvajanik Education Society and Shri Maheswari Vidyapeeth

 $\textbf{Voter ID No.:} \ CTL7019102, \textbf{Passport No.:} A1027629, \textbf{PAN:} ABNPS7087D$

Mr. Rajkumar Somani, aged 47 years Managing Director of the company. He is a commerce graduate and has around 27 years of experience in the field of Textiles. He started fabric processing unit in the name of Sumeet Silk Processors (P) Ltd. during 1992-93. In the year 1993-94 he established a process house at 436 GIDC Pandesra in the name of Sumeet Silk Mills and also set up Sumeet Industries Limited for manufacture of Polypropylene Multifilament Yarn. Driving

Licence No.: ST/98/DL/257653, Voter ID No.:GBV3777752, Passport No.:B5539219, PAN: ACIPS4806L

Mr. Sumeet Kumar Somani, aged 27 years is a Director of the company. He is M.Com from South Gujarat University, Gujarat and has Diploma in Business Management from S. P. Jain Institute of Management & Research, Mumbai. He has joined the company as a Director in Sumeet Industries Ltd. He is also managing a process house of SANYA FASHIONS at Pandesra.

Driving Licence No.: 05/ST/99/NDL/288482; Voter ID No.: CTL7018948; Passport No.: E7043865; PAN: ANPPS3016A We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Letter of Offer. Further, the Promoters have not been detained as willful defaulters by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Interest of promoters: Promoters are interested to the extent of their shareholding for which they are entitled to receive dividend declared, if any by the company, further, since promoters are also directors of the company, they are interested to the extent of their remuneration from the company.

Common Pursuits: The Associate Companies are carrying on separate businesses and there is no conflict of interest situation except certain related party transaction mentioned on page no. 102 of the Letter of Offer.

PROMOTER GROUP COMPANIES

GROUP COMPANIES: 1. Somani Overseas Pvt. Ltd (SOPL), 2. Sitaram Prints Private Ltd. (SPPL), 3. Sumeet Menthol Private Limited (SMPL), 4. Sumeet Silk Processors Private Limited (SSPPL), 5. Akash Ganga Processors Private Limited (AGPL), 6. Ambaji Syntex Private Limited (ASPL), 7. Bajarang Processors Private Limited (BPPL), 8. Raghuvir Texturisers Private Limited (RTPL), 9. Sanya Fashions (Sanya),

Out of the above Betex India Limited (BIL) is listed venture, details of which are is follows:

Betex India Limited (BIL): The Company was incorporated as on 7th January, 1987 having Registration no. 42125 of 1987 by Registrar of Companies, Maharashtra. The Registered office of the company was situated at Mumbai which was shifted to 504, Trividh Chamber, Ring Road, Surat. The company is engaged in textile business. BIL made a public issue of 4,00,000 equity shares of face value of Rs.10/- each issued at par during the year 1987. Further, the company came out with the rights issue during the year 1988. The equity shares of the company are listed at Bombay Stock Exchange Limited (BSE). The equity shares of Betex India Limited one of the group companies are listed on BSE. The trading in the equity shares of the company have been suspended w.e.f 08/05/2000 on account of noncompliance with Clause 15/16, Clause 31, Clause 35, Clause 40B, Clause 41 and Clause 47 of the listing agreement. The shares of the company are included in "Z" category of BSE. Please refer page vi under "Risk Factors"

Board of Directors of Betex India Limited: 1) Mr. Mahesh Kumar Somani 2) Mr. Manish Kumar Somani 3) Mr. Raj Kumar Somani

Shareholding Pattern of Betex India Limited

Shareholding Pattern of Betex India Limite	ea	
Name of shareholder	No. of Shares of Rs.10/- each	Holding (%)
Directors	84,000	5.60
Promoter's & relatives	9,77,700	65.18
Others	4,38,300	29.22
Total	15.00.000	100.00

Key Audited Financials of Betex India Limited

(Rs. In Lacs)

			(113. III Laca)	
	For Fi	nancial Year Ended	31st March	
Particulars	2008	2007	2006	
Equity Capital	150.00	150.00	150.00	
Reserve & Surplus	239.72	171.41	114.59	
Total Income	1514.68	1097.21	1036.16	
Total Expenditure	1439.76	998.70	1020.39	
Profit before Tax	74.92	98.51	15.77	
Profit after Tax	68.31	57.80	13.30	
Earning Per Share*(Rs.)	4.55	3.85	0.88	
Book Value per equity share (Rs.)	25.98	21.43	17.64	

COMPANY/FIRM FROM WHICH THE PROMOTERS HAVE DISASSOCIATED THEMSELVES DURING PRECEDING THREE YEARS

The promoters have not disassociated themselves from any of the companies during three preceeding years.

DIVIDEND POLICY

RELATED PARTY TRANSACTIONSFor details of Related Party Transaction please refer to details given under the section titled "Related Party Transactions"

on page 102 of the Letter of Offer.

The declaration and payment of dividends will be recommended by the Board of Directors and shareholders, in their discretion and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The company has declared final dividend of 10% during the year 2006-07 amounting to Rs. 198.40 lacs and 6% dividend on non-convertible preference shares amounting to Rs. 35.10 lacs.

FINANCIAL INFORMATION

SUMMARY STATEMENT OF ASSETS AND LIABILITIES (STANDALONE)

The assets and liabilities of the company as at the end of each five financial years ended on 31st March 2008, 2007, 2006, 2005, 2004 and three months ended on 30.06.2008 are set out below. This summary statement of assets and liabilities, read with significant accounting policies and notes in annexed have been arrived at after making such regrouping as are in our opinion appropriate.

							ls. in Lacs
	Particulars	01.04.08 to 30.06.08	2007-08	2006-07	2005-06	2004-05	2003-04
A.	Fixed Assets :						
	Gross Block	8703.02	8665.06	8087.77	7650.92	6374.48	4235.51
	Less : Depreciation	4128.92	4040.82	3657.20	3299.85	2965.97	2734.43
	Net Block	4574.10	4624.24	4430.57	4351.07	3408.51	1501.08
	Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	4574.10	4624.24	4430.57	4351.07	3408.51	1501.08
	Capital Work In Progress	354.19	127.56	14.80	267.65	926.63	756.74
		i) 4928.29	4751.80	4445.37	4618.72	4335.14	2257.82
В.	Current Assets, Loans and Advances :						
	Inventories	2921.09	2748.81	2298.84	1405.34	969.09	754.93
	Sundry Debtors	800.13	880.70	577.55	514.29	444.41	346.63
	Cash & Bank Balances	520.30	161.23	25.61	46.10	101.93	58.89
	Loans and Advances	786.61	1061.12	838.71	467.72	564.70	346.22
	•	i) 5028.13	4851.86	3740.71	2433.45	2080.13	1506.67
C.	•	ii) 103.78	155.81	126.10	103.49	105.31	180.23
D.	Liabilities & Provisions :						
	Secured Loans	4201.68	4280.29	3944.12	3525.93	3146.70	1154.15
	Unsecured Loans	255.12	527.03	505.31	405.93	357.29	311.52
	Current Liabilities & Provision.	1346.42	824.95	620.60	289.22	202.39	295.18
	Deferred Tax Liability	464.26	464.26	388.28	257.56	221.97	180.58
	•	v) 6267.48	6096.53	5458.31	4478.64	3928.35	1941.43
E.		7) 3792.72	3662.94	2853.87	2677.02	2592.23	2003.29
	Represented by	1					
F.	•						
F.	Equity Share Capital Preference Share Capital	2012.29 500.00	2012.29 500.00	1739.93 500.00	1739.93 500.00	1160.00 500.00	1160.00 0.00

SUMEET INDUSTRIES LIMITED

(Rs. in Lacs) 01.04.08 to 2004-05 2003-04 **Particulars** 2007-08 2006-07 2005-06 30.06.08 3. Share Application Money 297.00 257.00 75.00 0.00 0.00 0.00 4. Reserve & Surplus 1005.05 911.71 538.94 437.09 932.23 843.29 Less: Revaluation Reserve 0.00 0.00 0.00 0.00 0.00 0.00 1005.05 843.29 Reserve (Net of Reval. Res.) 911.71 538.94 437.09 932.23 Less: Pre.Exp.not written off 21.62 0.00 18.06 0.00 0.00 0.00 3662.94 2592.23 2003.29 **Net Worth** 3792.72 2853.87 2677.02

Notes: • Increase in loans and advances: During the year 2005-06 to 2006-07 the company enhanced capacity utilization of POY and PPMFY by about 20% and also commenced new capacities in the form of polyester fabric and menthol crystals. As a result there has been an increase in advances, TDS and advance tax as well as sundry ddeposits. The increase is commensurate to the level of operation of the company. • Change in accounting policies: There has been a change in the accounting policies w.e.f. 1st April 2002 as a management decision. The difference of Rs.17.56 lacs is on the account of the total amount of depreciation charged on addition to plant and machinery and vehicles due to change in depreciation method from written down value to straight line method. As a result the profit was overstated during the financial year 2002-03. The note to that effect has been mentioned by the Auditor while restating the figures. • Excise duty liability: The excise duty is provided on goods manufactured but not cleared as on 31st March of that year. As per the guidelines of accounting standard set out by ICAI on provision of excise duty on goods manufactured but not cleared, the value of closing stock of finished goods increase by the amount of excise duty charged and the expenses on account of excise duty are also increased by the said amount. As a result the impact on Profit & Loss a/c for that year remained nil. It is clarified that the provisions in respect of excise duty has been made and is also in compliance of guidance note on excise duty published by ICAI. • Income from sale of products/ products traded by the company: The company was trading in grey fabrics till the year 2005-06. In the year 2005, the company installed 60 waterjet looms to manufacture grey woen fabrics with an installed capacity of 35 lac meters per annum. As the water jet looms were operational during the year 2006-07, the company discontinued to purchase grey fabrics. Hence the income from the products traded by the company is "nil" for the period after 2006-07.

