

**ELEVENTH
ANNUAL REPORT
2002-2003**



SURBHI

M/S. SURBHI INDUSTRIES LIMITED

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

M/S. SURBHI INDUSTRIES LIMITED



BOARD OF DIRECTORS

Ratilalbhai P. Patel
Ravjibhai P. Patel
Vrajlalbhai P. Patel
Bipinbhai J. Patel
Prerak Amin
Damodar Periwal
Pravinbhai Patel
Nimeshbhai Jariwala

BANKERS

Dena Bank
Sahara Gate Branch,
SURAT.

AUDITORS

Sacheti & Associates
Chartered Accountants
U-7, Jeevan Deep,
Opp. J. K. Tower
Ring Road,
SURAT - 395 002.

REGISTERED OFFICE

Surbhi Estate
Mohanwadi,
Katargam,
SURAT - 395 004.

PLANT

Plot No. 249 / 1
Village : Karanj,
Tal. : Mandvi
Dist. : SURAT.

M/S. SURBHI INDUSTRIES LIMITED



NOTICE :

Notice is hereby given that the **11th 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 Saturday 23rd August, 2003 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 2003, the Profit & Loss Account for the year ended on that date and the Auditors' Report thereon.
2. To appoint Shri Vrajlalbhai 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.
4. To appoint Shri Prerak Amin as Directors of the company liable to retire by rotation
5. To appoint Shri Damodar Periwal as Directors of the company liable to retire by rotation
6. To appoint Shri Pravinbhai Patel as Directors of the company liable to retire by rotation.
7. To appoint Shri Nimeshbhai Jariwala Directors of the company liable to retire by rotation

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 :

S/S Prerak Amin, Damondar Periwal, Pravinbhai Patel and Nimesh Jariwala are appointed as additional directors of the company on 25/12/2002 to hold office upto the date of the next AGM. They are appointed as independent directors to broaden the board of directors. The Company has received notices for their appointment. They being eligible, offer themselves for reappointment as regular directors.

Shri Prerak Amin is holding Master Degree of Business Administration. He is having 3 years of experience in Marketing.

S/S Damodar Periwal, Pravinbhai G. Patel and Nimesh Jariwala are associated with various lines of textile industry for more than 15 years. The Company will be benefitted with their past experience.

None of the directors except appointed directors are interested in their solution.

Date: 12th May, 2003
Regd. Office
Surbhi Estate,
Mohanwadi,
Katargam, SURAT - 395 004.

For, **Surbhi Industries Limited**

(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 fixed time for the meeting.
2. The register of members and the share transfer book will remain closed from 11th August, 2003 to 23rd August, 2003 (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.

M/S. SURBHI INDUSTRIES LIMITED



Corporate Governance Report

As required under clause 49 of the listing agreement with Stock Exchange :

1. Company's Philosophy on Code of Governance :

Code of Corporate Governance at SURBHI INDUSTRIES LTD. includes transparency and accountability to result into overall enhance transparency and accountability to result in to overall enhancement of shareholders' values. The Company is continuously making efforts to implement sound management practices prevailing in the industries.

2. Board of Directors :

The Company's Board of Directors comprises of 8 directors out of which 1 is Executive and other 7 are Non Executive. The Chairman of the Company is Non Executive.

Details regarding attendance etc. are given below.

Sr. No.	Name of the Directors	Category			Board meeting attended	Last AGM Attended	Other Details		
		Exe.	Non Exe.	Inde.			OD	CM	CC
1.	Shri Ratilalbhai Patel Chairman	No.	Yes	No	8	Yes	2	1	-
2.	Shri Ravjibhai Patel Managing Director	Yes	No	No	8	Yes	2	2	-
3.	Shri Bipinbhai Patel	No	Yes	No	8	Yes	1	1	-
4.	Shri Vrajlalbhai Patel	No	Yes	No	8	Yes	1	2	-
5.	Shri Prerak Amin	No.	Yes	Yes	3	Yes	-	3	1
6.	Shri Damodar Periwal	No.	Yes	Yes	3	Yes	-	2	1
7.	Shri Pravinbhai Patel	No.	Yes	Yes	3	Yes	-	2	1
8.	Shri Nimesh Jariwala	No.	Yes	Yes	3	Yes	-	1	1

Note :
OD - Other Directorship
CM - Committee Membership
CC - Committee Chairman

None of the directors was retired during the year. Directors No. 5 to 8 are appointed as additional director w.e.f. 25th December, 2002.

During the Financial Year 2002-03, 8 meetings of Board of Directors are held on 17-05-2002, 12-07-2002, 31-07-2002, 25-09-2002, 30/10-2002, 25-12-2002, 31-01-2003 and 28-02-2003.

3. Audit Committee

Audit Committee was constituted on 25/12/2002 consisting of Shri Ravjibhai Patel, Shri Bipinbhai Patel, Shri Prerak Amin, Shri Damodar Periwal and Shri Pravibhai Patel. Shri Prerak Amin is Chairman of the committee, Committee is intrusted with the function of reviewing internal control report. One Meeting of Audit committee was held during the year on 31-01-2003 which is attended by all the committee members.



4. Remuneration Committee :

Remuneration Committee is constituted on 25-12-2002 comprising of 4 Directors namely Shri Ratilalbhai Patel, Shri Vrajilalbhai Patel, Shri Prerak Amin and Shri Pravinbhai G. Patel. Shri Pravinbhai Patel is Chairman of the committee No meeting is held during the year.

