

**EIGHTH  
ANNUAL REPORT  
1999-2000**



**SURBHI**

**SURBHI INDUSTRIES LIMITED**

Regd. Office : Surbhi Estate, Mohanwadi, Katargam, SURAT - 395 004.



<b>BOARD OF DIRECTORS</b>	:	Ratilalbhai P. Patel Ravjibhai P. Patel Vrajlalbhai P. Patel Bipinbhai J. Patel
<b>BANKERS</b>	:	Dena Benk Sahara Gate Branch, SURAT
<b>AUDITORS</b>	:	SACHETI & ASSOCIATES Chartered Accountants U-7, Jeevan Deep, Opp. J. K. Tower, Ring Road, SURAT-395 002
<b>REGISTERED OFFICE</b>	:	Surbhi Estate Mohanwadi, Katargam SURAT- 395 004
<b>PLANT</b>	:	Plot No.249/1 Village :Karanj, Tal.: Mandvi, Dist. SURAT

# **SURBHI INDUSTRIES LIMITED**



## **NOTICE**

Notice is hereby given that the 8th Annual General Meeting of the members of Surbhi Industries Limited will be held at the K. M. Estate, Mohanwadi , B/H Godhani High School, Katargam, Surat on Tuesday, 25th September 2000 at 12-00 a. m. to transact the following business:

### **ORDINARY BUSINESS**

- (1) To receive, consider and adopt the Directors' Report and the Audited balance Sheet as at 31st March 2000, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
- (2) To appoint Shri Ravjibhai Patel as a Director who retires by rotation and being eligible offers himself for reappointment.
- (3) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to fix their remuneration.

**Date :** 15th June, 2000

**for SURBHI INDUSTRIES LIMITED**

Regd. Office

Surbhi Estate,

Mohanwadi, Katargam,

Surat- 395 004

(Ratilalbhai P. Patel)

Chairman

### **NOTE :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the company. A proxy in order to be effective must be deposited with the company at least 48 hours before the time fixed for the meeting.
2. The register of members and the share transfer book will remain closed from 18th September 2000 to 25th September, 2000 (both days inclusive).
3. Members desirous of having any information regarding accounts are requested to address their queries to the managing director at the registered office of the company at least 7 days before the date of meeting so that the requisite information is made available at the meeting.
4. Members are requested to bring their own copies of annual report at the meeting.
5. Members are requested to notify the change of address, if any, immediately.

**DIRECTORS' REPORT**

To  
The Members  
Surbhi Industries Limited

Your Directors have pleasure in presenting the 8th annual report on the affairs of the company together with the audited statement of accounts for the year ended 31st March 2000 .

**FINANCIAL RESULT**

During the year under review, the Company has recorded turnover of Rs. 1056.80 lacs as against Previous year's turnover of Rs. 771.63 Lacs. The Company has earned a net profit of Rs. 14.03 lacs as against previous year's net profit of Rs. 0.42 lacs .

**FIXED DEPOSITS**

The Company has not accepted any deposits from the public.

**INSURANCE**

All the properties and insurable interests of the company including building, plants and machinery and stocks, wherever necessary and to the extent required , have been adequately insured.

**DISCLOSURE OF PARTICULARS****Conservation of energy :**

The Company's texturising plants are running with electricity which are supplied by Gujarat Electricity Board. Moreover the company has one DG set as a stand by arrangement. The company's plants are periodically checked as a measure of periodical preventive maintenance to minimise breakdown and conserve energy . However, the company's production facilities do not offer much scope for energy conservation.

**Power and fuel consumption**

	1999-00	1998-99
1. Electricity		
(A) purchased		
Unit (Kwh)	1262705	1132624
Total amount (Rs)	4912926	4163555
Rate / unit (Rs.)	3.89	3.68
(B) own generation (kwh)	Not Available	
Total amount (Rs.)	-----	

# SURBHI INDUSTRIES LIMITED



## Consumption per unit of production

Product : Polyester Crimped Year

	Standards (If any )	1999-00	1998-99
	-----	-----	-----
Electricity (Rs./Kg.)	---	9.86	7.85

## Technology absorption

The Company's imported ready to use texturising plant is running satisfactorily. No other technology is involved in Company's production facilities.

## Foreign exchange inflow/ outflow

Foreign inflow	Nil	Nil
Foreign outflow	796264	Nil

## Particulars of Employees

Particulars of employees under section 217 (2a) of the Companies Act, 1956 NIL.