For Significant Accounting Policies and further details please refer to the Letter of Offer

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS (STANDALONE)

The Profit & Loss of the company as at the end of each five financial years ended on 31st March 2008, 2007, 2006, 2005, 2004, and three months ended on 30.06.2008 are set out below. The summary statement of Profit & Loss Account, as restated read with significant accounting policies and notes annexed have been arrived at after charging all expenses of manufacture, working & management including depreciation and after making such adjustments and regrouping as are in our opinion, appropriate

Doutieulere	01 04 00 40	2007.00	2006 07	2005.00		s. in Lac 2003-0
Particulars	01.04.08 to 30.06.08	2007-08	2006-07	2005-06	2004-05	2003-0
Income						
Sales						
a. Of products manufactured by co.	3325.04	12850.83	11249.13	7781.69	3246.89	3343.1
b. Of products traded in by the co.	0.00	0.00	0.00	437.02	243.06	81.0
Total	3325.04	12850.83	11249.13	8218.71	3489.95	3424.2
Other Income	7.34	(15.09)	137.00	62.89	22.40	70.3
Export Incentive	13.49	82.07	0.00	0.00	50.48	66.8
ncrease (Decrease) in Inventories	(14.85)	33.41	653.96	356.35	10.91	(74.7
	3331.02	12951.22	12040.09	8637.95	3573.74	3486.6
Expenditure						
Purchase of Finished Goods	0.00	0.00	25.75	289.60	321.75	386.1
Raw Material Consumed	2550.88	9843.14	9165.38	6341.78	1990.92	1836.0
Staff Costs	22.66	101.56	74.41	55.85	68.38	68.8
Other Manufacturing Expenses	245.26	981.53	860.55	907.07	525.79	620.2
Administrative Expenses	152.39	626.13	587.75	325.76	193.04	117.0
Selling & Distribution Expenses	27.99	79.28	97.58	20.16	29.56	32.0
nterest	110.09	408.99	360.63	218.12	65.60	70.5
Depreciation	88.10	387.06	360.82	346.67	236.05	241.2
•	3197.37	12427.69	11532.87	8505.01	3431.09	3372.1
Net Profit before tax and Extra	0107.07	12427.03	11002.01	0000.01	0401.03	0072.
Ordinary Items (A-B)	133.65	523.53	507.22	132.94	142.65	114.5
, ,	40.31	156.41	156.98	47.71	52.59	32.0
-					02.00	0
pefore Extra Ordinary items (C - D		367.12	350.24	85.23	90.06	82.4
	0.00	0.00	13.77	0.00	0.00	0.0
	0.00	0.00	0.00	0.06	0.00	0.8
Net Profit after Extraordinary items						
& Prior period Expenses (E - F - G)	93.34	367.12	336.47	85.17	90.06	81.5
ess: Taxation of earlier year	0.00	1.94	1.12	0.37	1.12	(0.0)
Adjusted Profit	93.34	365.18	335.35	84.80	88.94	81.5
Add : Balance Brought Forward	641.23	451.86	350.01	265.22	776.28	694.6
Total	734.57	817.04	685.36	350.02	865.22	776.2
Appropriation						
Dividend & Distribution Tax						
on Equity Shares	0.00	0.00	198.40	0.00	0.00	0.0
% Dividend & Dist. Tax on Pref. Sh	are 0.00	0.00	35.10	0.00	0.00	0.0
Excess Prov. of Taxation of						
earlier Year written back	0.00	4.85	0.00	0.00	0.00	0.0
Transfer for capitalisation for						
ssue of Bonus Shares	0.00	180.66	0.00	0.00	0.00	0.0
Transfer to General Reserve	0.00	0.00	0.00	0.00	600.00	0.0

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bal. Carried Forward to Balance Sheet

Overview of the business of the Company: The Company has been synonymous with creativity in Indian Textile Industry for more than two decades. The Company is at present mainly engaged in producing Polyester Filament Yarn (POY), Polypropylene Multi Filament Yam (PPMFY), Texturised Yarn etc. The company has in house packing material manufacturing facility. The unit is designed with utmost flexibility and equipped with mechanical and electronic attachments at all stages of spinning for imparting special effects in the yarns. In view of the increase in raw material (Pet Chips) prices consequent upon the movement of crude oil prices, the company is in process of setting up Continuous Polymerization Plant, under which POY will be produced direct from MEG and PTY. During the year 2007, the company had converted its captive coal base power plant into Gas Based Genset Plant which ultimately further reduced its power cost.

641.23

451.86

350.02

265.22

776.28

734.57

Key strengths and Growth Drivers: The company is a well-established and reliable manufacture of Polyester Filament Yam and Polypropylene Polyester Multifilament Yarn and Weaving Fabrics in the market through its sustained efforts and emphasizing on product quality, continuing improvements and competitive pricing. The Research and Quality department of the company is constantly exploring improved and new varieties of yarns to improve the product quality, achieving cost effectiveness and optimum utilization of capacity. Although the market behavior has been challenging, the company with its continues customer centric initiative and cost effectiveness, optimum utilization of product capacity, diversification in other profitable business, efforts in increasing export earnings is confident in achieving business growth and profitability in the upcoming years.

Significant developments: In the Opinion of the Directors, there has not arisen, since the date of the last financial statements as disclosed in the Letter of Offer, any circumstances that materially and adversely affect or are likely to affect the trading or profitability of the company, or the value of assets, or the ability to pay our liabilities within the next twelve months.

Factors that may affect results of Operations: • Unusual or infrequent events or transactions : There have been no unusual or infrequent transactions that have been taken place during the last three years. M/s. Somani Industries (Nepal) Pvt.

Ltd. was incorporated on 21/04/2000 with an objective to manufacture Polypropylene Multifilament Yarn. The said manufacturing facility was maintained upto year 2004-05. During the year 2006 due to continuous disturbance and unrest in Nepal near factory premises, Company had to close down the plant. On account of this political chaos and disturbances, the assets of the subsidiary company were sold to vacate the place. • Significant economic changes: Government's focus on exports will have major bearing on the companies involved in export. Any major changes in the policies of the government would have significant impact on the profitability of the company. • Known trends or uncertainties: Other than as described in Letter of Offer, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations. • Future changes in relationship between costs and revenues: The recent trend in continuous increase in international prices of raw materials compared to the prices of finished products may shrink margins in future. Direct Material expenses as a percentage to sales have remained in the range of around 80 % to 84% of sales in all the last three financial years. Under this backward integration cum expansion project, the company will produce POY directly from PTA, MEG which will be much cost effective and direct material expenses as a percentage to sales will be fallen to less than 80%. Apart from cost advantage the company ensures consistent quality of POY produced on CP lines. The company is continuously working to create efficient process resulting in cost reduction and have a better control over its activities. Other than as described in the Letter of Offer, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company. • Extent of impact on Sales volume: The company is at present mainly engaged in producing POY which consists more than 65% of its total revenue and around 20% revenue is coming from PPMFY. After implementation of the said backward integration cum Expansion Project, around 90% of the total revenue of the company will be earned by way of POY and Pet Chips sales.. New Products: The Company has not announced any new products as business segment publicly. • Seasonality of business: The business of our company is not seasonal in nature.• Dependence on single or few suppliers/customers: Majority of raw material of the company is sourced domestically. The company is not under threat for excessive dependence on any single customer/supplier. Similarly, the company has nationwide customer base and hence there is no dependence on any single customer. • Competitive Conditions: The Company operates in a highly competitive environment and faces huge competition from large and integrated players like Reliance Industries Ltd. However, the Company is a pioneer in the field quality products which have created niche for themselves and have been established in the industries as Brand names of its product "Sumilon" . Since the company is mainly operating in Polyester Yarn manufacturing business, it has already established its market to sell the products. Further under its backward integration cum expansion project, the company will produce Polyester Filament yarn directly from PTA and MEG which will be much cost effective and quality controlled product as compared to its peer group.

Results of Operations: Results of operations for the past 3 years and year - on- year comparison are as follows:

(Rs. In lacs)

Particulars	Year Ended	Year Ended	Year Ended	Year Ended
	31.03.2005	31.03.2006	31.03.2007	31.03.2008
Net Sales	3489.95	8218.71	11249.13	12850.83
Other Income	72.88	62.89	137.00	66.98
Total Income	3562.83	8281.60	11386.13	12917.81
Cost of Good sold	2301.76	6275.03	8537.17	9809.73
Staff Cost	68.38	55.85	74.41	101.55
Other Manufacturing Exp.	525.79	907.07	860.55	981.54
Administrative , Selling & Distribution Exp.	222.60	345.92	685.33	705.41
Interest	65.60	218.12	360.63	408.99
Depreciation	236.05	346.67	360.82	387.06
Profit before Extra Ordinary Items	90.06	85.23	350.24	523.53
Net Profit after Extraordinary items	90.06	85.16	336.47	523.53

Comparison of Performance and Analysis of Developments for Financial year 31st March 2008 and 31st March 2007 Major Events: The Company is in the expansion phases to expand its Polyester POY Spinning capacity from existing 12,000 Tons per annum to 48300 Tons by way of setting another 10 Lines of Polyester POY Spinning Plant and Pet Chips capacity of 51,700 Tons per annum. Thereby the Company is setting up Continuous Polymerization Plant with total installed capacity of 1,00,000 Tons per annum as a Green field project and 6 MW Captive Gas based Genset Power Plant

Sales:. The turnover of the company went up from Rs. 11249.13 Lacs for the year ended on 31st March 2007 to Rs. 12850.83 Lacs for the year ended on 31st March 2008 marking a growth of 14.24%. Increase in sales was achieved mainly due to better price realization. The major contributor of sales was yarn sales which consisted of 85% of total turnover from domestic sales and 1.5% from export sales. Other contributors are Polyester fabrics consisted of 4% of turnover. Sales of Menthol through Export consisted 8.50% and domestic around 1%.