5. Investor Grievances Committee :

The Company has constituted Investors Grievances' Committee to look into the redressal of shareholders' grievances on 25-12-2002. It consists of 4 directors namely Shri Ravjibhai Patel, Shri Vrajilalbhai Patel, Shri Prerak Amin and Shri Nimesh Jariwala. Shri Nimesh Jariwala is Chairman of the committee. Two meetings are held during the Financial Year on 31-01-2003 and 25-03-2003. Share Transfers, Transmission and Transposition are approved by the share Transfer Committee of Executives. No. Complaints are received from shareholder during the financial year No Share Transfer requests are pending as on 31-03-2003. Shri Ashwin Patel is appointed as Compliance Officer of the Company

6. General Body Meeting

Details of AGMS for last three years are as below.

Sr. No.	Financial Year	Date and Time of AGM	Place of AGM
1.	31st March, 2002	12 noon on 28-09-2002	Registered Office
2.	31st March, 2001	12 noon on 29-09-2001	Registered Office
3.	31st March, 2000	12 noon on 25-09-2000	Registered Office

No resolution is put through postal ballot during the last year

7. Disclosure :

Transactions with companies in which directors are interested are carried out in the normal course of business. There are no materially significant transactions with related parties that have potential conflict with the interest of the company at large.

8. Means of Communications :

Quarterly results are communicated to shareholder and general public through news papers and notices sent to the stock exchanges. All price sensitive and important business information are communicated through press release and information to the stock exchanges.

9. General Shareholders' information :

a) Forthcoming Annual General Meeting :

Date and Time : 12 noon on 23rd August, 2003

Place : Registered Office

b) Financial Year : 31st March, 2003

c) Book close date : 11th August, 2003 to 23rd August, 2003 (Both days inclusive)

d) Listing on stock Exchange : Mumbai, Ahmedabad and Vadodara

M/S. SURBHI INDUSTRIES LIMITED



- e) Stock Code and other market price data : The script of the company is not highly traded. Hence, this data are not given.
- f) Share Transfer : In house
- g) Distribution of Share holdings :
 - Indian Promoters : 22.70
 - Other Bodies Corporate : -
 - General Public : 77.30
- h) Dematerialisation and Liquidity : The company is negotiating with demat agency for dematerialisation of its shares and expected to complete the same in near future.
- i) Outstanding GDR etc. : Nil
- k) Plant Location : Plot No. 249/1, Village Karanj,
Tal. Mandvi, Dist. Surat. Gujarat.
- l) Address for Correspondence : Surbhi Industries Ltd.
Surbhi Estate, Mohanwadi,
Katargam, Surat - 395 004.

Auditor's Report on Corporate Governance

On Compliance with the condition of corporate governance under clause 49 of the listing agreement. To the members of Surbhi Industries Ltd.

We have reviewed the implementation of Corporate Governance Prosecutes by Surbhi Industries Ltd. during the year ended March 31, 2003, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance as approved by the Board of Directors.

The compliance of condition of corporate governance is the responsibility of the management, Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion of the financial statement of the company.

We further state that such compliance is neither an assurance as to the future liability of the company nor the efficiency or effectiveness with which the management has conducted the affair of the company.

As required by the guidance note issued by the institute of Chartered Accounts of India, We have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholders and investor's grievance committee.

On the basis of our review and according to the information and explanation given to us, the conditions of the corporate governance as stipulated in clause 49 of the listing agreement with the stock exchange have been complied with in all material respect by the company. In all material respect by the company, subject to the following observations :

- 1) Only one meeting of Audit committee was held during the year due to the late constitution of audit committee.
- 2) No meeting was held of the Remuneration committee.

For SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Surat.

Date : 12th May, 2003

(VINIT KUMAR CHORARIA)
PARTNER

M/S. SURBHI INDUSTRIES LIMITED



DIRECTOR'S REPORT

To,
The Members,
Surbhi Industries Limited

Your Director have pleasure in presenting the **11th annual** report on the affairs of the company together with the audited statements of accounts for the year ended 31st March, 2003.

Financial Results :

During the year under review, the Company has recorded turnover of Rs. 1130.39 lacs as against previous year's turnover of Rs. 1240.34 lacs. The company has earned a net profit of Rs. 24.44 lacs as against previous year's net profit of Rs. 13.61 lacs after providing for deferred tax provision. The Company's performance is effected overall depressive conditions prevailing in the textile Industries.

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

		2002 - 03	2001 - 02
1.	Electricity		
	(A) Purchased		
	Unit (Kwh)	2196879	1949630
	Total amount (Rs.)	8700553	8058441
	Rate/unit (Rs.)	3.96	4.13
	(B) Own generation (kwh)	Not Available	Not Available
	Total Amount (Rs.)	---	---

Consumption per unit of production

Product: Polyester Crimped / Texturised Yarn

	Standards (If any)	2002 - 03	2001 - 02
Electricity (Rs./Kg.)	---	NA	NA

Technology absorption

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

M/S. SURBHI INDUSTRIES LIMITED



Foreign exchange inflow / outflow

Foreign inflow	(Rs.)	Nil	Nil
Foreign outflow	(Rs.)	48,032	Nil

Particulars of Employees

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

Director's Responsibility Statement

The Board of Directors of the Company confirms :

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.

b) That the selected accounting policies were applied consistently and the directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March, 2003 and of the profit of the company for the year ended on that date.

c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and preventing and detecting fraud and other irregularities.

d) That the annual accounts have been prepared on a going concern basis.

Directors

Shri Vrajlalbhai Patel will retire by rotation at the forthcoming annual general meeting. He being eligible offers himself for reappointment. During the year, S/S Prerak Amin, Samodar Perilal, Pravinbhai Patel and Nimesh Jariwala are appointed as additional directors of the company on 25/12/2002 to hold office upto the date of the next AGM. They are independent directors. They being eligible, offer themselves for reappointment as regular director.