## Directors

Shri Ravjibhai Patel will retire by rotation at the forthcoming annual general meeting. He being eligible offers himself for reappointment.

## Auditors

M/s. Sacheti & Associates, Chartered Accountants, the auditors of the Company, retire at the conclusion of the ensuing annual general meeting and are eligible for reappointment. The members are requested to appoint auditors for the current year and fix their remuneration.

## Acknowledgement

The Directors would like to place on records their sincere appreciation for the continued co-operation guidance, support and assistance provided during the year under report by the bankers, government authorities, shareholders, customers, dealers and suppliers.

The Directors also wish to place on record their deep sense of appreciation for the dedicated services rendered by executives, Officers and staff of the Company.

For and on behalf of the Board of Directors

Place : Surat

Dated : 15th June, 2000

(Ratilalbhai P. Patel )  
Chairman



**AUDITORS REPORT**

To,  
The Members,  
M/s. Surbhi Industries Limite  
SURAT.

We have audited the attached Balance Sheet of M/s. SURBHI INDUSTRIES LIMITED, SURAT as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date, annexed thereto, and we report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books :
  - c. The Balance Sheet and Profit & Loss Account referred to in the Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet and Profit and Loss Account complies with the requirements of the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956
  - e. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Accounts read together with the Notes on Accounts as per Schedule "S" attached herewith give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
    - (i) In the case of the Balance Sheet, of the State of affairs of the company as at 31st March, 2000.
    - and
    - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended 31st March, 2000.

For **SACHETI & ASSOCIATES**  
Chartered Accountants

Place : Surat  
Dated : 15th June, 2000

(D. K. SACHETI)  
Partner

**ANNEXURE "A" TO AUDITORS REPORT**

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies with respect to book records were noticed on such verification.
2. None of the fixed assets of the company has been revalued during the year.
3. The Stocks of finished goods, work-in-process, stores, spare parts and raw materials have been physically verified by the management during the year at reasonable intervals.
4. In our opinion, the procedures of physical verification of stocks followed by the management are adequate and reasonable in relation to the size of the company and nature of its business.
5. The discrepancies noticed on verification of stocks as compared to book records were not materials and these have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The company has not taken unsecured loans from companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956.
8. The company has granted unsecured loan to the Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. As explained to the terms and conditions and rate of interest of such loan are not prima facie prejudicial to the interest of the company.
9. No loans or advances in the nature of loans have been given by the company.
10. In our opinion and according to the information and explanations given to us, internal control procedures for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets, and for the sale of goods commensurate with the size of the company and nature of its business.
11. In our opinion and according to the information and explanation given to us, the transaction of purchases of goods and materials and sale of goods, materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies act, 1956 have been made at prices which are reasonable having regard to prevailing market prices.



12. The company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Sales realisation on such items has been properly accounted in the books.
13. The company has not accepted deposits in contravention to the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. The company has no by-products and scraps are not significant.
15. In our opinion, the Company has internal audit system which commensurate with its size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the products of the Company.
17. As informed and explained to us, Employees' Provident Fund dues have been regularly deposited during the year with appropriate authority. As informed and explained to us, Employees' State Insurance Rules are not applicable to the company during the year.
18. There are no outstanding liabilities in respect of Income tax, Sales tax, Wealth tax, Custom duty, Excise duty as on 31st March, 2000 for a period exceeding 6 months from the date, on which they became payable.
19. During the course of our audit of the books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which have been charged to revenue account other than those which are payable under contractual obligation or as per accepted business practice.
20. The company is not a Sick Industrial Company within the meaning of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities, as explained to us, no significant damaged goods has been found during the year.

For **SACHETI & ASSOCIATES**

Chartered Accountants

Place : Surat

Dated : 15th June, 2000

(D. K. SACHETI)

