

**SEVENTH
ANNUAL REPORT
1998-99**



Surbhi

SURBHI INDUSTRIES LIMITED

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

SURBHI INDUSTRIES LIMITED



BOARD OF DIRECTORS : Ratilalbhai P. Patel
Ravjibhai P. Patel
Vrajilalbhai P. Patel
Bipinbhai J. Patel

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

**NOTICE**

Notice is hereby given that the **7th 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 Thursday, 30th september 1999 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Director's Report and the Audited Balance Sheet as at 31st March 1999, the Profit and Loss Account for the year ended on that date and the Auditor's Report thereon.
2. To appoint Shri Vrajlalbhai P. 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 : 29th May, 1999
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 time fixed for the meeting.
2. The Register of members and the share transfer book will remain closed from 28th September 1999 to 30th September 1999 (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 informations 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.



DIRECTOR'S REPORT

To,
The Members,
Surbhi industries Limited,

You Directors have pleasure in presenting the 7th annual report on the affairs of the Company together with the audited statments of accounts for the year ened 31st March, 1999.

FINANCIAL RESULTS :

During the year under review, the companys turnover of Rs. 771.63 lacs as against previous year's turnover Rs. 1205.49 lacs. The Company has earned a net profit of Rs. 0.42 lacs as against pervious year's net profit of Rs. 18.30 lacs. The companys spurformance is affected by the 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 peroidically checked as a measure of periodical preventive maintenances to minimise breakdown and conserve energy. However, the Company's production facilities do not offer much scope for energy conservation.

Conservation of Energy :

		1998-99	1997-98
1.	Electricity		
(A)	Purchased		
	Units (Kwh)	1132624	1197334
	Total amount (Rs.)	4163555	4219502
	Rate/Unit (Rs.)	3.68	3.52
(B)	Own generation (Kwh)	Nil	Not available
	Total amount (Rs.)	----	227583



Consumption per unit of production :

	1998-99	1997-98
Production : Polyester Crimped yarn/ Texturised yarn		
Standards (If any)		
Electricity (Rs./ Kg.)	7.85	8.22

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
Foreign outflow	Nil

PARTICULARS OF EMPLOYEES :

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

DIRECTORS :

Shri Vrajilalbhai P. 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 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.

Place : Surat

Dated : 29th May, 1999.

For and on behalf of the Board of Directors

(Ratilalbhai Patel)
Chairman



AUDITOR'S 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 31st March 1999 and the profit & Loss Account for the year ended on the 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 as 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 book of account.
 - d. In our opinion, and to the best of our information and according to the explanations given to us, the said Balance sheet and profit or loss accounts read together with Notes on Accounts as per Schedule "S" attached herewith given 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, 1999.
 - and*
 - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended 31st March, 1999.

For **SACHETI & ASSOCIATIONS**
Chartered Accountants

Place : **SURAT**
Dated : **29th May, 1999**

(**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 spareparts 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 our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
- (7) The company has not taken unsecured loans from companies, firm 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 loans 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 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 Company 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 book.



- (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 an internal audit systems 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, Employee's Providend Fund Dues have been regularly deposited during the year with appropriate authority. As informed and explained to us, Employee's State Insurance Reules are not applicable to the company during the year.
- (18) There are no outstanding liabilites in respect of Income tax, Sales tax, Wealth tax, Custom duty, Excies duty as on 31st March, 1999, for a period exceeding 6 months from the date, on which they become payable except a demand of Rs. 20,660/- in respect of interest payable U/S 234-B & 234-C of the I. T. Act, 1961 against the Company has preferred an appeal.
- (19) During the course of our audit of the boks 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 of 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, on significant damaged goods has been found during the year.