Shri Parerak Amin is holding Master Degree of Business Administration. He is having 3 years of experience in Marketing.

S/S damodar Perilal, Pravinbhai G. Patel and Nimesh Jariwala are associated with various lines of textile industry for more than 15 years. The company will be benefitted with their vast experience.

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 record 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 behalf of the Board of Directors.

For and on behalf of the Board of Directors

Place : Surat

Date : 12th May, 2003

Ratilalbhai Patel

Chairman

M/S. SURBHI INDUSTRIES LIMITED



AUDITORS REPORT

To,
The Members,
M/s. SURBHI INDUSTRIES LIMITED.
SURAT.

We have audited the attached Balance Sheet of M/S. SURBHI INDUSTRIES LIMITED. SURAT as at 31 March 2003, and Profit & Loss Account for the year ended on that date, attached thereto. These financial statements are the responsibility of company's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts & disclosures in the financial statements. An Audit also include assessing the accounting principles used and significant as well as evaluating the overall financial statement presentations. We believe that our audit provide a reasonable basis for our opinion.

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. On the basis of written representation received from the directors of the company, taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 s' March, 2003 from being appointed as a director under section 274(1) (g) of the companies Act., 1956.
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the Notes on Accounts as per Schedule "20" 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, 2003 and
 - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on same date.

For **SACHETI & ASSOCIATES**
CHARTERED ACCOUNTANTS

Place : Surat.
Date : 12th May, 2003

(VINIT KUMAR CHORARIA)
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. As informed to us, 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 material and these have been properly dealt with in the books of account.
6. On the basis of examination & information given to us, 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 taken unsecured loans from companies, firms or other parties listed in register maintained under section 301 of the Companies Act., 1956 and from the companies under the same management mentioned under section 370 (1B) of the Companies Act, 1956. As per information and explanations given to us the terms and conditions and the rate of interest of such loan if applicable, are not prima facie prejudicial to the interest of the Company.
8. The Company has granted unsecured loan to the Company mentioned under the register maintained under section 301 or to the company under the same management mentioned under section 370 (1B) of the Companies Act., 1956. As per information and explanations given to us the terms and conditions and the rate of interest of such loan if applicable, are not prima facie prejudicial to the interest of the Company.
9. The parties to whom an advance in the nature of loans has been given are repaying the principal amount as stipulated.
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 & Machinery, Equipments and other asstes, 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 transactions 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.

M/S. SURBHI INDUSTRIES LIMITED



12. The Company has a regular procedure for determination of unserviceable or damaged, raw materials and finished goods. Sales realisation on such items has been properly accounted in the books.
13. The Company has accepted deposits which are exempted/ excluded from the of Section 58A of the Companies Act., 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
14. The Company has not any significant byproducts and scraps.
15. In our opinion, the Company has an internal audit system which commensurate with its size and nature of its business.
16. The Company has maintained the cost records required 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 Reules are not applicable to the Company during the year.
18. As informed & explained to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, as on 31st March, 2003 for a period exceeding six 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) (o) 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 the year.

For SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS.

Place : Surat.

Date : 12th May, 2003

(VINIT KUMAR CHORARIA)
PARTNER

M/S. SURBHI INDUSTRIES LIMITED



BALANCE SHEET AS AT MARCH 31, 2003

	Schedule	As at March 31	
		2003	2002
SOURCE OF FUNDS			
Shareholders Funds :			
Share capital	1	34,348,000	34,348,000
Reserves and surplus	2	7,532,623	5,088,501
Loan Funds :			
Secured loans	3	23,383,764	18,561,965
Unsecured Loans	4	500,000	0
Deferred Tax Liability		4,167,584	3,058,169
Total		69,931,971	61,056,635
APPLICATION OF FUNDS			
Fixed Assets :	5		
Gross Block		49,998,847	38,536,892
Less : Depreciation		18,744,140	14,929,793
Net Block		31,254,707	23,607,099
Investments :	6	104,000	103,000
Current Assets, Loans and Advances :	7		
Inventories		5,905,824	7,204,735
Sundry Debtors		23,408,369	21,105,751
Cash and Bank balances		1,235,159	1,169,843
Loans and Advances		13,025,357	11,174,947
Total Current Asstes		43,574,709	40,655,276
Less : Current liabilities and provisions	8	5,209,616	3,723,074
Net Current Assets :		38,365,093	36,932,202
Miscellaneous Expenditure :	9	208,171	414,334
(To the extent not written off or adjusted)			
Total		69,931,971	61,056,635
Significant accounting policies and notes to account; The schedules referred to above and the notes therein form an intergal part of the accounts As per our report attached to the balance sheet	20		

For **SACHETI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

VINITKUMAR CHORARIA
Partner
Surat, 12th May, 2003

Ravjibhai Patel
Managing Director

Ratilalbhai Patel
Chairman

M/S. SURBHI INDUSTRIES LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

	Schedule	As at March 31,	
		2003	2002
INCOME :			
Sales	10	113,038,585	124,034,193
Other Income	11	1,506,206	1,389,334
Increase /(decrease) in stock of finished goods	12	- 394,058	-1,966,991
Total Income		114,150,733	123,456,536
EXPENDITURE :			
Consumption of Raw Materials	13	37,602,401	27,193,051
Purchases	14	46,468,260	67,577,107
Manufacturing expenses	15	11,866,630	13,281,838
Payment to Employees	16	2,841,678	2,826,777
Administrative Expenses	17	1,786,325	1,308,483
Selling & Distribution Expenses	18	3,174,409	3,616,951
Financial Charges	19	2,531,361	1,896,865
Depreciation		3,814,346	3,292,265
Preliminary Expenses W/Off		21,603	21,603
Share Issue Expenses W/Off		184,560	184,560
Total Expenses		110,291,573	121,199,500
Profit/ (loss) before tax for the year		3,859,160	2,257,036
Less : Provision for Tax. Current		305,623	295,710
Deffered Tax		110,945	600,227
Net Profit After Taxation		2,444,122	1,361,099
Balance brought forward from previous year		2,588,501	3,685,344
Less : Transitional Cumulative Deffered Tax.		0	2,457,942
Balance carried to the Balance Sheet		5,032,623	2,588,501
Earning per Share		0.71	0.44
Significant accounting policies and notes to account;	20		
As per our Report of even date attached here to,			