Partner

# SURBHI INDUSTRIES LIMITED



## BALANCE SHEET AS AT 31ST MARCH 2000

PARTICULARS	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>I. SOURCES OF FUNDS :</b>			
<b>1. SHAREHOLDERS FUND :</b>			
a. Share Capital	"A"	3,43,48,000	3,43,48,000
b. Reserves & Surplus	"B"	46,73,897	32,70,194
<b>2. LOAN FUNDS :</b>			
Secured Loans	"C"	2,14,40,140	1,21,44,139
<b>TOTAL ...</b>		<b>6,04,62,037</b>	<b>4,97,62,333</b>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. FIXED ASSETS :</b>			
a. Gross Block	"D"	3,72,29,969	2,01,36,920
Less Depreciation		83,94,437	62,89,230
Net Block		2,88,35,532	1,38,47,690
<b>2. INVESTMENTS :</b>	"E"	10,90,500	90,500
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>	"F"		
a. Inventories		72,91,213	61,60,447
b. Sundry Debtors		2,10,63,140	2,35,42,975
c. Cash & Bank Balances		1,72,798	1,61,996
d. Loans & Advances		1,31,07,270	1,26,50,030
		4,16,34,421	4,25,15,448
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>	"G"		
Current Liabilities :		1,19,25,076	77,24,128
<b>NET CURRENT ASSETS (F-G)</b>		<b>2,97,09,345</b>	<b>3,47,91,320</b>
<b>4. MISCELLANEOUS EXPENDITURE :</b>	"H"	8,26,660	10,32,823
(To the extent not written off or adjusted)			
<b>TOTAL ...</b>		<b>6,04,62,037</b>	<b>4,97,62,333</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	"S"		

AS PER OUR REPORT OF EVEN DATE ATTACHED HERE TO,

For **SACHETI & ASSOCIATES**  
Chartered Accountants

(D. K. SACHETI)  
Partner

Place : Surat

Dated : 15th June, 2000

DIRECTOR

DIRECTOR

Dated : 15th June, 2000

# SURBHI INDUSTRIES LIMITED



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2000

PARTICULARS	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>INCOME:</b>			
Sales	"I"	10,32,93,386	7,58,80,341
Other Income	"J"	23,86,985	12,83,193
Increase/ (Decrease) in Finished Goods	"K"	17,45,069	( 16,151)
<b>TOTAL .. A.</b>		<b>10,74,25,440</b>	<b>7,71,47,383</b>
<b>EXPENDITURE:</b>			
Consumption of Raw Material	"L"	3,14,05,750	2,97,60,997
Purchase of Traded Goods	"M"	4,42,82,237	2,15,85,365
Manufacturing Expenses	"N"	2,11,02,253	1,90,43,503
Payment to Employees	"O"	4,39,096	4,53,496
Administrative Expenses	"P"	10,94,890	9,73,401
Selling & Distribution Exp.	"Q"	28,03,099	13,04,600
Financial Charges	"R"	24,18,741	21,51,171
Depreciation	"D"	21,05,207	16,21,564
Preliminary Expenses W/off		21,603	21,603
Share Issue Expenses W/off		1,84,560	1,84,560
<b>TOTAL .. B.</b>		<b>10,58,57,436</b>	<b>7,71,00,260</b>
Net Profit/(loss) before tax		15,68,004	47,123
Less: Provision for Taxation (MAT)		1,64,301	4,949
Net Profit after taxation		14,03,703	42,174
Balance brought forward from Previous year		7,70,194	7,28,020
Balance carried to the Balance sheet		<b>21,73,897</b>	<b>7,70,194</b>
SIGNIFICANT ACCOUNTING POLICIES	"S"		
NOTES ON ACCOUNTS			

AS PER OUR REPORT OF EVEN DATE ATTACHED HERE TO,

For **SACHETI & ASSOCIATES**  
Chartered Accountants

(D. K. SACHETI)  
Partner

Place : Surat

Dated : 15th June, 2000

DIRECTOR

DIRECTOR

Dated : 15th June, 2000

# SURBHI INDUSTRIES LIMITED



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2000

PARTICULARS	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>SCHEDULE : "A"</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised</b>		
5000000 Equity Shares of R s. 10/-each	5,00,00,000	5,00,00,000
<b>Issued, Subscribed &amp; Paid-Up</b>		
3437400 Equity Shares of R s. 10/- each	3,43,74,000	3,43,74,000
Less : Amount in Arrears	26,000	26,000
<b>TOTAL .. A.</b>	<b>3,43,48,000</b>	<b>3,43,48,000</b>
<b>SCHEDULE : "B"</b>		
<b>RESERVES &amp; SURPLUS :</b>		
Subsidy	25,00,000	25,00,000
Profit & Loss Account	21,73,897	7,70,194
<b>TOTAL .. B.</b>	<b>46,73,897</b>	<b>32,70,194</b>
<b>SCHEDULE : "C"</b>		
<b>SECURED LOANS :</b>		
<b>1. From Dena Bank</b>		
a. Book Debts	52,16,710	52,20,998
(Secured by hypothecation of account receivables )		
b. Cash Credit	48,88,085	54,87,769
(Secured by hypothecation of raw materials, stock in process, finished goods, consumable stores and spares ).		
C. Term Loan	1,13,19,944	12,34,247
(Secured by equitable mortgage of factory Land & building. Further secured by hypothecation of plant & machinery and all other movable fixed assets, both existing as well as future ).		
<b>2. From Surat Peoples co .Op .Bank Ltd .</b>		
a. Car Loan (Secured by hypothecation of motor Car )	15,401	2,01,125
(All limits are collaterally secured by personal guarantee of the Directors) .		
<b>TOTAL .. C.</b>	<b>2,14,40,140</b>	<b>1,21,44,139</b>