For SACHETI & ASSOCIATIONS
Chartered Accountants

Place : **SURAT**
Dated : **29th May, 1999**

(D. K. SACHETI)
Partner



BALANCE SHEET AS AT 31st MARCH, 1999

Particulars	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
I. SOURES OF FUNDS :			
1. SHAREHOLDERS FUND :			
a. Share Capital	"A"	3,43,48,000	3,43,48,000
b. Reserves & Surplus	"B"	32,70,194	32,28,020
2. Loan Funds :			
Secured Loans	"C"	1,21,44,139	1,20,88,164
Total		<u>4,97,62,333</u>	<u>4,96,64,184</u>
II APPLICATION OF FUNDS :			
1. FIXED ASSETS :			
a. Gross Block	"D"	2,01,36,920	1,99,78,619
b. Depreciation		<u>62,89,230</u>	<u>46,67,666</u>
c. Net Block		1,38,47,690	1,53,10,953
2. INVESTMENTS :	"E"	90,500	1,25,679
3. CURRENT ASSETS, LOANS & ADVANCES :	"F"		
a. Inventories		61,60,447	53,55,490
b. Sundry Debtors		2,35,42,975	2,60,14,619
c. Cash & Bank Balances		1,61,996	60,956
d. Loans & Advances		<u>1,26,50,030</u>	<u>72,19,165</u>
LESS : CURRENT LIABILITIES AND PROVISIONS :	"G"	<u>4,25,15,448</u>	<u>3,86,50,230</u>
Current Liabilities		77,24,128	56,61,664
NET CURRENT ASSETS	(F-G)	3,47,91,320	3,29,88,566
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	"H"	10,32,823	12,38,986
Total.....		<u>4,97,62,333</u>	<u>4,96,64,184</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	"S"		

AS PER OUR REPORT OF EVEN DATE,

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS

RATILALBHAI P. PATEL
DIRECTOR

RAVJIBHAI P. PATEL
DIRECTOR

(D. K. SACHETI)
PARTNER

PLACE : SURAT
DATED : 29th May, 1999.

SURBHII INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1999

Particulars	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
INCOME :			
Sales	"I"	7,58,80,341	11,85,08,658
Other Income	"J"	12,83,193	20,39,833
Increase / (Decrease) in Finished Goods	"K"	(-16,151)	1,19,799
Total.....(A)		7,71,47,383	12,06,68,290
EXPENDITURE :			
Consumption of Raw material	"L"	2,97,60,997	3,59,24,113
Purchase of Traded Goods	"M"	2,15,85,365	5,10,66,386
Manufacturing Expenses	"N"	1,90,43,503	2,40,84,604
Payment to Employees	"O"	4,53,496	4,15,364
Administrative Expenses	"P"	9,73,401	12,09,951
Selling & Distribution Expenses	"Q"	13,04,600	18,56,331
Financial charges	"R"	21,51,171	22,39,151
Depreciation	"D"	16,21,564	15,12,507
Preliminary Expenses W/Off		21,603	21,603
Share Issue Expenses W/Off		1,84,560	1,84,560
Loss on sales of Motor car		---	1,08,442
Total.....(B)		7,71,00,260	11,86,23,012
Net Profit/(Loss) before tax		47,123	20,45,278
Less : Provision for Taxation (MAT)		4,949	2,14,753
Net Profit after Taxation		42,174	18,30,525
Balance brought forward from Previous year		7,28,020	(11,02,505)
Balance carried to the Balance Sheet		7,70,194	7,28,020
Significant Accounting Policies & Notes on Accounts	"S"		

AS PER OUR REPORT OF EVEN DATE,

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR SACHETI & ASSOCIATES
RATILALBHAI P. PATEL
RAVJIBHAI P. PATEL

CHARTERED ACCOUNTANTS

DIRECTOR

DIRECTOR

(D. K. SACHETI)
PARTNER

PLACE : SURAT

DATED : 29th May, 1999

SURBHI INDUSTRIES LIMITED



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

Schedule : "A"

CURRENT YEAR
AMOUNT (Rs.)

PREVIOUS YEAR
AMOUNT (Rs.)