Other Income: The Company has earned other income of Rs. 66.98 Lacs for the year ended on 31st March 2008 as compared to other income earned Rs. 137.00 Lacs during the last year ended on 31st March 2007. Other income consisted of export incentive received, exchange difference received and miscellaneous income received during the year. The company has received Rs. 82.07 Lacs Export Incentive during the year. The Company has incurred losses of Rs. 99.56 Lacs on Trading in Shares, Commodities and Foreign Exchanges during the year. During the year 2006-07, no amount of incentive was received by the company.

Operating Expenses: During the year 2007-08 total operating expenses stood Rs11598.23 Lacs. In manufacturing expenses our major cost consisted of power & fuel prices which increased in comparison to last year. Raw material price has also marginally increased as compared to previous year. Salary and wages cost increased due to appointment of manpower for the new projects.

Profit After Tax: The profit after tax for the financial year 31st March 2008 is at Rs. 367.12 Lacs as against Rs. 336.47 Lacs during the financial year 31st March 2007 showing an increase of 9.1% in comparison to the last year. Increase in Profit margin was made due to better sales realization and control on overheads. For further details please refer to the Letter of Offer

OUTSTANDING LITIGATIONS AND DEFAULTS

There are no pending proceedings initiated for economic offences against the Company. No disciplinary action/ investigation have been taken by the SEBI against the Company. The Company is not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed by the company in part or pending against them. Save as stated herein under, the Company, have not defaulted in meeting any of its statutory or institutional dues and have made all payments/refunds on fixed deposits or no proceedings have been initiated against the Company, for any of the offences specified in paragraph 1 of Part I of Schedule XIII of the Companies Act. 1956. Further, there are no disputes/litigations towards tax liabilities or criminal prosecutions against the Company and its Directors for any offence, economic or otherwise civil litigations against the Company and its Directors, there are no material disputes/legal actions other than those disclosed below.

CONTINGENT LIABILITIES OF THE COMPANY

As on 30th June 2008 the audited accounts, the company has contingent liabilities not provided for in respect of items detailed below:

Particulars	3 months ended 30/06/2008		
Letter of Credit outstanding	2350.00		
Estimated amount of contract remaining to be executed on capital account	4500.95		
Total 685			
In the event auch contingent lightlities metarialize it may beyo an advarge effect on the company's financial condition			

In the event such contingent liabilities materialize it may have an adverse effect on the company's financial condition and future financial performance.

PENDING LITIGATIONS AGAINST THE COMPANY

Summary of litigations pending against the company:

Sr. No	Particulars	No. of cases/disputes/ notices/ warnings	Approx. amount involved where quantifiable (Rs. In lacs)
1	Central Excise Tax	3	197.33
2	Labour Law	10	Not quantifiable
3	Industrial Law	1	Not quantifiable
4	Securities related	3	75.00

SALES TAX/ EXCISE/ CUSTOMS ACT: Case No., Date and Authority / Place, Parties to the case, Brief Description of the Case, Status, Amount Involved (Rs. In Lacs): 1. Appeal No. E/1617 &1618/06 pending before CESTAT, Mumbai arising from Order in Original No.03/KRB/MP /2006 dtd. 16.02.2006 passed by Commissioner of Central Excise (Adj), Surat. The Commissioner of Central Excise (Adj), Surat made order in original thereby making a total demand of Rs. 65,46,595/-. The Company has filed appeals which are pending before CESTAT, Mumbai. The CESTAT has waived the requirement of pre-deposit of the amount beyond Rs.50,76,495/- which amount has already been adjusted by reversal of Modvat Credit. There is also a stay of recovery till final disposal of the appeals. 65.46. 2.

8 SUMEET INDUSTRIES LIMITED

Show cause notice no. V (Ch.53)3-12/ dem /2006, Dated :04/01/2007, It is alleged that charging of NCCD @1% adv. by the Company for the POY manufactured and cleared for home consumption during the period between Dec'2005 to March'2006, in stead of depositing the same in Government Treasury in the form of Cash i.e. through PLA or NCCD Account, it has debited BED part of Cenvat account and the payment made through Cenvat Account found to be illegal in terms of the provisions of Rule 3 (7) (b) Cenvat Credit Rules, 2004. The Company has replied this show cause notice on dated 17/01/2007 to the Commissioner of Central Excise & Custom and requested for personal hearing and the matter is pending. 23.57. 3. Show cause notice no.V(Ch.54)3-02 / demand/07, Dated :01/05/2007, It is alleged that charging of NCCD @1% adv. by the Company for the POY manufactured and cleared for home consumption during the period between April'2006 to December '2006, in stead of depositing the same in Government Treasury in the form of Cash i.e. through PLA or NCCD Account, it has debited BED part of Cenvat account and the payment made through Cenvat Account found to be illegal in terms of the provisions of Rule 3 (7) (b) Cenvat Credit Rules, 2004. The Company has replied this show cause notice on dated 28/05/2007 to the Addl. Commissioner of Central Excise & Custom and requested for personal hearing and the matter is pending. 58.38. 4. Show cause notice no.V(Ch.54)3-03 / demand/07/addl. Dated :19/12/2007, It is alleged that charging of NCCD @1% adv. by the Company for the POY manufactured and cleared for home consumption during the period between January'07 to August '2007, in stead of depositing the same in Government Treasury in the form of Cash i.e. through PLA or NCCD Account, it has debited BED part of Cenvat account and the payment made through Cenvat Account found to be illegal in terms of the provisions of Rule 3 (7) (b) Cenvat Credit Rules, 2004. The Company has replied this show cause notice on dated 19/01/2008 to the Addl. Commissioner of Central Excise & Custom and requested for personal hearing. Date of personal hearing is not yet fixed. 49.92.

LABOUR LAWS: Sr No.: Case No.: Particulars of the Case: Court where Pending: Present status of the Case: 1. Adj. Case No., 215/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Shailesh K. Patel on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Shailesh K. Patel was terminated from the services w.e.f. 28.10.99. Mr. Shailesh K. Patel has filed a case against the Company, Labour Court Surat On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 2. Adj. Case No. 213/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Kiran B. Solanki on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Kiran B. Solanki was terminated from the services w.e.f. 28.10.99. Mr. Kiran B. Solanki has filed a case against the Company, Labour Court Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 3. Adj. Case No. 214/ 2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Harish J. Praiapati on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Harish J. Prajapati was terminated from the services w.e.f. 28.10.99. Mr. Harish J. Prajapati has filed a case against the Company. Labour Court Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 4. Adj. Case No. 224/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Ajay Narenderprasad Morker on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Ajay Narenderprasad Morker was terminated from the services w.e.f. 28.10.99. Mr. Ajay Narenderprasad Morker has filed a case against the Company. Labour Court, Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 5. Adj. Case No. 232/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Suresh F. Mahida on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Suresh F. Mahida was terminated from the services w.e.f. 28.10.99. Mr. Suresh F. Mahida has filed a case against the Company. Labour Court , Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 6. Adj. Case No. 237/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Mahesh Morarji Hansoti on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Mahesh Morarji Hansoti was terminated from the services w.e.f. 28.10.99. Mr. Mahesh Morarji Hansoti has filed a case against the Company, Labour Court, Surat On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 7. Adj. Case No. 238/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Dilip Ramjibhai Parmar on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Dilip Ramjibhai Parmar was terminated from the services w.e.f. 28.10.99. Mr. Dilip Ramjibhai Parmar has filed a case against the Company. Labour Court Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 8. Adj. Case No. 368/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Rajesh P. Sarang on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Rajesh P. Sarang was terminated from the services w.e.f. 28.10.99. Mr. Rajesh P. Sarang has filed a case against the Company. Labour Court Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 9. Adj. Case No. 381/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Rajender Kesriprasad Pandey on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Rajender Kesriprasad Pandey was terminated from the services w.e.f. 28.10.99. Mr. Rajender Kesriprasad Pandey has filed a case against the Company. Labour Court Surat, On filing of writ petition in the Hon'ble High Court of Gujarat against the order made by the Labour Court, Surat, the matter is remanded back to Labour Court and the same is pending. 10. Adj. Case No. 92/2000, The Company issued Show-cause Notice cum Suspension Order on dated 20.07.99 on the ground of misbehaviour and unlawful conduct against Mr. Krishnakant Chaudhary on 30.06.1999 and also on the ground of continued unauthorized absence from duty. After conducting domestic enquiry, Mr. Krishnakant Chaudhary was terminated from the services w.e.f. 28.10.99. Mr. Krishnakant Chaudhary has filed a case against the Company. Labour Court Surat, Cases pending at on hearing stage

INDUSTRIAL COURT MATTER: Sr No.: Case No.: Particulars of the Case: Court where Pending: Present status of the Case: 1. Reference (I.T) No.187/99, Chemical Mazdoor Panchayat has raised industrial dispute for revision of wages, D.A., Leave, etc., Industrial Court, Surat, Pending.