# SURBHI INDUSTRIES LIMITED



## SCHEDULE : "D"

### FIXED ASSETS

Sr. No.	Description	Rate S.L.M.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			As on 1.4.99	ADDITION	DEDUCTION	TOTAL 31-3-00	Up To 1-4-99	For the Year	Adjustment	Up to 31-3-00	As on 31-3-00	As on 31-3-99
1.	Land	---	136935	---	---	136935	---	---	---	---	136935	136935
2.	Factory Building	3.34%	4491009	2422041	---	6913050	675881	167728	---	843609	6069441	3815128
3.	Tube Well	3.34%	57612	---	---	57612	5991	1924	---	7915	49697	51621
4.	Plant & Machinery	10.34%	12182240	14516452	---	26698692	4849770	1715368	---	6565138	20133554	7332470
5.	Electrical Installation	4.75%	947940	81896	---	1029836	218552	45710	---	264262	765574	729388
6.	D. G. Sets	6.75%	397700	---	---	397700	66390	26845	---	93235	304465	331310
7.	Motor Car	9.50%	582621	---	---	582621	69046	55349	---	124395	458226	513575
8.	Office Equipments	4.75%	287959	30860	---	318819	56181	14403	---	70584	248235	231778
9.	Computer	11.31%	293666	8450	---	302116	137948	33527	---	171475	130641	155718
10.	Wireless Set	4.75%	143620	---	---	143620	29437	6822	---	36259	107361	114183
11.	Testing & Lab. Equipments	4.75%	142985	33350	---	176335	27622	7334	---	34956	141379	115363
12.	Furniture & Fixtures(Office)	6.33%	448748	---	---	448748	148420	28406	---	176826	271922	300328
13.	Vehicles	7.50%	23885	---	---	23885	3992	1791	---	5783	18102	19893
TOTAL			20136920	17093049	---	37229969	6289230	2105207	---	8394437	28835532	13847690
Previous Year			19978619	158301	---	20136920	4667666	1621564	---	6289230	13847690	15310953

## SCHEDULE : "E"

	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>INVESTMENTS : (VALUED AT COST)</b>		
2800 Equity shares of Dena Bank of Rs. 30/- each. (quoted)	84,000	84,000
Fixed Deposit with Dena Bank	10,00,000	---
65 Equity Shares of Surat Peoples Co-Op. Bank Ltd. of Rs. 100/- each	6,500	6,500
<b>TOTAL</b>	<u>10,90,500</u>	<u>90,500</u>

## SCHEDULE : "F"

	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
<b>A. CURRENT ASSETS :</b>		
<b>a. INVENTORIES :</b>		
(As taken, valued and certified by the Management)		
1. P. O. Y.	12,76,906	15,30,429
2. Texturised yarn	14,56,297	11,27,281
3. Grey cloth	32,34,021	18,17,968
4. Oil & Chemicals	---	1,30,230
5. Stores & Spares	12,83,928	13,46,488
6. Packing Materials	40,061	1,72,401
7. Stationary Items	---	35,650
<b>Sub Total</b>	<u>72,91,213</u>	<u>61,60,447</u>