SHARE CAPITAL :

Authorised

50,00,000 Equity shares of Rs. 10/- each

5,00,00,000

5,00,00,000

Issued, Subscribed & paid up

3437400 Equity shares of Rs. 10/- each

3,43,74,000

3,43,74,000

Less : Amount in Arrears

26,000

26,000

TOTAL A....

3,43,48,000

3,43,48,000

Schedule : "B"

RESERVES & SURPLUS :

Subsidy

25,00,000

25,00,000

Profit & Loss Account

7,70,194

7,28,020

TOTAL B....

32,70,194

32,28,020

Schedule : "C"

SECURED LOANS :

1. From Dena Bank

a. Book Debts

52,20,998

52,24,492

(Secured by hypothecation of account receivables)

b. Cash Credit

54,87,769

45,09,015

(Secured by hypothecation of raw materials, stock in process, finished goods, consumable stores and spares.)

C. Term Loan

12,34,247

19,87,657

(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.)

2. From Surat Peoples Co. Op. Bank Ltd.

a. Car Loan (Secured by hypothecation of Motor Car)

2,01,125

3,67,000

(All limits are collaterally secured by personal guarantee of the Directors.)

TOTAL C....

1,21,44,139

1,20,88,164

SURBHI INDUSTRIES LIMITED



Schedule : "D"

FIXED ASSETS

Sr. No. Description	Rate	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 1.4.98	Addition	Deduction	Total	Up to 1.4.98	For the year	Adjustment	Up to 31.3.99	As on 31.3.99	As on 31.3.98
1. Land	-	136935	-	-	136935	-	-	-	-	136935	136935
2. Factory Building	3.34%	4484949	6060	-	4491009	525958	149923	-	675881	3815128	3958991
3. Tube Well	3.34%	57612	-	-	57612	4067	1924	-	5991	51621	53545
4. Plant & Machinery	10.34%	12047149	135091	-	12182240	3597485	1252285	-	4849770	7332470	8449664
5. Electrical Installation	4.75%	939690	8250	-	947940	173900	44652	-	218552	729388	765790
6. D. G. Set	6.75%	397700	-	-	397700	39545	26845	-	66390	331310	358155
7. Motor Car	9.50%	582621	-	-	582621	13697	55349	-	69046	513575	568924
8. Office Equipments	4.75%	279059	8900	-	287959	42620	13561	-	56181	231778	236439
9. Computer	11.31%	293666	-	-	293666	104734	33214	-	137948	155718	188932
10. Wireless Set	4.75%	143620	-	-	143620	22615	6822	-	29437	114183	121005
11. Testing & Lab. Equipment	4.75%	142985	-	-	142985	20830	6792	-	27622	115363	122155
12. Furniture & Fixtures (Office)	6.33%	448748	-	-	448748	120014	28406	-	148420	300328	328734
13. Vehicles	7.50%	23885	-	-	23885	2201	1791	-	3992	19893	21684
TOTAL.....		19978619	158301	-	20136920	4667666	1621564	-	6289230	13847690	15310953
PREVIOUS YEAR		18920717	1630360	572458	19978619	3414175	1512507	259016	4667666	15310953	15523659

Schedule : "E"

INVESTMENTS : (VALUED AT COST)

2800 Equity shares of Dena Bank of Rs. 30/- each.	84,000	84,000
Fixed Deposit with Bank of Baroda	-	35,179
shares of the Surat Peoples Co. Op.Bank Ltd.	6,500	6,500
TOTAL E...	90,500	1,25,679

Schedule : "F"

CURRENT ASSETS, LOANS & ADVANCES :

A. CURRENT ASSETS :

a. INVENTORIES :

(As taken, valued and certified by the Management)