Securities Related/ Warnings: 1. Securities related dispute: The issued, subscribed and paid up capital of the company includes 2,50,000 equity shares of Rs.10 each allotted to M/s. Vishvas Infrastructure Ltd. (Vishvas) on a preferential basis on 13th April 2007. These shares are yet to be listed on BSE. The company submitted the application for the listing of 9,17,000 equity shares issued on preferential basis to BSE. The company received a communication from BSE vide their letter no. DCS/PREF/ST/GEN/1531/07-08 dated 11th Sep. 2007 advising the company to take requisite steps to address the discrepancy in the issued and listed capital arising out of the non approval of issue of 2,50,000 equity shares to Vishvas. The company called an Extra Ordinary General Meeting on 20th Nov. 2007 for the purpose of passing of Special Resolution for Reduction of share capital and accordingly the members of the company passed the special resolution for cancellation of preferential allotment of 2,50,000 shares to Vishvas. The company has filed a petition (company petition no. 30 of 2008) on 10th January, 2008 in the High Court of Gujarat at Ahmadabad under the provisions of section 78, 100 and 101 of the Companies Act, 1956 for cancellation of aforesaid 2,50,000 equity shares of Rs.10 each issued at a premium of Rs.20 per share and confirmation of reduction of share capital consequent to such cancellation. Vishvas has filed an objection to the proposed Reduction of share capital vide their affidavit dated 12th March, 2008. The company's petition is pending for herring by the Hon'ble High Court in this regard till date. 2. Warnings: The company has received a letter from SEBI vide their letter no. IVD/ID1/BM/MB/114353/08 dated 23rd January, 2008 warning the company to strengthen their system to avoid possibilities of insider trading failing which action may be initiated in accordance with provisions of SEBI Act. / Rules and Regulations. 3. Investigation: The Company has received a communication from SEBI vide their letter no. IVD/ID8/BM/NR/SIL/139973/2008 dated October 7, 2008 requiring the company to furnish the details in respect of investigations in the scrip of Sumeet Industries Limited for the period October 1, 2006 to March 12, 2007 and in response to the said query the company has submitted the relevant details to the SEBI. Similar communication has been recived from SEBI vide their letter dated 7/10/2008 requiring the entities to furnish the details in respect of investigations in the scrip of Sumeet Industries Limited for the period October 1,2006 to March 12, 2007. The names of entities are M/s. Somani Overseas Limited, M/s. Betex India Limited, M/s. Sitaram Prints (P) Limited, M/s. Ambaii Syntex (P) Limited, M/s. Sumeet Menthol (P) Ltd. (Formerly known as: Mahesh Texturisers (P) Limited), Mr. Shankarlal Somani, Mr. Rajkumar Somani, Ms. Gangadevi Somani and Ms. Krishnadevi Lahoti. In response to the said query the company has submitted the relevant details to the SEBI.

PROCEEDINGS FILED BY THE COMPANY: The Company has filed petition in the Hon'ble High Court of Gujarat at Ahmadabad being Company Petition No.30/2008 for confirming the reduction of capital of the Company by Rs.75 lacs (i.e. Rs.25 lacs share capital and Rs.50 lacs share premium) by way of cancellation of preferential allotment of 2,50,000 equity shares of Rs.10/- each issued at a premium of Rs.20/- per share to Vishvas Infrastructure Ltd. The petition is pending at the final hearing stage.

LITIGATION AGAINST THE GROUP COMPANIES: SOMANI OVERSEAS LIMITED: EXCISE/ CUSTOMS ACT/ WARNINGS: Case No., Date and Authority / Place , Parties to the case: Brief Description of the Case: Status: Amount Involved (Rs. In Lacs): Show cause notice no. SD/INT/HQIU/285/95 S/10-1/JSS/98 SIIB Dated 02.01.98, It is alleged that the Fraudulent exports of Polyester Fabrics were made and duty free imports of goods and other raw materials made under D.E.E.C. scheme in contravention of the provisions of the Custom Act, 1962 by M/s. R.K. Exports, Ahmadabad. The Company has purchased Advance Licence of M/s. R.K. Exports and made imports against the same of duty free 5288.00 Kgs of PFY. It is thus alleged that imports made against such advance license by the Company were not valid. The Company has submitted its written explanation on dated 17/01/2008 and completely denied the allegation cited on it. The Company has explained to the department that the said copy of advance license were purchased by the Company in the ordinary course of business for valuable consideration and had submitted all the relevant documents/details. The matter is pending. The amount involved is Rs. 5.69 Lacs.

2. Warnings: The company has received a letter from SEBI vide their letter no. IVD/ID1/BM/MB/105943/07 dated October 11, 2007 warning the company not to carry out any transactions in the scrip of Sumeet Industries Limited in future which are in close proximity of any un-published price sensitive events and are in violation of insider trading regulations failing which action may be initiated in accordance with provisions of SEBI Act./ Rules and Regulations.

BETEX INDIA LIMITED: EXCISE/CUSTOMS ACT/WARNINGS: Case No., Date and Authority / Place, Parties to the case: Brief Description of the Case: Status: Amount Involved (Rs. In Lacs): 1. Appeal No. RKA/629-630/ SRT-1/08 dated 25.08.08 filed before the Commissioner (Appeals) u/s. 35 of the Central Excise Act, 1944 challenging the order in original no. 01/ADC-PS/ OA / 2007 dtd. 28.06.2007. The Additional Commissioner, Central Excise & Customs, Surat has made order in original thereby confirming demand of Central Excise Duty to the extent of Rs. 17,39,400/- u/s. 11(A) (2) of the Central Excise Act. The order also imposes penalty of Rs. 17,39,400/- u/s. 11AC of Central Excise Act. The order also imposes penalty of Rs. 50,000/- on Mr. Rajkumar Somani, Director under Rule 26 of the Central Excise Rules, 2002. The Commissioner (Appeal) has upheld the order passed in original dated 28.06.2007 confirming the demand of the duty & penalty imposed except rectifying the amount of penalty imposed to Rs.10,000/- only on Mr. Raj Kumar Somani ,Director by the Add. Commissioner. The company has filed an appeal & stay petition before the Customs, Excise & Service Tax Appellate Tribunal at Ahmedabad under section 35B & 35F of the Central Excise Act, 1944. 34.89. 2. Warnings: The company has received a letter from SEBI vide their letter no. IVD/ID1/BM/MB/105943/07 dated October 11, 2007 warning the company not to carry out any transactions in the scrip of Sumeet Industries Limited in future which are in close proximity of any un-published price sensitive events and are in violation of insider trading regulations failing which action may be initiated in accordance with provisions of SEBI Act./ Rules and Regulations.

Against the Directors/Promoters: There are no outstanding litigations towards tax liabilities or any criminal/ civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956), disputes, defaults, non-payment of statutory dues, proceedings initiated for economic offences or securities related or other offences against the Directors/Promoters of the Company except as mentioned here. 1. Warnings: Mr. Sushil Somani has received a letter from SEBI vide their letter no. IVD/ID1/BM/MB/105943/ 107 dated October 11, 2007 warning him not to carry out any transactions in the scrip of Sumeet Industries Limited in future which are in close proximity of any un-published price sensitive events and are in violation of insider trading regulations failing which action may be initiated in accordance with provisions of SEBI Act/ Rules and Regulations.

OUTSTANDING LITIGATION AGAINST THE SUBSIDIARY COMPANY: There are no outstanding litigations against the subsidiary company.

MATERIAL DEVELOPMENTS AFTER THE DATE OF THE LAST BALANCE SHEET: There are no material developments after the date of the latest balance sheet that are likely to materially affect the performance and the prospects of the company. The company has not discontinued any of its existing business nor commenced any new business during past year.

ADVERSE EVENTS: There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Letter of Offer with the Stock Exchanges.

GOVERNMENT APPROVALS:

The Company has received all the necessary permissions and approvals from the Government and various government agencies. In view of this the company can undertake the issue and no further material approvals are required from any government authority. For further details please refer to the Letter of Offer

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue: The Board of Directors at their meeting held on 21st Januray, 2008 have approved the rights issue of equity shares of the Company of Rs 10/- each to the existing holders of equity shares on a date to be announced by the Board (Record Date) for a total amount of Rs. 3018.43 lacs. The Special resolution was passed at the Extra Ordinary General Meeting of the shareholders of the Company held on 3rd March, 2008 authorizing the Board of the Company to raise capital up to Rs 3018.43 lacs. The Board of Directors at their meeting held on 15th May, 2008 have decided to make the following offer to the existing shareholders of the company: Issue of 2,01,22,930 Equity Shares of Rs. 10/- each at Rs. 15/- aggregating Rs. 3018.43 lacs on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Shares (ie; 1:1) held on 29/10/2008 (Record Date). The face value of the Equity Share is Rs. 10/- per share and the Issue Price is 1.5 times the face value. The Board of Directors of the Company has approved the Letter of Offer in the board meeting held on 15/05/2008.