# SURBHI INDUSTRIES LIMITED



	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>b. SUNDRY DEBTORS :</b> (Unsecured, considered good by the management)		
1. Debts exceeding more than six months	1,02,60,346	1,75,67,910
2. Others	<u>1,08,02,794</u>	<u>59,75,065</u>
Sub Total ...	<u>2,10,63,140</u>	<u>2,35,42,975</u>
<b>c. CASH &amp; BANK BALANCES :</b>		
1. Cash on hand	1,72,798	1,61,996
2. With Scheduled Bank in Current Account	-----	-----
Sub Total :....	<u>1,72,798</u>	<u>1,61,996</u>
<b>B. LOANS &amp; ADVANCES :</b> (Unsecured, Considered good recoverable in cash or in Kind or for value to be received)		
1. Sundry Deposits	2,57,104	2,50,892
2. Advances to staff	78,500	56,700
3. Advances against Capital goods	16,000	16,000
4. Other Advances	1,24,32,299	1,10,50,456
5. Prepaid expenses	33,368	52,424
6. Modvat credit & Excise Duty in P. L. A. A/C.	17,457	2,24,930
7. T D S receivable	2,72,542	2,55,044
8. G. E. B.	-----	<u>7,43,584</u>
Sub Total ....	<u>1,31,07,270</u>	<u>1,26,50,030</u>
<b>GRAND TOTAL ...F</b>	<u>4,16,34,421</u>	<u>4,25,15,448</u>

## SCHEDULE : "J" OTHER INCOME :

Comp against Diff. Goods	---	43,132
Discount & Claims	70,509	49,205
Interest on F. D.	17,507	-----
Other Interest	12,35,000	11,86,250
Dividend Income	5,455	4,606
Yarn Hit Setting Income	10,58,514	-----
<b>TOTAL ... J.</b>	<u>23,86,985</u>	<u>12,83,193</u>

## SCHEDULE : "K"

### INCREASE/(DECREASE) IN THE STOCK OF FINISHED GOODS

Closing stock : Texturised yarn	14,56,297	11,27,281
Gray Cloth	32,34,021	18,17,968
Less : Op. Stock : Texturised yarn	11,27,281	6,16,068
Gray Cloth	18,17,968	23,45,332
<b>INCREASE/(DECREASE) IN THE STOCK OF FINISHED GOODS</b>	<u>17,45,069</u>	<u>(16,151)</u>

## SCHEDULE : "L"

### CONSUMPTION OF RAW MATERIALS :

	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
P. O. Y.		
Opening Stock	15,30,429	10,36,692
Add : Purchase of Raw material during the year	3,11,52,227	3,02,54,734
Custom Duty	-----	-----
Less : Closing Stock	3,26,82,656	3,12,91,426
	12,76,906	15,30,429

### CONSUMPTION OF RAW MATERIAL

## SCHEDULE : "M"

### PURCHASE OF TRADED GOODS :

Crimped / Texturised Yarn	2,23,25,560	50,22,953
Gray Cloth	2,19,56,677	1,65,62,412
<b>TOTAL ... L.</b>	<u>4,42,82,237</u>	<u>2,15,85,365</u>

## SCHEDULE : "N"

### MANUFACTURING EXPENSES :

Power & Fuel	49,14,073	30,75,955
Oil & Chemicals	2,87,051	1,01,810
Consumable Stores	4,49,327	1,94,123
Octroi	7,19,463	4,23,579
Excise duty	1,05,37,778	1,27,84,860
Factory Expenses	28,565	27,311
Electrical Repairs	1,53,160	53,418
Repairs to Machinery	1,17,249	1,38,700
Repairs to Factory Building	21,990	3,250
Labour & Wages	12,02,767	5,94,930
Supervision charges	64,000	33,000
Twisting charges	17,83,006	7,962
Warping charges	---	49,980
Weaving charges	---	14,78,090
Leave Salary	53,445	24,090
Bonus	20,600	35,477
Mending charges	2,713	16,968
Yarn Hit Setting Charges	37,423	---
Custom Duty	7,09,643	---

**TOTAL ... L.** 2,11,02,253 1,90,43,503

## SCHEDULE : "O"

### PAYMENT TO EMPLOYEES :

Staff Salary	3,39,200	3,43,550
Staff Welfare Expenses	46,203	34,698
Provident Fund Contribution	53,693	75,248
<b>TOTAL ... L.</b>	<u>4,39,096</u>	<u>4,53,496</u>

# SURBHI INDUSTRIES LIMITED



## SCHEDULE : "P"

ADMINISTRATIVE EXPENSES :	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Postage & Telegram	10,509	13,488
Printing & Stationery	1,18,845	96,764
Telephone Expenses	5,300	1,05,542
Vehicle Expenses	2,20,252	1,51,238
Office Expenses	1,17,808	55,373
Listing Fees	42,875	30,250
Office Equipment Repairs	53,800	32,900
Travelling & Conveyance	17,188	1,75,166
Advertisement Expenses	16,376	38,587
Books & Periodicals	---	125
Consultancy Fees	43,550	---
Legal & Professional Fees	28,701	67,621
Fees & Subscription	4,405	3,440
Directors Remuneration	66,000	66,000
Auditors Remuneration	28,875	20,075
Insurance Premium	42,390	37,703
Security Charges	90,966	68,750
Garden Expenses	2,000	---
Donation	---	7,500
Registration Fee	---	1,080
S.M.C. Tax	---	1,799
Professional Tax	2,050	---
<b>TOTAL ...P.</b>	<b>10,94,890</b>	<b>9,73,401</b>