For SACHETI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

VINITKUMAR CHORARIA
Partner

Ravjibhai Patel
Managing Director

Ratilalbhai Patel
Chairman

Surat, 12th May, 2003

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES

SCEDULES ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2003

	<u>As at March 31</u>	
	2003	2002
1. <u>SHARE CAPITAL :</u>		
Authorised Capital 5000000 Equity shares of Rs. 10/-	50,000,000	50,000,000
Issued, Subscribed & Paid up 3437400 Equity shares of Rs. 10/- each.	34,374,000	34,374,000
Less : Amount in Arrears	26,000	26,000
Total	34,348,000	34,348,000
2. <u>RESERVES & SURPLUS :</u>		
Capital Reserve	2,500,000	2,500,000
Profit & Loss Account	5,032,623	2,588,501
Total	7,532,623	5,088,501

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES

SCEDULES ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2003

		<u>As at March 31</u>	
		<u>2003</u>	<u>2002</u>
3	<u>SECURED LOANS :</u>		
1	From Dena Bank		
a.	Cash Credit (Secured by hypothecation of raw materials, stock in process, finished goods, consumeable stores & spares)	4,160,260	4,612,702
b.	Book Debts (Secured against account recivebles)	5,000,000	5,183,388
c.	Term Loan (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.)	13,787,088	8,099,537
2	From Dena Bank		
a.	Car Loan (Secured by hypothecation of Motor Car)	436,416	666,338
	(All limits are collaterally secured by personal guarantee of the Directors).		
Total		23,383,764	18,561,965
4	<u>UNSECURED LOANS :</u>		
a.	From Directors	400,000	---
b.	From Shareholders	100,000	---
Total		500,000	---

M/S. SURBHI INDUSTRIES LIMITED



ISCHEDULES (cont..

SCHEDULES ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31,2003

5. FIXED ASSTES :

Description	Rate S.L.M.	Gross Block				Depreciation				Net Block	
		As at 01.04.02	Addition	Sale/ Transfer	As at 31.03 03	Up To 01.04.02	For the Year	Sale / Transfer	Up to 31.03.03	As at 31.03.03	As at 31.03.02
Land		136935			136935					136935	136935
Factory Building	3.34%	6913050			6913050	1305401	230896		1536297	5376753	5607649
Tube Wel	3.34%	57612			57612	11763	1924		13687	43925	45849
Plant & Machinery	10.34%	26770073	10960629		37730702	12100015	3223565		15323580	22407122	14670058
Electrification	4.75%	1055781	491126		1546907	364251	64738		428989	1117918	691530
D.G.Sets	4.75%	466964			466964	132792	22181		154973	311991	334172
Motor Car	9.50%	1578207			1578207	276034	149930		425964	1152243	1302173
Office Equipments	4.75%	337419	10200		347619	102158	16300		118458	229161	235261
Computer	16.21%	323816			323816	274800	49016		323816	0	49016
Wireless Sets	4.75%	143620			143620	49903	6822		56725	86895	93717
Testing & Lab.Equ.	4.75%	176335			176335	51707	8376		60083	116252	124628
Furniture & Fixture	6.33%	448748			448748	233638	28406		262044	186704	215110
Vehicles	9.50%	128332			128332	27332	12192		39524	88808	101000
Total		38536892	11461955		49998847	14929794	3814346		18744140	31254707	23607099
Previous Years		37464042	1072850		38536892	11637528	3292265		14929793	24610685	25826514

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (cont.....)

SCHEDULES ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2003

	As at March 31,	
	2003	2002
6. INVESTMENTS :		
2800 Equity Shares of Dena Bank of Rs.30/each. (quoted) M.V. Rs. 14/- each	84,000	84,000
65 Equity Shares of Surat Peoples Co.Op. Bank Ltd. of Rs.100/- each	6,500	6,500
125 Equity Share Shree Vitrag Co.Op Bank of Rs.100/each	12,500	12,500
100 Equity Sahres Indo Fashions P. Ltd. of Rs. 10	1,000	----
Total	104,000	103,000
7. CURRENT ASSETS, LOANS & ADVANCES :		
CURRENT ASSETS :		
a. INVENTORIES :		
(As taken, valued & certified by the management)		
P.O.Y	153,726	439,024
Texturised Yarn	----	2,498,603
Twisted Yarn	656,960	----
Grey Cloth	4,335,100	2,887,515
Oil & Chemicals	19,425	14,060
Stores, Spares & Accessories	700,645	1,276,848
Packing Materials	39,968	88,685
Sub Total	5,905,824	7,204,735
b. SUNDRY DEBTORS :		
(Unsecured considered goods)		
1. Debts exceeding more than Six Month	13,103,027	7,963,999
2. Others	10,305,342	13,141,752
Sub Total	23,408,369	21,105,751
c. CASH & BANK BALANCES :		
Cash on Hand	37,840	26,742
Balances with Schedule Banks :		
in Current Account	10,785	48,555
in Fixed Deposits	1,186,534	1,094,546
Sub Total	1,235,159	1,169,843
d. LOANS & ADVANCES :		
(Unsecured, considered good recoverables in cash in kind or for value to be received)		
Sundry Deposits	559,373	257,104
Advances to Staff	48,800	54,250
Advances againts Capital Goods	51,620	16,000
Other Adavance	11,669,352	10,009,406
Other Receivables	82,549	328,424
Prepaid Expenses	41,200	22,555
P.L.A A/c.	8,557	16,768
T.D. S Receivabale	305,224	470,440
Advance Tax	100,000	----
Interest Receivable on TUFs	158,682	----
Sub Total	13,025,357	11,174,947
GRAND TOTAL	43,574,709	40,655,276

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (cont...)