PROHIBITION BY SEBI: The Company, its Promoters, Directors or any of the Company's associates or group companies with which the Directors of the Company are associated as Directors or Promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE: Sumeet Industries Limited is an existing listed Company. It is eligible to offer this Rights Issue in terms of Clause 2.4.1(iv) of the SEBI (DIP) Guidelines, 2000. The promoters, their relatives, Sumeet Industries Limited, group companies are not detained as wilful defaulters by RBI/Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

DISCLAIMER CLAUSE: AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). "IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING.THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN ALSO RE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN OFFER DOCUMENT, LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 27th May, 2008 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS: 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE; 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT: a) THE LETTER OF OFFER FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE: b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS. 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID. 4. WE CERTIFY THAT REQUIREMENTOF PROMOTER'S CONTRIBUTION UNDER CLAUSE 4.10 (SUB-CLAUSE (a), (b) or

(c)} ARE NOT APPLICABLE IN RESPECT OF THE SAID ISSUE. 5. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. 6. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. 7. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT, IF ANY, IN THE ISSUE. 8. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. 9. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER: a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

CAUTION STATEMENT / DISCLAIMER CLAUSE OF THE ISSUER AND THE LEAD MANAGER: The Issuer Company and the Lead Manager accept no responsibility for statements made otherwise than in this Offer Document or in the advertisement or in any other material issued by or at the instance of the Company and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

DISCLAIMER IN RESPECT OF JURISDICTION: This offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares), Foreign Collaborators and to NRIs, OCBs and FIIs as defined under the Indian laws. This Offer Document does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any jurisdiction other than India. Any person into whose possession this Offer Document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Surat, State of Gujarat, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Offer Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Sumeet Industries Ltd. since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

LISTING: Presently the Equity shares of Sumeet Industries Limited are listed on Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange). The Company has received in-principle approval from BSE vide its letter no. DCS/PREF/JA/IP-RT/723/08-09 dated June 24th 2008 for listing of the equity share being issued in terms of the Letter of Offer. If the permissions to deal in and for an official quotation of the equity shares are not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED (BSE), THE DESIGNATED STOCK EXCHANGE: Bombay Stock Exchange Limited (the Exchange) has given vide its letter dated DCS/PREF/JA/IP-RT/ 723/08-09 dated June 24th 2008, permission to this Company to use the Exchange's name in the Letter of Offer as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized the Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The Exchange does not in any manner: (i) Warrant, certify or endorse the correctness or completeness of any of the contents of the Letter of Offer; or (ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; And it should not for any reason be deemed or construed that the Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein for any other reason whatsoever.

FILING: A copy of the Letter of Offer has been filed with SEBI, SEBI Bhavan, Plot No. C-4A, C- Block, Bandra - Kurla complex, Bandra (East), Mumbai 400 021 and Bombay Stock Exchange Ltd., (BSE) (Designated Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Fort.

CONSENTS: Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Lead Manager to this Issue, Registrar to this Issue and legal advisors to the Issue to act in their respective capacities have been obtained and filed with Stock Exchanges at the time of filing the Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the stock exchanges. The Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Offer Document and also the tax benefits accruing to the Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

EXPERT OPINION: Except as stated elsewhere in this Offer Document, the Company has not obtained any expert opinions. **EXPENSES OF THE ISSUE:** The total expenses of the issue are estimated to be around Rs. 70 Lacs. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under:

The respect to the least result to the process of the least reprised to the	
	(Rs. in Lacs)
Activity	Estimated Expense
Fees to the lead manager and intermediaries	30.00
Printing and stationary	28.00
Advertisment	6.00
Legal and oter statutory expenses	5.00
Miscellaneous expenses	1.00
Total estimated Issue expenses	70.00

Fees payable to Lead Manager: The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed amongst the company and the Lead Manager, a copy of which is available for inspection at the Registered office of Sumeet Industries Limited.

Fees payable to Registrar to the Issue: The total fees payable to the Registrar to the issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the issue, a copy of which is available for inspection at the registered office of SIL.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION: No Underwriting, Brokerage and selling Commission will be payable for this issue.

PREVIOUS ISSUE DETAILS: The company has not made any public/rights issue of its equity shares during the last five years. ISSUES OTHERWISE THAN FOR CASH: Except for the Bonus issues made, as stated in the section titled "Capital Structure" beginning on page 13 of this Offer Document, we have not issued any Equity Shares for consideration

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES: The Company has not made any Public /Rights Issue during last five years, hence any commission or brokerage has not been paid.

DATE OF LISTING ON THE STOCK EXCHANGES: The equity shares of the company were listed on The Stock Exchange, Mumbai and Baroda Stock Exchanges. The company has voluntarily delisted from Baroda Stock Exchange in accordance with the provisions of the SEBI (Delisting of Securities) Guidelines, 2003 vide their approvals dated 9th January 2007.

PROMISE VIS-À-VIS PERFORMANCE

a) Of the Company: The Company had made a Public Issue during the year 1992. The projected profitability of the company was estimated as follows by Bank of Baroda for the first full 3 years based on the then prevailing situation. However, the projections relating to capacity utilization, sales in 1995 and profitability in 1996 and 1997 could not be

achieved. The detail of the variations in the promises vs. performance is detailed hereinunder:

(Rs. In lacs)

Particulars	As on 31.3.1995		As on 31.3.1996		As on 31.3.1997	
	in the	Actual performance	as given in the	Actual performance	Promises as given in the	Actual performance
0 '1 110'' 1'	prospectus	200/	prospectus	700/	prospectus	050/
Capacity Utilization	65%	39%	80%	72%	90%	85%
Sales	1812.72	1795.57	2231.04	3721.31	2509.22	3067.71
Operating profits	239.40	583.73	413.56	653.09	539.42	641.54
Cash Accruals	403.90	408.47	511.07	398.88	577.68	434.45
Profit/ Loss after Tax	232.95	301.43	340.12	(62.30)	406.73	164.97
EPS (Rs.)	2.01	2.60	2.93	-	3.51	1.42

b) Listed Ventrues of Promoters: Betex India Limited is a listed group company. The trading in the scrip of the company is presently suspended. The company had made its maiden issue of 4,00,000 equity shares of Rs.10/- each at par in the year 1987. There were no promises made in the prospectus of the company.

Outstanding debentures or bonds: As on the date of filing of the Letter of Offer, Sumeet Industries Limited does not have any outstanding Debentures or Bonds.

Outstanding preference shares: As on the date of filing of the Letter of Offer, Sumeet Industries Limited has 50,00,000 6% Non Convertible preference shares of Rs.10/- each aggregating to Rs.500 lacs allotted to promoters and relatives on 24/02/2005 and the same would be redeemed on 01/01/2010 in single installment.

OPTION TO SUBSCRIBE: Other than the present issue, the company has not given any option to subscribe to the equity shares of the company.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the company are listed on The Bombay Stock Exchange Ltd. (BSE).

The stock market data for the equity shares on the BSE are as follows:

The stock market data for the equity shares on the BOE are as follows.								
Particulars	High		Low			Average	Total	
	High	Date	Volume	Low	Date	Volume	Price	Volume
	(Rs)		on date	(Rs)		on date	(Rs.)	(no. of
			of high			of Low		shares)
			(no of			(no of		
			shares)			shares)		
2005	23.60	31/01/05	2,35,995	6.12	27/12/05	18,858	14.86	2,68,49,226
2006	16.19	28/12/06	30,91,276	3.31	25/07/06	8,200	9.75	2,99,02,751
2007	34.25	21/02/07	3,90,085	9.75	24/08/07	10,080	22.00	6,63,03,736
May 08	14.84	20/05/08	91,027	12.01	07/05/08	29,534	13.42	5,92,144
June 08	12.89	02/06/08	15,255	8.66	27/06/08	11,766	10.77	2,58,594
July 08	10.55	24/07/08	11,870	7.25	02/07/08	15,645	8.90	2,09,124
August 08	10.70	06/08/08	17,987	8.02	27/08/08	3,638	9.36	1,78,000
September 08	10.15	08/09/08	6,644	6.07	30/09/08	17,106	8.11	3,11,382
October 08	7.64	14/10/08	3,43,134	4.20	31/10/08	3,661	5.92	18,12,382

Week end price of equity Shares of SIL on the BSE.

Week ended	Price (Rs)
14/11/2008	5.07
07/11/2008	5.07
31/10/2008	5.07
24/10/2008	5.48

• The market price of the equity shares of the company as on 15th May 2008 the date on which the Board of Directors approved the rights issue was Rs.12.31 (BSE). •The market price of the equity shares of the company as on 8th October 2008 the date on which the Board of Directors approved the rights issue price was Rs.6.80 (BSE). •The equity shares of the company were in no delivery period from Wednesday, 22/10/2008 to Tuesday 28/10/2008. • The cum- rights closing price of the shares of the company as on Tuesday, 21/10/2008 was Rs. 6.85 on BSE. ●The exrights closing price of the shares of the company as on Wednesday, 22/10/2008 was Rs. 6.76 on BSE. The transactions in equity shares by the promoters, the promoter group and directors of the company during the last six months from the date of the Letter of Offer is disclosed on page no. 18.

Investor Grievance Redressal System

Sumeet Industries Limited: The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances received, the Company has appointed Mr. Anil Jain, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Rights Issue and ensure timely settlement. All grievances related to the offer may be addressed to the Registrar to the Rights Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted.

Status of complaints: a) No. of shareholders complaints as of September 30, 2008: 24 b) Total number of complaints received during financial year (2006-2007): 37 c) Total number of complaints received during the last financial year (2007-08): 109 d) Status of the complaints: Out of the 24 complaints received by the company till September 2008, 24 complaints have been resolved as on date.

CHANGE IN AUDITORS: There has been no change in the Auditors of the company during the past three years. CAPITALISATION OF RESERVES OR PROFITS: The company has not capitalized its reserves or profit during the

Date of Allotment of Bonus Shares	Ratio of Bonus Issue	Number of Equity Shares of Rs. 10/- each issued as Bonus	Amount of Reserves Capitalized (Rs. in Lacs)
01/04/2005	1:2	58,00,000	580.00
21/01/2008	1.10	18 06 630	180 66

REVALUATION OF ASSETS: The company has not revalued its asset during the last five years.

OFFERING INFORMATION

A. Terms of the issue: The Equity Shares now being offered are subject to the provisions of the Act and the terms and conditions of this Letter of Offer, the CAF, the Memorandum and Articles of Association of the Company, the approvals from the Government of India, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, quidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, Listing Agreements entered into by the Company with Stock Exchanges, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time, the FEMA and the Letters of Allotment/Equity Shares to be issued. Over and above such terms and conditions, the Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to issue of capital and listing of securities issued from time to time by SEBI, the Government of India, RBI and or other authorities.