## SCHEDULE : "Q"

### SELLING & DISTRIBUTION EXPENSES :

Packing material consumed	7,97,485	5,18,618
Sales Promotion	2,380	33,838
Transportation Expenses	4,47,412	3,64,435
Brokerage	7,47,363	3,83,231
Comp. Againsts Deff. Goods	2,11,642	---
Bad Debts A/c.	5,96,817	---
Sample Sarees	---	4,478
<b>TOTAL .... Q ..</b>	<b>28,03,099</b>	<b>13,04,600</b>

## SCHEDULE : "R"

### FINANCIAL CHARGES :

<b>BANK INTEREST :</b>		
C. C. A/c.	7,62,361	8,63,230
B. D. A/c.	8,89,046	8,99,608
T. L. A/c.	6,41,660	3,22,172
Bank Commission & Charges	82,801	66,161
Interest To Depositer's	5,672	---
Car Loan Interest	10,153	---
Interest On L/c.	27,048	---
<b>TOTAL .... R ..</b>	<b>24,18,741</b>	<b>21,51,171</b>

## SCHEDULE : "S"

### SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES :

##### 1. GERERAL :

- These account are prepared under historical cost convention on accrual basis.
- Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles.

##### 2. VALUATION OF INVENTORIES :

- Raw Material : At cost
- Finished Goods : At cost or Market value whichever is lower.
- Stores & Spares,  
Packing Material etc : At Cost
- Cost is inclusive of any taxes or duties incurred, wherever applicable.

However, the aforesaid changes in the accounting policy does not effect the profitability for the year.

##### 3. SALES & PURCHASES :

Sales comprises excise duty, packing and forwarding charges. Sale of goods is recognised on transfer of property of goods, as per agreed terms.,

Purchases are stated exclusive of excise duty.



**4. FIXED ASSETS :**

Fixed assets are stated at cost of acquisition or construction, including expenses attributable of bringing the assets to its present working condition and capitalised preoperative expenses less accumulated depreciation thereon.

**5. DEPRECIATION :**

Depreciation on fixed assets except land is provided on the straight line method on pro-rata basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, Except in the case of Computer & vehicles, company has provided less Depreciation considering the higher residual life of the assets & in the case of D. G. Sets the Co. has provided higher rate due to less residual life of the assets. Accordingly the depreciation(net) has been less written off to the extent of Rs. 7064 & correspondingly the profit has been overstated by Rs. 7064 ...

**6. RETIREMENT BENEFITS :**

No provision for gratuity has been made in the accounts as Payment of Gratuity Act is not applicable to the company.

**7. INVESTMENTS :**

Investments are stated at cost. However market value of quoted investment as on 31/03/2000 is Rs. (2800 X 28 = 78400/-)

**B. NOTES ON ACCOUNTS :**

1. Advance for Capital Goods Rs. 653312 /-
2. **Contingent Liability**
3. Remuneration paid to Directors Rs. 66,000/- (Previous year Rs. 66,000/-)
4. Sunday debtors include Rs. 1,39,82,384/- (Previous year Rs. 1,73,19,268/-) due from M/s. Surbhi Textile Mills Private Limited and Sunday creditors for goods include Rs. 37,40,442/- (Previous year Rs. 27,67,098/-) due to M/s. Indo Fashions Private Limited, all companies under the same management.

**5. Auditors Remuneration :**

		<b>Current Year</b>	<b>Previous Year</b>
(a) As Auditors	18,500		12,075
Add : Service Tax 5%	<u>925</u>	19,425	
(c) In other Capacity			
i. Company Law Matters		4,200	3,500
ii. Taxation Matters		<u>5,250</u>	<u>4,500</u>
<b>TOTAL</b>		<u><u>28,875</u></u>	<u><u>20,075</u></u>

# SURBHI INDUSTRIES LIMITED



6. No. employee was in receipt of remuneration aggregating to Rs. 6,00,000/- or more per year Rs. 50,000/- or more per month for the part of the year. Previous year also there was no such employee.
7. Bad Debts : The Co. has written off of the Bad Debts amounting to Rs. 596817/- treating the same as non recoverable as the management after two years earnest efforts has not been able to recover amount.
8. Additional infoemation pursuant to the provisions of paragraph 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 :