SCHEDULES ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2003

	As at March, 31	
	2003	2002
8 CURRENT LIABILITIES & PROVISIONS		
<u>A. CURRENT LIABILITIES :</u>		
Sundry Creditors for Goods	528,278	2,474,220
Sundry Creditors for Expenses	1,213,126	718,301
Advance Received from Customers	12,225	132,120
Other Liabilities	3,150,364	102,723
Sub total	4,903,993	3,427,364
<u>B. PROVISIONS :</u>		
Provision for Taxation (MAT)	305,623	295,710
Sub total	305,623	295,710
Total	5,209,616	3,723,074
9 MISCELLANEOUS EXPENSES :		
(To the extent not written off or adjusted)		
A. Share Issue Expenses:		
Opening Balance	371,126	555,686
Less : Written off during the year	184,560	184,560
CLOSING BALANCE	186,566	371,126
B. Preliminary Expenses		
Opening Balance	43,208	64,811
Less : Written off during the year	21,603	21,603
CLOSING BALANCE	21,605	43,208
Total A+B	208,171	414,334

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (cont...)

SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31st, 2003

As at March, 31

	2003	2002
10 SALES :		
Yarn (Net)	89,431,294	84,724,396
Grey Cloth (Net)	23,908,125	39,397,258
Job Work Income	1,020,033	975,703
	114,359,452	125,097,357
Less : Excise Duty	1,320,867	1,063,164
Total	113,038,585	124,034,193
11 OTHER INCOME :		
Discount & Claims	132,512	---
Interest on I.T.Refunds	14,796	60,005
Interest on F.D.R	116,441	109,604
Other Interest	1,235,000	1,218,750
Insurance claim	5,881	---
Dividend Income	1,576	975
Total	1,506,206	1,389,334
12. INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS AND W.I.P. :		
a) Closing stock		
Yarn	656,960	2,498,603
Grey Cloth	4,335,100	2,887,515
Less : Opening stock		
Yarn	2,498,603	3,533,248
Grey Cloth	2,887,515	3,819,861
Total	(-394,058)	1,966,991
13 CONSUMPTION OF RAW MATERIALS		
P. O. Y.		
Opening Stock	439,024	1,052,076
Add : Purchase of Raw Material during the year Net	37,317,103	26,579,999
	37,756,127	27,632,075
Less : Closing Stock	153,726	439,024
CONSUMPTION OF RAW MATERIAL	37,602,401	27,193,051

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (cont...)

SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31st, 2003

	As at March, 31	
	2003	2002
14 PURCHASE OF P.F.Y /CRIMP YARN/GREY :		
Yarn Purchase	23,617,656	32,111,665
Grey Cloth Purchase	22,850,604	35,465,442
Total	46,468,260	67,577,107
15 MANUFACTURING EXPENSES :		
Power & Fuel Expenses	8,793,365	8,058,449
Oil & Chemicals	388,974	368,953
Consumable Stores	950,719	389,003
Factory Expenses	29,561	28,008
Electrical Expenses	92,173	37,852
Repairs & Maintenance	132,770	222,186
Twisting Charges	1,473,698	2,371,005
Mending Charges	5,370	1,773,684
Yarn Hit Setting Charges	----	32,698
Total	11,866,630	13,281,838
16 PAYMENT TO EMPLOYEES :		
Wages, Salary, Bonus & Leave Salary	2,663,876	2,687,647
Staff Welfare Expenses	47,314	40,667
Provident Fund Contribution	130,488	98,463
Total	2,841,678	2,826,777

M/S. SURBHI INDUSTRIES LIMITED



SCAEDULES (cont...)

SCEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31st, 2003

As at March, 31

	2003	2002
17 ADMINISTRATION EXPENSES :		
Postage & Telegram	15,606	15,883
Printing & Stationary	158,382	114,034
Telephone & Pager Expenses	175,352	174,535
Vehicle Expenses	219,748	188,883
Office & General Expenses	41,586	149,169
Listing Fees	22,500	30,000
Repairs & Maintenance	35,118	37,143
Traveling & Conveyance	56,762	37,245
Octroi on Sale	413,278	239,687
Legal & Professional charges	90,760	81,401
Fees & Subscription	13,250	3,910
Directors Remuneration	120,000	66,000
Auditors Remuneration	41,920	29,400
Insurance Premium	56,369	46,043
Security Charges	115,790	77,500
S.M.C Tax	—	16,650
Professional Tax	1,000	1,000
Foreign Travelling	166,392	—
Income Tax	21,762	—
Donation	20,750	—
Total	1,786,325	1,308,483
18 SELLING & DISTRIBUTION EXPENSES		
Packing Material Consumed	1,667,244	1,828,671
Sales Promotion & Advertisement Exp.	10,542	87,775
Transportation Expenses	555,484	484,330
Brokerage & Commission	739,675	465,051
Comp. Againts Deff. Goods	201,464	284,224
Bad Debts A/c.	—	210,622
Discount & Rebate	—	256,278
Total	3,174,409	3,616,951
19 FINANCIAL CHARGES :		
Cash Credit Interest	1,370,175	1,270,661
Term Loan Interest	995,518	515,061
Bank Charges	86,770	61,130
Car Loan Interest	78,898	50,013
Total	2,531,361	1,896,865



SCHEDULE : "20"

SIGNIFICANT ACCOUNTING POLICES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1. GENERAL :

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

2. VALUATION OF INVENTORIES :

- i. All the Materials including Raw Materials, Finished Goods, Stores & Spares and Packing Materials valued at the lower of the Cost or Net Realisable value as certified by the management.
- ii. Cost is inclusive of taxes or duties incurred to bring goods at present location and condition as per AS2.