1. P. O. Y.	15,30,429	10,36,692
2. Texturised Yarn	11,27,281	6,16,068
3. Grey Cloth	18,17,968	23,45,332
4. Oil & Chemicals	1,30,230	50,975
5. Stores & Spares	13,46,488	12,91,189
6. Packing Materials	1,72,401	12,849
7. Stationery Items	35,650	2,385
Sub Total....	61,60,447	53,55,490

b. SUNDRY DEBTORS :

(Unsecured, considered good by the management)

1. Debts exceeding more than six months	1,75,67,910	1,64,01,481
2. Others	59,75,065	96,13,138
Sub Total....	2,35,42,975	2,60,14,619

c. CASH & BANK BALANCES :

1. Cash on hand	1,61,996	41,194
2. With Scheduled Bank in Current Account	1,61,996	19,762
Sub Total....	1,61,996	60,956

B. LOANS & ADVANCES :

(Unsecured, Considered good recoverable in cash or in kind or for value to be received)

1. Sundry Deposits	2,50,892	2,55,892
2. Advances to staff	56,700	55,400
3. Advances against Capital goods	16,000	1,30,813
4. Other Advances	1,10,50,456	63,15,088
5. Prepaid expenses	52,424	32,216
8. Modvat credit & Excise Duty in P. L. A. A/c.	2,24,930	2,90,006
9. TDS receivable	2,55,044	1,39,750
10. G. E. B.	7,43,584	-
Sub Total....	1,26,50,030	72,19,165
GRAND TOTAL..... F.	4,25,15,448	3,86,50,230

SURBHI INDUSTRIES LIMITED



Schedule : "G"

CURRENT LIABILITIES & PROVISIONS :

A. CURRENT LIABILITIES :

a. Sundry Creditors :

For Goods	60,87,438	33,75,154
For Expenses	9,72,854	9,87,578
For Capital Goods		9,75,596
For Other	7,500	55,104

b. Expenses Payable : 6,20,487 48,763

c. O.D. With Bank of Baroda : 30,900 -

(Due to B.R.S)

Sub Total... A. 77,19,179 54,42,195

B. PROVISIONS :

Provision for Taxation (MAT) 4,949 2,19,469

Sub Total... B. 4,949 2,19,469

TOTAL... G. 77,24,128 56,61,664

Schedule : "H"

MISCELLANEOUS EXPENSES :

(To the extent not written off or adjusted)

A. Share Issue Expenses :

Opening Balance 11,09,366 12,93,926

Less : Written off during the year 1,84,560 1,84,560

Closing Balance 9,24,806 11,09,366

B. Preliminary Expenses :

Opening Balance 1,29,620 1,51,223

Less : Written off during the year 21,603 21,603

Closing Balance 1,08,017 1,29,620

TOTAL... H. 10,32,823 12,38,986

Schedule : "I"

SALES :

Crimped/Texturised Yarn 4,79,41,364 5,16,13,826

Grey Cloth 2,79,38,977 6,68,94,832

TOTAL... I. 7,58,80,341 11,85,08,658

Schedule : "J"

OTHER INCOME :

Comp against Diff. Goods 43,132 -

Discount & Claims 49,205 13,85,631

Interest on F. D. - 3,125

Other Interest 11,86,250 6,50,000

Dividend Income 4,606 1,077

TOTAL... J. 12,83,193 20,39,833

Schedule : "K"

INCREASE/ (DECREASE) IN THE

STOCK OF FINISHED GOODS :

Closing stock : Texturised yarn 11,27,281 6,16,068

Grey Cloth 18,17,968 23,45,332

Less : Op. stock : Texturised yarn 6,16,068 2,03,909

Grey Cloth 23,45,332 26,37,692

INCREASE/ (DECREASE) IN THE (16,151) 1,19,799

STOCK OF FINISHED GOODS

Schedule : "L"

CONSUMPTION OF RAW MATERIALS :