Ranking of equity shares: The new Equity Shares proposed to be issued shall rank in all respects pari-passu with existing fully paid up Equity Shares.

Mode of payment of dividend: The dividend is paid to all the eligible shareholders as per the provisions of Companies Act. Face value & issue price: The Face Value of Equity Shares of the company is Rs.10/-. The Equity Shares of Rs. 10/ - each are being issued at a price of Rs. 15/- per share in the present rights issue.

Rights of equity shareholders: The Shareholders are entitled to receive dividend, as and when declared and bonus and rights shares, as and when issued. Further, the rights of the above and other holders of shares are subject to the provisions of the Companies Act, 1956, the Memorandum and the Articles of Association of the Company, the terms of the Letter of Offer and other laws as applicable from time to time.

Market lot: The market lot for the Equity Shares held in the demat mode is one share. In case of physical certificate, the Company would issue one certificate for the Equity Shares allotted to one person ("Consolidated Certificate"). In respect of consolidated certificate, the Company will, only upon request from the equity shareholder, split & return such consolidated certificate into smaller denomination within 7 days time in conformity with the clause 3 of the Listing Agreement. No fee would be charged by the Company for splitting the consolidated certificate.

Nomination: In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective Depository Participant. For further details please refer to the Letter of Offer

MINIMUM SUBSCRIPTION: i. If the Company does not receive minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicants within Fifteen days from the date of closure of the issue. ii. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e., Fifteen days after closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Disposal of odd lots: As the ratio is one equity share for every one equity share held (i.e, 1:1) as on the Record Date, there are no odd lots

Restrictions on transfer and transmission of shares and on their consolidation/splitting: There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this issue. **B ISSUE PROCEDURE**

BASIS OF THE OFFER: The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date. The Company has in consultation with the Designated Stock Exchange fixed the Record Date for determining the shareholders who are entitled to receive this offer for Equity Shares on a rights basis. The Equity Shares are being offered for subscription in the ratio of One Equity Share for every One Equity Share held by the Equity Shareholders. The shareholders whose names appear as beneficial owners as per the list furnished by the depositories in respect of the Equity Shares held in electronic form and on the register of members of the Company in respect of the shares held in physical form on 29/ 10/2008 at the close of business hours shall be entitled to the Equity Shares on the Rights basis in the ratio of One equity share for every One Equity Share held by them.

OPTION TO SUBSCRIBE: Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company has signed a tripartite agreement with National Securities Depository Limited (NSDL) and Bigshare Services Pvt. Ltd. on 12/12/ 2001 and with Central Depository Services (India) Limited (CDSL) and Bigshare Services Pvt. Ltd. on 10/11/2001, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

RIGHTS ENTITLEMENT: As your name appears as beneficial owner in respect of the shares held in the electronic form or appears in the register of members as an equity shareholder of the Company on the Record Date, you are entitled to this Rights Offer. The number of Equity Shares to which you are entitled is shown in Block I of Part A of the enclosed CAF and as shown in part A of the enclosed CAF.

FRACTIONAL ENTITLEMENT: On applying the rights will not lead to fractional entitlement in this issue.

ENTITLEMENT RATIO: The equity shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1:1. i.e. One Equity Share for every one equity held as on the Record Date.

JOINT-HOLDERS: Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed (so far as the company is concerned) to hold the same as joint-holders with benefits of survivorship subject to provisions contained in the Articles

OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS/ APPLICANTS: For details please refer to the Letter of Offer NOTICES: All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi and Gujarati national daily with wide circulation and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

ISSUE OF DUPLICATE EQUITY SHARE CERTIFICATE: If any Equity Share Certificate(s) is/are mutilated or defaced or the pages for recording transfers of Equity Shares are fully utilized, the Company against the surrender of such Certificate(s) may replace the same, provided that the same will be replaced as aforesaid only if the Certificate numbers and the Distinctive numbers are legible. If any Equity Share Certificate(s) is/are destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/ surety and/or such other documents as the Company may deem adequate, duplicate Equity Share Certificate(s) shall be issued.

OPTIONS AVAILABLE TO THE EQUITY SHAREHOLDERS: The Equity Shareholders will be having the following five options: • Apply for his entitlement in part • Apply for his entitlement in part and renounce the other part • Renounce his entire entitlement . Apply for his entitlement in full . Apply for his entitlement in full and apply for additional Equity Shares

HOW TO APPLY

For Resident Indian Shareholders: Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer. Payment should be made in cash (not more than Rs.20,000/-) or by cheque/bank draft/ drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the centre where the CAF is submitted and which is participating in the clearing at the time of submission of the application. Outstation cheques/money orders/postal orders will not be accepted and CAFs accompanied by such cheques/money orders/postal orders are liable to be rejected.

For Non-Resident Shareholders: Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/ payment of dividends etc. Letter of Offer and CAF shall be dispatched to non-resident Equity Shareholders in India only

For applicants residing at places other than designated Bank collecting branches.: Applicants residing at places other than the cities where the Bank collection centers have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue, Bigshare Service Pvt. Ltd. along with demand drafts, net of demand draft and postal charges, payable at Surat in favor of "SIL - Rights Issue" crossed "A/c Payee only" so that the same are received on or before closure of the Issue i.e Monday, December 22, 2008. The Company will not be liable for any postal delays and applications received through mail after the closure of the Issue are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned below. All application forms duly completed together with cash/cheque/demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue except as mentioned above. The applications are required to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected by the Company, the Lead Manager and the Registrar

The CAF consists of four parts: Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares; Part B: Form for renunciation; Part C: Form for application for renouncees; Part D: Form for request for split application forms

You may exercise any one of the following options with regard to the Equity Shares offered to you, using the enclosed CAF:

Sr. No	Options available	Action Required		
1.	Accept whole or part of the Equity Shares offered to you without renouncing the balance	Fill in and sign Part A indicating in Block III of Part A the number of Equity Shares accepted. If you accept all the equity share offered in Block II of Part A you may apply for additional Equity Shares. Indicate in Block IV the additional Equity Shares applied for.		
2.	Renounce all the Equity Shares offered to you to one person (joint renouncees are deemed as one person) without your applying for any of the Equity Shares offered to you.	Fill in and sign Part B indicating the number of Equity Shares renounced in Block VII and handover the ENTIRE FORM to the renouncee. The renouncee/ joint renouncee(s) must fill in and sign Part C of CAF.		
3.	Accept a part of your entitlement and renounce the balance or part of it to one or more Renouncee(s).			
	OR	On receipt of Split Forms :		
4.	Renounce your entitlement or part of it to one or more persons (joint renouncees are deemed as one person).	 a For the Equity Shares you are accepting, fill in and sign Part A. b For the Equity Shares you are renouncing fill in and sign Part B indicating the number of Equity Shares renounced in Block VII. Each of the renouncees should fill in and sign Part C. 		

Note: If application is made jointly with any other person(s) who is/are not already joint holders or change in the sequence of names of joint holders, it will amount to renunciation and the procedure mentioned in (2) above will have to be followed.

Acceptance of Offer: You may accept the Offer and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the demand draft, net of demand draft and postal charges, payable at Surat to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. You may apply for the Equity Shares offered wholly or in part by filling in the enclosed CAF and submitting the same along with the application money to the Bankers to the Issue or its designated branches on or before the closure of the subscription list. The CAF should be complete in all respects, as explained in the INSTRUCTIONS indicated in the CAF. The CAF should not be detached under any circumstances, otherwise the application(s) will be rejected forthwith.

Application for additional Equity Shares: You are also eligible to apply for additional Equity Shares over and above the number of Equity Shares offered to you provided you have applied for all the shares offered to you without renouncing them in full or in part. However, the additional Equity Shares cannot be renounced in full or in part, in favour of any other person(s). If you desire to apply for additional Equity Shares, you may fill in the number of additional Equity Shares in Part A of the CAF. The allotment of additional Equity Shares will be at the sole discretion of the Board on an equitable basis with reference to the number of Equity Shares held by you on the Record Date in consultation with The Designated Stock Exchange. In the case of requests for additional Equity Shares by Non Residents, the allotment will be subject to the approval of Reserve Bank of India. The Board may reject any application for additional Equity Shares without assigning any reasons thereof. The renounces can also make an application for additional shares.

Renunciation: You may renounce all or any of the Equity Shares, you are entitled to in favour of any individual, limited companies, or statutory corporations / institutions. However renunciation in favour of more than three persons as joint holders, trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares in a company), OCBs, minors (unless acting through natural or legal guardians), Partnership Firms, or their nominees, or any of them will not be accepted.

Any renunciation from Resident(s) to Non- Resident(s) is subject to the renouncer(s)/ renouncee(s) obtaining requisite approval(s) of the Reserve Bank of India (RBI) and the said permission must be attached to the CAF.

Procedure for renunciation: (i) To Renounce in WHOLE: If you wish to renounce this offer in whole, please complete PART 'B' of the CAF enclosed with the Letter of Offer for the number of Equity Shares renounced and deliver the CAF duly signed to the person(s) in whose favour the Equity Shares are so renounced. All joint holders must sign as per specimen signatures recorded with the Company at the place provided for the purpose and in the same order. The person(s), in whose favour the offer has been renounced (renouncees) should complete and sign PART C of the CAF. In case of joint renouncees, all joint renouncees must sign. (ii) To Renounce in PART: If you wish to either accept this offer in part and renounce the balance of this offer the CAF must first be split into the requisite number of forms, by applying to the Registrar to the Issue. Please indicate your requirement of split forms in the space provided for this purpose in PART D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on or before the last date for receiving requests for split forms i.e. Monday, December 15, 2008. If you wish to apply for Equity Shares jointly with any person(s) who is/are not already joint holder(s) with you, then it would amount to renunciation and the procedure of renunciation as mentioned above shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure as stated above shall have to be followed. Further, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute and unqualified discretion to reject any such request for allotment of Equity Shares from renouncee(s) without assigning any reason thereof save where the Equity Shares have been renounced in favour of a person who is already a member of the Company.