3. SALES:

Sales includes forwarding & Octroi Expenses but excludes Excise Duty & Sales Tax, wherever applicable and sales of goods is recognized on transfer of property of good as per agreed terms, the company has changed the accounting policy in preference to general clarification (GC) 3/2002 on AS9 Revenue recognition issued by the Accounting standard board of the ICAI by excluding excise duty to the tune of Rs.13.21 lacs from sales. However there is no effect on profit & loss account. Quantity Discount, Rate Difference, Rebate are accounted as and when settled.

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 SLM on prorata basis at the rates and in the manner specified in schedule XIV of the companies ACT., 1956.

6. INVESTMENTS :

Investments are stated at cost.

7. INCOME TAX:

Income tax comprises the Current tax provision and the net change in the deferred tax asset or / liability in the year. Deferred tax assets and liability are recognised for the future tax consequences if temporary differences, between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets are reconised subject to management s judgement that realisation is more likely that nor. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the income statement in the period if enactment of the change.

M/S. SURBHI INDUSTRIES LIMITED



8. CONTINGENT LIABILITIES :

Contingent liabilities have been shown in the Notes on accounts (if any) and no provisions for the same have been made in the books of accounts.

9. NOTES ON ACCOUNT :

1. Contingent Liability Nil (Previous year Rs.Nil.)
2. Remuneration paid to Directors Rs. 120000/- (Previous year Rs.66,000!)
3. Estimated amount of capital contract remaining to be executed and not yet provided for Rs.51000/- (Advance given Rs.51000/-).
4. Related Party Transactions.

As Per AS18 issued by the institute of Chartered Accountants of India, the Company's related parties in terms of AS18 are disclosed below:

List of related Parties:

(a) Key Management Personnel:

Ravjibhai P. Patel	Managing Director
Ratilalbhai P. Patel	Director
Vrajilalbhai P. Patel	Director
Bipinbhai J. Patel	Director

(b) Enterprises under common control of the promoter:

Indo Fashions Pvt. Ltd.
Surbhi Textile Mills Pvt. Ltd.
Roy Fabrics
Ajaram Textiles
Bipin Textiles
Ravi Fabrics

(c) Relatives of Key Management personnel:

Alpa Enterprises, Dipesh Fabrics, Diplon, Fine Fab, Indo Tex, Meena Fabrics, Moon Tex, New Tex, Pal Tex, Surbhi Sales Corporation, Rose Fab, Sunrise Synthetics, Surbhi Silk Mills, Anmol Trading Co, Vijay Textiles, Gauriben Patel, Vilas J. Patel, Heena J. Patel, Dipesh R. Patel.

The Company related Parties balance and transaction are summarised as follows :

Sr. No.	Name of the the related party	Nature of transaction	Amount	Closing Balance
1.	Ajaram Textiles	Advance	16008/-	16008.00 Dr.
2.	Bipin Textiles	Advance	238019/-	238019.00 Dr.
3.	Indo Fashions Pvt. Ltd.	Grey Sales Yarn Sales POY Purchase Gray Purchase Yarn Purchase Twiting Job	47366/- 5099109/- 859195/- 3109536/- 9348016/- 1020033/-	694314.00 Dr.
4.	New Tex	Debtors	10672/-	10672.00 Dr.
5.	Roy Fabrics	Advance	16007/-	16007.00Dr.
6.	Rose Fab	Debtors	315155/-	315155.00 Dr.
7.	Ravi Fabrics	Advance	28952/-	28952.00 Dr
8.	Silver Tex	Grey Purchases	5596/-	5596.00 Cr.
9.	Sunrise Synthetics	Debtors	4896/-	4896.00 Dr.
10.	Surbhi Sales Corporation	Sales	2471/-	0.00

M/S. SURBHI INDUSTRIES LIMITED



11.	Surbhi Silk Mills	Advance	254681/-	254681.00 Dr.
12.	Surbhi Textile Mills Pvt. Ltd.	Grey Sales	6515/-	16034594.00 Dr.
		Yarn Sales	8364665/-	
13.	Indo Tex	Advance	140000/-	140000.00 Dr.
14.	Anmol Trading Co.	Creditors	47230/-	47230.00 Cr.
15.	Ravjibhai P. Patel	Director Remneration	120000/-	Nil
		nsecured Loan	100000/-	100000.00 Cr.
16.	Gauriben V. Patel	Salary	50000/-	Nil
17.	Vilas J. Patel	Salary	75000/-	Nil
18.	Heena J. Patel	Salary	75000/-	Nil
19.	Dipesh R. Patel	Salary	75000/-	Nil
20.	Vrajilalbai P. Patel	Unsecured Loan	100000/-	100000.00 Cr.
21.	Ratilalbai P. Patel	Unsecured Loan	100000/-	100000.00 Cr.
22.	Jerambhai P. Patel	Unsecured Loan	100000/-	100000.00 Cr.
23.	Bipinbhai J. Patel	Unsecured Loan	100000/-	100000.00 Cr.