	Current Year		Previous year	
	Unit Qty.	Rs.	Qty.	Rs.
i. Licenced Capacity	Not Laid down			
ii. Raw Material & Consumed				
P.O.Y. Kgs.	500821-380	31405750	528110-400	29760997
Text. Kgs.	-	-	31651-970	-
iii. Production				
Text. Yarn Kgs.	498371-180	-	530722-940	-
Grey Cloth Mts.	-	-	328464-00	-
iv. Closing Stocks				
P. O. Y. Kgs.	16023-690	1276906	19110-710	1530429
Text Yarn	15114-930	1456297	12308-115	1127281
Grey Cloth Mts.	154001-000	3234021	75118.750	1817968
Wastage (POY)	---	---	419.760	4198
Packing Materials	---	40061	---	172401
Oil & Chemicals	---	---	---	130230
Stores & Spares	---	1283928	---	1346488
Stationery Items	---	---	---	35650
v. Stock (Opening)				
P.O.Y. Kgs.	19110-710	1526231	15485.180	1036692
Text. Yarn Kgs.	12308-115	1127281	7538.180	616068
Grey Cloth Mts.	75118-750	1817968	111951.50	2345332
Westage (POY)	419-760	4198	---	---
Packing Materials	---	172401	---	12849
Oil & Chemicals	---	130230	---	50975
Stores & Spares	---	1346488	---	1291189
Stationery Items	---	35560	---	2385

**SURBHI INDUSTRIES LIMITED**

	Current Year		Previous year	
	Unit Qty.	Rs.	Qty.	Rs.
vi. Purchases :				
P.O.Y. Kgs.	501543-420	31152227	531735.930	30254734
Text. Yarn Kgs.	221880-415	22325560	35691.390	5022953
Grey Cloth Mts.	1037926-750	21956677	842049.75	16562412
vii. Sales				
P.O.Y. Kgs.	3809-060	363418	---	---
Text. Yarn Kgs.	717444-780	80370678	529992.425	47897989
Grey Cloth Mts.	956796-000	22511840	1207018.50	27938977
Westage Mts.	5897-320	47450	5510.060	43375
viii.	Imported raw materials, spare parts and components purchased during the year value Rs. 7,96,264/- (Previous year Rs. NIL).			
ix.	Imported raw materials, Spare parts consumed during the year Rs. 7,96,264/- (Previous year Rs. NIL)			
x.	Earning in Foreign Currency is Rs. Nil (Previous year Rs. NIL).			
xi.	Expenses in Foreign currency is Rs. 796264/- (Previous year Rs. NIL)			
9.	Traveling expenses paid to directors Rs. NIL (Previous year Rs. 1,46,926/-)			
10.	The Debit and Credit entries in sundry debtors, sundry creditors and Loans & Advances account are subject to reconciliation and confirmation.			
11.	Provision for Taxation (MAT) has been made for Rs. 1,64,301/- (Previous year Rs. 4,949/-)			
12.	The figures for the previous year have been regrouped and rearranged wherever considered necessary.			

**SIGNATURE TO SCHEDULE "A" TO "S"**

For **SACHETI & ASSOCIATES**  
Chartered Accountants

(D. K. SACHETI)  
Partner

Place : Surat

Dated : 15th June, 2000

**DIRECTOR**

**DIRECTOR**

Dated : 15th June, 2000

## SURBHI INDUSTRIES LIMITED



Additional information pursuant to the provisions in part IV of Schedule VI of the Companies Act., 1956 :-

### Balance sheet abstract and company's general business profile :

#### I Company's Registration Details :

...Registration No .	: 17672 of 1992-93
...State Code	: 04
...Balance Sheet Date	: 31.03.2000

#### II. Capital raised during the year :

...Public Issue	: Nil
...Right Issue	: Nil
...Bonus Issue	: Nil
...Private Placement	: Nil

#### III. Details of Mobilisation and Deployment of Fund :

	Amount (Rs.)
...Total Liabilities	: 6,04,62,037
...Total Assets	: 6,04,62,037

#### Sources of Funds :

...Paid up Capital	: 3,43,48,000
...Reserves & Surplus	: 46,73,897
...Secured Loans	: 2,14,40,140
...Unsecured Loans	: Nil