P. O.Y. Opening Stock 10,36,692 23,53,313

Add : Purchase of Raw material during the year 3,02,54,734 3,46,07,494

Custom Duty - -

3,12,91,426 3,69,60,805

Less : Closing Stock 15,30,429 10,36,692

CONSUMPTION OF RAW MATERIAL 2,97,60,997 3,59,24,113

Schedule : "M"

PURCHASE OF TRADED GOODS :

Crimped/Texturised Yarn 50,22,953 5,10,66,386

Grey Cloth 1,65,62,412 -

TOTAL... M. 2,15,85,365 5,10,66,386

Schedule : "N"

MANUFACTURING EXPENSES :

Power & Fuel	30,75,955	42,19,503
Oil & chemicals	1,01,810	4,53,076
Consumable stores	1,94,123	2,63,091
Octroi	4,23,579	3,93,973
Excise duty	1,27,84,860	1,48,37,177
Factory Expenses	27,311	30,805
Electrical Repairs	53,418	33,304
Repairs to Machinery	1,38,700	2,60,554
Repairs to Factory Building	3,250	9,931
Labour & Wages	5,94,930	6,52,050
Textile Consultancy charges	-	22,750
Supervision charges	33,000	1,58,072
Twisting charges	7,962	8,58,794
warping charges	49,980	48,816
weaving charges	14,78,090	15,22,942
Leave salary	24,090	33,330
Bonus	35,477	40,326
Mending charges	16,968	18,527
Generator Fuel	-	2,27,583

TOTAL... N. 1,90,43,503 2,40,84,604

Schedule : "O"

PAYMENT TO EMPLOYEES :

Staff Salary	3,43,550	3,24,850
Staff Welfare Expenses	34,698	33,109
Provident Fund Contribution	75,248	57,405

TOTAL... O. 4,53,496 4,15,364

SCHEDULE : "P"

ADMINISTRATIVE EXPENSES :

Postage & Telegram	13,488	34,555
Printing & Stationery	96,764	1,59,456
Telephone Expenses	1,05,542	3,28,726
Vehicle Expenses	1,51,238	1,82,287
Office Expenses	55,373	35,188
Listing Fees	30,250	18,020
Office equipment Repairs	32,900	44,097
Travelling & Conveyance	1,75,166	71,094
Advertisement Expenses	38,587	30,912
Book & Periodicals	125	-
Consultancy Fees	-	-
Legal & Professional fees	67,621	39,501
Fees & Subscription	3,440	9,955
Directors Remuneration	66,000	66,000
Editors Remuneration	20,075	19,500
Insurance premium	37,703	52,522
Security charges	68,750	103,016
Garden Expenses	-	2,000
Pager Expenses	-	13,122
Donation	7,500	-
Registration Fee	1,080	-
S. M. C. Tax	1,799	-

TOTAL... P. 9,73,401 12,09,951

SCHEDULE : "Q"

SELLING & DISTRIBUTION EXPENSES :

Packing material consumed	5,18,618	7,76,200
Sales Promotion	33,838	-
Transportation Expenses	3,64,435	5,51,707
Brokerage	3,83,231	3,60,584
Discount & Claims	-	1,13,159
Sample Sarees	4,478	54,681

TOTAL... Q. 13,04,600 18,56,331

SCHEDULE : "R"

FINANCIAL CHARGES :

Bank INTEREST :		
C. C. A/c	8,63,230	7,16,297
B. D. A/c	8,99,608	9,33,110
T. L. A/c	3,22,172	5,22,920
Bank Commission & Charges	66,161	66,824

TOTAL... R. 21,51,171 22,39,151



SCHEDULE : 'S'

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES :

1. GENERAL :

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

2. VALUATION OF INVENTORIES :

- i Raw Material : At Cost
- ii Finished Goods : At cost or market value whichever is lower.
- iii Stores & Spares, Packing Material etc. : At Cost.
- iv Cost is inclusive of any taxes or duties incurred.
- v Consequent to the amendment in section 145-A of the I. T. Act, 1961, the company has changed the policy of valuation of inventory of raw materials (which are eligible for Modvat) by inclusive of excise duty as an element of cost. Similarly the valuation of finished goods has been changed this year by inclusive of excise duty payable on uncleared finished stock lying in the factory premises.