Please note that: a) Part A of the CAF must not be used by any person(s) other than those in whose favour t h i s offer has been made. If used, this will render the application invalid. b) Only the person to whom the Letter of Offer has been addressed and NOT the renouncees shall be entitled to split forms. Forms once split cannot be resplit.

Request for spilt forms: • Request for Split Forms should be addressed to the Registrar to the Issue so as to reach them on or before the last date for receiving of request for split forms by filling in PART D of the CAF. • Requests for Split Forms will be entertained only once.

Availability of duplicate CAF: In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Application on Plain Paper: An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with a Demand Draft payable at Surat which should be drawn in favour of "SIL- Rights Issue" crossed A/c Payee Only and send the same by registered post directly to the Registrar to the Issue. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date (i.e Monday, December 22, 2008) and should contain the following particulars: ■ Name of Issuer, being Sumeet Industries Limited. ■ Name and address of the Equity Shareholder including joint holders ■ Registered Folio Number/ DP and Client ID no. ■ Number of shares held as on 29/10/2008 (Record Date). ■ Certificate numbers and distinctive numbers, if held in physical form ■ Number of Rights Equity Shares entitled ■ Number of Rights Equity Shares applied for out of entitlement • Number of additional Equity Shares applied for, if any • Total number of Equity Shares applied for Total amount paid at the rate of Rs. 10/-per Equity Share Particulars of cheque/draft Savings/Current Account Number and name and address of the Bank where the Equity Shareholder will be depositing the refund order ■ Each of the applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961 ■ In case of Non-Resident shareholders, NRE/FCNR/NRO Account No., name and address of the bank and branch. Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company ■ Payment in such cases, should be through a demand draft, net of demand draft and postal charges, payable at Surat be drawn in favour of "SIL - Rights Issue" crossed "A/c Payee only". Please note that those who are making the application on plain paper shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Quoting of PAN/GIR no. in the application forms: Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be spe GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Last date for submission of CAF: The last date for receipt of CAF by the Bankers to the Issue together with the amount payable on application is Monday, December 22, 2008. If the relevant CAF together with amount payable thereunder is not received by the Bankers/Registrar to the Issue on or before the close of banking hours on the aforesaid last date the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Equity Shares hereby offered as provided under "Basis of Allotment".

Incomplete application: CAFs which are not complete or are not accompanied with the application money amount payable are liable to be rejected.

TERMS OF PAYMENT: The entire amount of Rs. 15/- per share is payable on application by all shareholders/applicants. MODE OF PAYMENT: For Resident Shareholders/Applicants: Payment(s) must be made by cheque/demand draft and drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the Bankers' Clearing House located at the centre where the CAF is submitted. A separate cheque/draft must accompany each CAF. Only one mode of payment should be used. Money orders, postal orders and outstation cheques will not be accepted and applications accompanied by any such instruments will be rejected. Shareholders/Applicants residing at places other than those mentioned in the CAF and applicants who wish to send their applications but not having collection centres should send their application by Registered Post, ONLY to the Registrar to the Issue enclosing a demand draft drawn on a clearing Bank and payable at Surat ONLY net of bank charges and postal charges, before the closure of the issue. Such cheque/drafts should be payable to "SIL - RIGHTS ISSUE". All cheques/ drafts must be crossed 'A/c Payee only'. No receipt will be issued for the application money received. However, the Collection Centre receiving the application will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each CAF. The Company is not responsible for any postal delay/ loss in transit on this account.

For Non-Resident Shareholders/Applicants: As regards the application by non-resident equity shareholders, Please refer to the Letter of Offer.

Application will not be accepted by the Lead Manager or by the Company. Note on cash payment (Section 269

SS): Having regard to the provisions of Section 269 SS of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by 'Account Payee' cheques or 'Account Payee' bank drafts, if the amount payable is Rs. 20,000/- or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

FORFEITURE: The allotment shall be made only on receipt of full application money as mentioned in "Terms of Payment". As such there will be no partly paid-up shares emerging from this issue and hence no requirement of any forfeiture.

APPLICATION UNDER POWER OF ATTORNEY: For further details please refer to the Letter of Offer BANK DETAILS OF THE APPLICANT: The applicant must fill in the relevant column in the CAF giving particulars of Savings Bank/Current Account Number and the name of the Bank with whom such accounts is held, to enable the Registrar to the Issue to print the said details in the Refund Orders, if any, after the name of the payees. Please note that provision of Bank Account details has now been made mandatory and applications not containing such details

APPLICATION NUMBER ON THE CHEQUE/DEMAND DRAFT: To avoid any misuse of instruments, the applicants are advised to write the application number and name of the first applicant on the reverse of the cheque / demand draft GROUNDS FOR TECHNICAL REJECTIONS: Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following: - Amount paid does not tally with the amount payable for; - In case of physical shareholders, bank account details (for refund) are not given; - Age of first applicant not given in case of renouncee(s); - PAN not stated or GIR number given instead of PAN; - Cash applications for an amount exceeding Rs.20,000/-; - In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted; If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories; - If the Applicant desires to have shares in electronic form, but the CAF does not have the Applicant's depository account details; - CAFs are not submitted by the Applicants within the time prescribed as per the CAF and the Draft Letter of Offer; - Applications not duly signed by the sole/ joint Applicants; - Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue; - In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity; - Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided; - Multiple applications.

GENERAL: (a) All applications should be made on the printed CAF provided by the Company and should be complete in all respects. Applications which are not complete in all respects or are made otherwise than as herein provided or not accompanied by proper application money in respect thereof will be refunded without interest. (b) Please read the instructions in the enclosed CAF carefully. (c) ALL COMMUNICATIONS IN CONNECTION WITH YOUR APPLICATION FOR THE EQUITY SHARES INCLUDING ANY CHANGE IN YOUR REGISTERED ADDRESS SHOULD BE ADDRESSED TO THE REGISTRAR TO THE ISSUE. (d) Application Forms must be filled in ENGLISH in BLOCK LETTERS. (e) Signatures should be either in English or Hindi or the languages specified in the Eighth Schedule to the Constitution of India. Signatures other than in the aforementioned languages or thumb impressions must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. (f) In case of Joint Holders, all joint holders must sign the relevant parts of the Application Form in the same order and as per the specimen signatures recorded with the Company. (g) In case of joint applicants, refunds and all payments will be made to the person whose name appears first on the application form and all communications will be addressed to him/her. To prevent any fraudulent encashment of refund orders by third parties, the Sole/First Applicant must indicate Saving /Current Account number and the name of the bank and its branch with whom such account is held in the space provided in the CAF for the purpose so that Refund Orders are printed with these details after the name. Applications without this information are liable to be rejected. (h) The Application Form should be presented to the Bank in its entirety. If any of the Part(s) A,B,C and D of the Application Form(s) is / are detached or separated, such application will forthwith be rejected. (i) All shareholders must submit the CAF along with remittance only to the Bankers to the Issue mentioned elsewhere in the Letter of Offer and not to the Company, the Registrar or the Lead Manager. (j) Any dispute or suit action or proceedings arising out of or in relation to the Letter of Offer or in respect of any matter or thing herein contained and claimed by either party against the other shall be instituted or adjudicated upon or decided solely by the appropriate Court where Registered Office of the Company is situated. (k) The last date for receipt of CAF alongwith the amount payable is Monday, December 22, 2008. However, the Board will have the right to extend the same for such period as it may determine from time to time, but not exceeding 30 days from the date of opening of the subscription list. If the CAF together with the amount payable thereunder is not received by the bankers to the issue on or before the closure of the banking hours on the aforesaid date, or such date as may be extended by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose the Rights hereby offered. For further instructions please read CAF carefully.

DEMATERIALISATION: As per the provisions of the Depositories Act, 1996, the shares of a body corporate may be held in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. The equity shares of the company are traded in the demat segment The Company has entered into a tripartite agreement dated 12/12/2001 with the National Securities Depository Ltd. (NSDL) and Bigshare Services Pvt. Ltd. for dematerialization of the equity shares of the Company. The Company has also entered into a tripartite agreement dated 10/11/2001 with the Central Depository Services Limited (CDSL) and Bigshare Services Pvt. Ltd. for dematerialization of the equity shares of the Company. The ISIN No. granted to the equity shares of the Company is INE235C01010. An applicant has the option to seek allotment in physical or demat mode. An applicant who seeks allotment in demat mode must have at least one Beneficiary Account with any of the Depository Participants (DP) of NSDL or CDSL registered with SEBI, prior to the application. Such applicants must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's ID Number) appearing under the head "Request for shares in electronic form" in the CAF. Applicant must indicate in the CAF, the number of shares they wish to receive in electronic form out of the total number of equity shares applied for. In case of partial allotment, shares will first be allotted in electronic form and the balance, if any, will be allotted in physical form. Names in the CAF should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository. No separate application for demat and physical shares is to be made. If such applications are made the application for physical shares will be treated as multiple applications and rejected accordingly. It may be noted that electronic shares can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the Issue. The applicant is responsible for the correctness of the applicant's demographic details given in the share application form vis-à-vis those with his/her DP. Equity shares allotted in demat mode will be credited directly to the respective Beneficiary Account.