#### Application of Funds :

...Net Fixed Assents	: 2,88,35,532
...Investments	: 10,90,500
...Net Current Assets	: 2,97,09,345
...Misc. Expenditure	: 8,26,660
...Accumulated Losses	: - -

#### IV. Performance of Company :

...Turnover	: 10,32,93,386
...Total Expenditure	: 10,58,57,436
...Profit before tax	: 15,68,004
...Profit after tax	: 14,03,703
...Earning per share in R s.	: 0.41
...Dividend rate %	: ----

#### V. Generic names of three principal products/services of company (as per monetary terms) :

...Item code No .	:
...Product description	: Text./ Crimped yarn, Grey cloth



**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of M/s. Surbhi Industries Limited for the period ended 31st March, 2000. The statement has been prepared by the company in accordance with the requirements of listing agreement clause 32 with Bombay Stock Exchange and is based on and in agreement with the corresponding profit & loss account and balance sheet of the company covered by our report of even date to the members of the company.

For **SACHETI & ASSOCIATES**  
Chartered Accountants

(D. K. SACHET)  
Partner  
M. No. 17616

Place : Surat  
Dated : 15th June, 2000

# SURBHI INDUSTRIES LIMITED



	Year ended 31-03-00		Year ended 31-03-99	
	Amount(Rs.)	Amount (Rs.)	Amount(Rs.)	Amount (Rs.)
<b>A. Cash flow from</b>				
<b>Operating</b>				
<b>Activities</b>				
<b>Net Profit</b>		15,68,004		47,123
<b>before tax</b>				
<b>Adjusted for</b>				
Depreciation	2105207		1621564	
Preliminary				
exp. w/off	21603		21603	
Share issue				
exp,w.off	184560		184560	
Interest exp.	<u>2418741</u>		<u>2151171</u>	
		<u>47,30,111</u>		<u>39,78,898</u>
<b>Operationg profit</b>		<b>62,98,115</b>		<b>40,26,021</b>
<b>before working</b>				
<b>capital changes</b>				
(Increase)/ Decrease				
in Inventories	(1130766)		(804957)	
(Increase)/ Decrease				
Trade & other				
in receivables	2479835		2471644	
(Increase)/Decrease				
in Loans & Advances	(457240)		(5430865)	
Increase/ Decrease				
in trade & other Payable	<u>4036647</u>		<u>2276984</u>	
		<u>49,28,476</u>		<u>(14,87,194)</u>
Cash generated				
from operations		1,12,26,591		25,38,827
Income tax Paid		----		(2,19,469)
Interest Paid		<u>(24,18,741)</u>		<u>(21,51,171)</u>
<b>NET CASH FROM</b>				
<b>OPERATING</b>	(A)....	<u><b>88,07,850</b></u>		<u><b>1,68,187</b></u>
<b>ACTIVITIES</b>				

# SURBHI INDUSTRIES LIMITED



	Year ended 31-03-00		Year ended 31-03-99	
	Amount(Rs.)	Amount (Rs.)	Amount(Rs.)	Amount (Rs.)
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets		(17093049)		(158301)
Purchase of Investments		(10,00,000)		----
Sale of Investments		-----		35179
<b>NET CASH FROM INVESTING ACTIVITIES (B)....</b>		<u><u>(1,80,93,049)</u></u>		<u><u>(1,23,122)</u></u>
<b>C. Cash flow from financing activities</b>				
Long Term				
Subsidy received		----		
Fresh Term Loan	1,22,00164			
Repayment of Term Loan	<u>(23,00,191)</u>	<u>(98,99,973)</u>	<u>(919285)</u>	<u>(9,19,285)</u>
Short term				
Change in Working Capital Loans		<u>6,03,972</u>		<u>9,75,260</u>
<b>NET CASH FROM FINANCING ACTIVITIES (C) .....</b>		<u><u>92,96,001</u></u>		<u><u>55,975</u></u>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		10,802		1,01,040
<b>CASH &amp; CASH EQUIVALENTS OPENING BAL ...</b>		1,61,996		60,956
<b>CASH &amp; CASH EQUIVALENTS CLOSING BAL ...</b>		<u><u>1,72,798</u></u>		<u><u>161,996</u></u>

AS PER OUR REPORT OF EVEN DATE ATTACHED HERE TO,

For **SACHETI & ASSOCIATES**  
Chartered Accountants

(D. K. SACHETI)  
Partner

Place : Surat

Dated : 15th June, 2000

Place : Surat

Dated : 15th June, 2000