5. Deferred Tax Liability (Net):

A) The Income Tax Expenses comprises the following:

(Rs. in 000)
31/03/2003

Current Income Tax expenses	306
Deferred Income Tax expenses (Exp.)	1211
Rate Difference	-102
Income Tax Expenses	1415

B) The following in the reconciliation of estimated Income Taxes at the statutory Income Tax rate to Income Tax expenses as reported:

(Rs. in 000)
31/03/2003

Net Income before taxes	3859
Effective statutory Income tax rate	36.75%
Expected Income tax expenses	1418

C) Adjustments to reconcile expected income tax to actual tax exp:

Permanent Difference:

Other net	16
MAT above regular Tax	83
Rate difference	-102
Income Tax Expenses	1415

D) The tax effects of significant temporary differences are as follows:

(Rs. in 000)
31/03/2003

Deductible temporary differences:	
Unabsorbed depreciation / losses	Nil

Deffered Tax Assets

Nil

Taxable Temporary differences:

Depreciation differences	4168
Deffered Tax Liability	4168

Net Deffered Tax Liability

4168

M/S. SURBHI INDUSTRIES LIMITED



6. Segment Reporting:

	Current Year			Previous Year			(Rs. In Lacs)
	Manufacturing	Trading	Total	Manufacturing	Trading	Total	
(a) Business Segment							
<u>Revenue:</u>							
External Sales	904.51	239.08	1143.59	857.00	393.97	1250.97	
Inter Segment Sales							
Total Revenue	904.51	239.08	1143.59	857.00	393.97	1250.97	
<u>Result:</u>							
Segment Result	77.79	21.21	99.00	68.98	9.98	78.96	
Unallocable Income /Expenses							
Income			15.06				13.89
Expenses			75.47				70.28
Profit before Tax			38.59				22.57
Tax			14.13				8.96
Profit after Tax			24.46				13.61
Capital Employed :	---	---	699.34	---	---		610.57
Unallocable							

Note : The Company Predominantly operates in a single geographical segment viz. India and accordingly no secondary segment has been considered.

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets are used interchangeably.

7.	Auditors Remuneration .	Current Year	Previous Year
(a) As Auditors		24,000	18,500
(b) In any other Capacity			
(i) Company Law Matters		6,500	4,200
(ii) Taxation Matters		7,500	5,300
		38,000	28,000
Add: Services Tax		1,920	1,400
	Total	39,920	29,400

8. No employee was in receipt of Remuneration aggregating to Rs.24,00,000/or more per year or Rs.200000/or more per month for the part of the year. Previous year also there was no such employee.

9. Interest subsidy in respect of loan availed on TUF Scheme for the year amounts to Rs.171136/for which claim has been lodged IDBI. However it has not been provided, as the amounts claim has not been confirmed by the IDBI.

10. Small Scale Industries :

Company does not possess information as to which of its suppliers are ancillary industrial undertaking / SmallScale industrial undertaking. Consequently, the liability, if any of interest which could be payable under the interest of delayed payment to smallscale and ancillary industrial Act., 1993 can not be ascertained. However, the company has not received any claim in respect of interest.

M/S. SURBHI INDUSTRIES LIMITED



11. Additional information pursuant to the provisions of paragraph 3, 4C & 4D of Part II of Schedule VI to the Companies Act., 1956:
(Taken, Valued as certified by the management).

		Current Year		Previous Year	
		Unit Qty.	Amount Rs.	Unit Qty.	Amount Rs.
I.	Licenced Capacity:	Not Laid Down			
II	Raw Material & Consumed				
	P.O.Y	Kgs.	459526.532	369236.473	26579999
	Text. /PFY Yarn	Kgs.	572536.029	---	---
III.	Production				
	Text. Yarn	Kgs.	461084.020	371894.710	---
	Twisted Yarn	Kgs.	572536.029	---	---
IV	Closing Stock				
	P.O.Y	Kgs.	1689.300	6531.212	439024
	Text. Yarn	Kgs.	---	27698.975	2498603
	Twisted Yarn	Kgs.	5916.600	---	---
	Grey Cloth	Mts.	199315.00	106945.000	2887515
	Packing Materials	---	39968	---	88685
	Oil & Chemicals	---	19425	---	14060
	Stores & Spares	---	700645	---	1276848
	Accessories				
V	Opening Stock				
	P.O.Y	Kgs.	6531.212	12069.610	1052076
	Text. Yarn	Kgs.	8763.050	30080.685	3533248
	Twisted Yarn	Kgs.	18935.925	---	---
	Grey Cloth	Mts.	106945.00	146917.750	3819862
	Packing Materials	---	88685	---	165393
	Oil & Chemicals	---	14060	---	226446
	Stores & Spares & Accessories	---	1276848	---	1293940
VI	Purchase (Net)				
	P.O.Y	Kgs.	470305.380	369982.315	26579999
	PFY/Text. Yarn	Kgs.	208985.104	369567.870	32111665
	Grey Cloth	Mts.	1054113.000	1360974.250	35465442
VII	Sales				
	P.O.Y	Kgs.	15620.760	6284.240	424055
	PFY/Text. Yarn	Kgs.	685118.880	741619.430	84299341
	Grey cloth	Mts.	959732.25	1398150.500	39397258

The valuation of accessories has been done at the net realisable value. Previous year it has been valued at cost. However, there is no change in the quantity.