DISPOSAL OF APPLICATION AND APPLICATION MONEY: The Board reserves the right to reject applications in case the application concerned is not made in terms of the Letter of Offer. In case an application is rejected in full the whole of the application money received will be refunded to the first named applicant and where an application is rejected in part, the excess application money will be refunded to the first named applicant within 6 weeks from the date of closure of the subscription list in accordance with Section 73 of the Act. If there is delay of refund of application money by more than 8 days after the Company becomes liable to pay (i.e. forty-two days after the closure of Issue), the Company will pay interest for the delayed period at the rate prescribed under sub-Section (2) and (2A) of Section 73 of the Act. The subscription monies received in respect of this Issue will be kept in a separate bank account and the Company will not have access to nor appropriate the funds until it has satisfied the Stock Exchange with suitable documentary evidence that minimum subscription of 90% of the application money for the Issue has been received. No acknowledgment will be issued for the application monies received by the Company. However, the Bankers to the Issue at its collection branches to the Issue receiving the CAF as applicable as per the terms of the Letter of Offer, will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Except for the reasons stated under "Grounds for Technical Rejections" on page 149 of the Letter of Offer and subject to valid application, acknowledgement of receipt of application money given by the collection agent shall be valid and binding on issuer and other persons connected with the Issue.

BASIS OF ALLOTMENT: In the event of the issue being oversubscribed, the basis of allotment will be made only within the overall size of the Rights Issue, as stated in the Letter of Offer and the Board will proceed to allot the Equity Shares in consultation with the designated stock exchange in the following order of priority: 1. Full allotment to the Shareholders who have applied for their Rights entitlement, either in full or in part and also the renouncee(s) who have applied for Equity Shares renounced in their favour either in full or in part (subject to the other provisions contained under the paragraph titled "Renunciation"). 2. Allotment to the shareholders who have applied for additional Equity Shares provided that they have applied for all the Equity Shares offered to them, provided there is a surplus after making full allotment under (1) above. The allotment of such additional Equity Shares will be made as far as possible on the basis of the Equity Shares held as on the Record Date. 3. Allotment to the renouncees who have applied for all the Equity Shares renounced in their favour and have applied for additional Equity Shares, as the Board may in its absolute discretion deem fit, provided there is a surplus after making full allotment (1) and (2) above. 4. Allotment to any other person as the Board may in their absolute discretion deem fit, provided there is a surplus after making full allotment under (1), (2), (3) above. The issue will become undersubscribed after considering the number of shares applied as per the entitlement plus additional shares. The undersubscribed portion can be applied for only after the close of the Issue. The promoters/directors/associates/promoter group intends to subscribe to their rights entitlement as well as the entire undersubscribed portion from public and/or foreign collaborator, if any, in this rights

issue in full. Presuming no subscription is received from other shareholders and the promoters/directors/associates/promoter group subscribing to the entire unsubscribed portion, their shareholding shall increase to 63.58 % of the post rights issue equity capital of the Company. As a result of this subscription and consequent allotment, the promoters/ directors/ associates may acquire shares over and above their entitlement in the issue which may result in their shareholding in the company being above their current holding This subscription and acquisition of additional equity shares by the Promoter/Directors/Associates, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

LETTERS OF ALLOTMENT OR REFUND ORDERS: Company shall ensure dispatch of refund orders, if any, by under the Certificate of Posting or registered post or speed post or through modes as mentioned in section, Terms of the Issue clause "Mode of Payment" as stated below, as applicable, only at the sole or First Applicant's sole risk within 15 days of closure of the Rights Issue, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer. In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialized form by electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately. Allotment of Equity Shares to non-residents and the issue of letters of allotment/share certificates to nonresidents shall be subject to the approval received from RBI. For Non-Resident Applicants, refunds, if any, will be made as under: - Where applications are accompanied by Indian Rupee Drafts purchased abroad and payable at Mumbai, India, refunds will be made in convertible foreign exchange equivalent to Indian Rupees to be refunded. Indian Rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and the Company shall not bear any part of the risk. - Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques are drawn and details of which are provided in the CAF.

MODE OF PAYMENT OF REFUND: Applicants should note that on the basis of name of the applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Composite Application Form, the Registrar to the Issue will obtain from the depositories the applicant's bank account details including nine digit MICR code. Hence, applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicant at the applicant's sole risk and neither the Lead Manager nor the Company shall have any responsibility and undertake any liability for the same.

INTEREST IN CASE OF DELAY IN ALLOTMENT / DESPATCH: The Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of six weeks from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest at the rate of 15% per annum as stipulated under Section 73 of the Act.

UNDERTAKING: The Company undertakes that: i) that the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily. ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalization of basis of allotment. iii) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer. iv) that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 42 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund. v) that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time. vi) that no further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application moneys are refunded on account of non-listing, under subscription, etc. vii) At any given time there shall be only one denomination for the shares of the company and; viii) The company shall comply with such disclosure and accounting norms specified by SEBI from time to time. The Issuer and Lead Manager shall update the Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

UTILISATION OF ISSUE PROCEEDS: The Board of Directors declares that: i. The funds received against this Issue will be transferred to a separate Bank Account other than the Bank Account referred to sub-section (3) of Section 73 of the Act. ii. Details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such moneys has been utilized. iii. Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilized moneys have been invested. The promoters / directors of Sumeet Industries Limited, Mr. Shankarlal Somani, Mr. Raj Kumar Somani, Mr. Sumeet Kumar Somani, Mr. Dinesh Sharan Khare, Mr.B.C. Chordia, Mr. Vinod Kumar Ladia, Mr. Mangilal Lahoti and Mr. Devi Prasad Saboo confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this draft letter of offer has been suppressed withheld and/or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been uppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

ACCESS TO FUNDS: The funds received against this Issue will be kept in a separate Bank Account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company

MATERIAL CONTRACTS AND DOCUMENTS: The Contracts referred to in para (A) below (not being contracts entered into in the ordinary course of the business carried on by the Company or entered into more than two years before the date of the Letter of Offer) which are or may be deemed material, have been entered into by the Company. The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of the Letter of Offer may be inspected at the Registered Office of the Company between 11.00 a.m. - 4.00 p.m. on any working day from the date of the Letter of Offer until the closing of the subscription list.

MATERIAL CONTRACTS: 1. Copy of Memorandum of Understanding dated 27/05/2008 between SIL and Keynote Corporate Services Limited, Lead Manager to the Issue. 2. Copy of Memorandum of Understanding dated 01/04/2008 between SIL and Bigshare Services Pvt. Ltd., Registrar to the Issue. 3. Copy of tripartite agreement dated 12/12/2001 between SIL, National Securities Depository Limited (NSDL) and Bigshare Services Pvt. Ltd. 4. Copy of tripartite agreement dated 10/11/2001 between SIL, Central Depository Services (India) Limited (CDSL) and Bigshare Services Pvt. Ltd.

DOCUMENTS FOR INSPECTION: 1. Copy of Memorandum of Articles and Articles of Association of SIL. 2. Listing agreement of the company for existing securities on the Stock Exchanges. 3. Consent letters from Company's auditors, Bankers to issue, Bankers to the Company and Lead Merchant Banker. 4. Copies of Annual report of SIL for the year ended, 31/03/2004, 31/03/2005, 31/03/2006, 31/03/2007 and 31/03/2008. 5. Memorandum and Articles of Association and copies of Annual Report of group companies for the year ended, 31/03/2006, 31/03/2007 and 31/03/2008. 6. Special Resolution under section 81, 81(A) and 81(1A), dated 03/03/2008 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares and copy of the Board resolution dated 15/05/2008 recommending the rights ratio. 7. Copy of sanction letter dated 17/06/2008 ref. ST/ADV/DRP/00268 from Bank of India and sanction 2008 re. GSC/AKS/LF/08/141 regarding ECB facility of Rs.80 crores on club deal basis for CP Project 8. Copy of certificate dated 06/11/2008 issued by M/s. Pradeep Singhi & Associates, Chartered Accountants & Statutory Auditors of the Company reporting financials of the company in terms of Part II Schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios. 9. Copy of Sources and deployment of funds dated 06/11/2008 received from M/s. Pradeep Singhi & Associates, Chartered Accountant. 10. Copy of letter dated 15/02/2008 received from M/s. Pradeep Singhi & Associates, Chartered Accountant, regarding tax benefits accruing to the company and its shareholders. 11. Copy of Prospectus dated 30/09/1992 in respect of the Public issue made by SIL. 12. Copies of undertakings from SIL. 13. Legal Due Diligence report dated 05/04/2008 by M/s. Naveen K. Pahwa. Legal advisors to the company. 14. Copy of company petition no.30 of 2008 filed with Hon'ble High Court Gujarat Ahmadabad regarding the reduction of share capital. 15. Copies of Consents from the Directors of the Company, Auditors of the Company, Registrar to the Issue, Lead Mangers to the Issue, Banker to the Company and Bankers to the Issue 16. Copies of in-principle approval received from BSE vide letter no. DCS/PREF/JA/IP-RT/723/08-09 dated June 24th 2008 17. Copy of SEBI observation letter no. CFD/DIL/NB/JAK/139315/2008 dated September 26, 2008

DECLARATION: No statement made in the Letter of Offer shall contravene any of the provisions of the Companies Act, 1956 and the rules made there under. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. We further certify that all the disclosures made in the Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF SUMEET INDUSTRIES LIMITED

Mr. Shankarlal Somani, Mr. Raj Kumar Somani, Mr. Devi Prasad Saboo, Mr. Dinesh Sharan Khare, Mr. Sumeet Kumar Somani, Mr. Bhagchand Chordia, Mr. Vinod Kumar Ladia, Mr. Mangilal Lahoti Date: 15/11/2008 Place: Surat

Enclosure : Composite Application Form