M/S. SURBHI INDUSTRIES LIMITED



12. Imported raw materials, Spare Parts and components purchased during the year value Rs. NIL/- (Previous year Rs. NIL C&F Value)
13. Imported Raw Materials, Spare Parts consumed during the year Rs. NIL/- (Previous year Rs. NIL/-).
14. Expenses in Foreign Currency Rs. 48032/- (Previous Year Rs. NIL) for foreign Travelling.
15. Earning in Foreign Currency is Rs. Nil (Previous year Rs. Nil)
16. The Debit and Credit entries in sundry debtors, sundry creditor and Loans & Advances account are subject to reconciliation and confirmation.
17. The figures for the Previous year have been regrouped and rearranged wherever considered necessary.
18. Details of loans/Advances given to the Companies under the same management mentioned under the section 370 (1 B) of the Act,

	Name of Parly	o/s as on 31/03/2003	Max o/s During the year	o/s as on 31/03/2002	Max o/s during the last year
1.	Indo Fashions Pvt. Ltd.	10945685/-	10945685/-	9970035/-	13119996/-

SIGNATURE TO SCHEDULE "1" TO "20"

**FOR SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS**

**(VINIT KUMAR CHORARIA)
PARTNER**

**PLACE : SURAT.
DATED : 12th May, 2003.**

For and on behalf of the Board of Directors

**Ravjibhai Patel
Managing Director**

**Ratilalbhai Patel
Chairman**

**PLACE : SURAT
DATED : 12th May, 2003.**

M/S. SURBHI INDUSTRIES LIMITED



Additional information Pursuant to the Provisions in Part IV of Schedule VI of the Compines Act., 1956 :-

Balance Sheet Abstract and Company's General Business Profile :

1 Company's Registration Detials :

a. Registration No.	17672 of 1992 - 93
b. State Code	04
c. Balance Sheet Date	31/03/2003

2 Capital Raised During the year :

a. Public Issue	NIL
b. Right Issue	NIL
c. Bonus Issue	NIL
d. Private Placement	NIL

3 Details of Mobilisation and Deployment of Fund :

a. Total Liabilities	69,931,971
b. Total Assets	69,931,971

Sourecs Of Fund

a. Paid up Capital	34,348,000
b. Reserves & Surplus	7,532,623
c. Secured Loans	23,383,764
d. Unsecured Loans	500,000

Application of Funds

a. Net Fixed Assets	31,254,707
b. Investments	104,000
c. Net Current Assets	38,365,093
d. Misc. Expenditure	208,171
e. Accumulated Losses	-----

4 Performance Of Company

a. Turnover	113,038,585
b. Total Expenditure	110,291,573
c. Profit Before Tax	3,859,160
d. Profit After Tax	2,444,122
e. Earningh per Share in Rs	0.71
f. Dividand Rate%	-----

5 Generic Names of three Principal Products/Services of Company (As per Monetary Terms)

a. Item Code No.	
b. Product Description	Text./Crimped Yarn Grey Cloth

For and on behalf of the Board of Directors

Ravjibhai Patel
Managing Director

Ratilalbhai Patel
Chairman

M/S. SURBHI INDUSTRIES LIMITED



CASH FLOW FOR THE YEAR ENDED ON 31/03/2003

	Year ended 31/03/2003 Amount Rs.	Year ended 31/03/2002 Amount Rs.
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	3,859,160	2,257,036
Adjusted for :		
Add: Depreciation	3,814,346	3,292,265
Preliminary Exp. W/Off	21,603	21,603
Share Issue Exp. W/Off	184,560	184,560
Financial Charges	2,531,361	1,896,865
Less: Interest Income	1,372,118	1,388,359
Dividend Income	1,576	975
Working Capital generated from Operating Activities	9,037,336	6,262,995
Add / Less Working Capital changes		
(Increase)/Decrease in inventories	1,298,911	2,886,229
(Increase)/Decrease in Receivables	-2,302,618	163,992
(Increase)/Decrease in Loans Ad.	-1,814,790	3,252,701
Increase/(Decrease) in Payable	1,486,542	-6,982,442
Cash generated from Operations:	7,705,381	5,583,475
Income Tax Paid	305,623	292,934
Net Cash Flow from operating Activities (A)	7,399,758	5,290,541

CASH FLOW FOR THE YEAR ENDED ON 31/03/2003

	Year ended 31/03/2003 Amount Rs.	Year ended 31/03/2002 Amount Rs.
B. Cash Flow from investment Activities		
Purchase of fixed assets	11,461,955	- 1,072,850
Increase in Advance for Capital Good	- 35,620	- 328,424
Purchase of Investments	- 1,000	- 12,500
Increase in FDR	----	----
Sale of Investment	----	----
Interest income from Investments	1,372,118	1,388,359
Dividend Income from investments	1,576	975
Net Cash Flow from Investing Activities (B)	- 10,124,881	- 24,440
C. Cash Flow from financial Activities		
Fresh Car Loan		666,338
Fresh Unsecured Loan	500,000	
Fresh Term Loan	8,314,480	----
Repayment of Term Loan	- 2,856,850	- 2,719,557
Change in Working Capital Loans	- 635,830	- 1,184,634
Financial Charges	- 2,531,361	- 1,896,865
Net Cash Flow from Financing Activities (C)	2,790,439	- 5,134,718
Net Changes in Cash & Cash Equivalents (A+B+C)	65,316	131,383
Add/Less : Opening Balance of ; Cash and cash Equivalents	1,169,843	1,038,460
Cash & Cash Equivalents at year end	1,235,159	1,169,843



AUDITOR' S CERTIFICATE

We have examined the attached Cash Flow Statement of **M/s. Surbhi Industries Limited** for the period ended 31st March, 2003 The statement has been prepared by the company in accordance with the requirement of listing great 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

Place : Surat

Dated : 12th May 2003

(VINITKUMAR CHORARIA)

PARTNER

M. NO. 107241