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 and sales tax.

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.

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.

8. NOTES ON ACCOUNTS :

- 1. Commitments on Capital contract Rs. NIL (Previous year Rs. NIL)

2. Contingent Liability

In respect of demand of Rs. 20,660/- raised by the income tax department on account of interest U/S 234-B & 234-C of the I. T. Act, 1961 pertaining to assessment year 1998-99, the liability has not been accepted by the company and in turn the company has gone into appeal against the said demand.

- 3. The Company has received sanction and credit amounting to Rs. 10,88,000/- in respect of Electricity Duty Exemption from Government of Gujarat through Gujarat Electricity Board, the application for which was made earlier but sanctioned during the year and hence accrued and accordingly accounted for during the Current year by crediting the same to Power & Fuel Account of the Current Year.

- 4. Remuneration paid to Directors Rs. 66,000/- (Previous Year Rs. 66,000/-)

- 5. Sundry debtors include Rs. 1,73,19,268/- (Previous Year Rs. 1,36,50,274/-) due from M/s. Surbhi Textile Mills Private Limited and Sundry creditors for goods include Rs. 27,67,098/- (Previous Year Rs. 53,02,127/-) due to M/s. Indo Fashions Private Limited, all companies under the same management.

6. Auditors Remuneration :

		<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
(a) As Auditors	11,500		11,500
Add : Service Tax 25%	575		
		12,075	
(c) In other Capacity			
i. Company Law Matters		3,500	3,500
ii. Taxation Matters		4,500	4,500
Total.....		20,075	19,500

- 7. No employee was in receipt of remuneration aggregating to Rs. 6,00,000/- or more per year or Rs. 50,000/- or more per month for the part of the year. previous year also there was no such employee.

SURBHI INDUSTRIES LIMITED



8. Additional information 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.		528110.400}	29760997	512960.240}	35924113
	Text. Yarn Kgs.		31651.970}		36715.720}	
iii	Production					
	Text. Yarn Kgs.		530722.940	----	513529.910	----
	Grey Cloth Mts.		328464.00	----	630679.75	----
iv	Closing Stock					
	P. O. Y. Kgs.		19110.710	1526231	15485.180	1036692
	Text. Yarn Kgs.		12308.115	1127281	7538.180	616068
	Grey cloth Mts.		75118.75	1817968	111951.50	2345332
	Wastage		419.760	4198	----	----
	Packing Materials			1,72,401		12849
	Oil & Chemicals			1,30,230		50975
	Stores & Spares			13,46,488		1291189
	Stationery Items			35,650		2385
v	Stock (Opening)					
	P. O. Y. Kgs.		15485.180	1036692	38191.150	2353377
	Text. Yarn Kgs.		7538.180	616068	2159.640	203909
	Grey cloth Mts.		111951.50	2345332	111623.50	2637692
	Packing Materials			12849		43657
	Oil & Chemicals			50975		17110
	Stores & Spares			1291189		1259078
	Stationery Items			2385		----
vi	Purchases					
	P. O. Y. Kgs.		531735.930	30254734	494934.010	34607494
	Text. Yarn Kgs.		35691.390	5022953	----	----
	Grey cloth Mts.		842049.75	16562412	2385440.75	51066386
vii	Sales					
	P. O. Y. Kgs.		----	----	4679.740}	
	Text. Yarn Kgs.		529992.425	47897989	471435.650}	51613826
	Grey cloth Mts.		1207018.50	27938977	3015792.50	66894832
	Wastage- Kgs.		5510.060	43375	----	----

viii. Imported raw materials, spare parts components purchased during the year value Rs. NIL (Previous Rs. NIL)

ix. Imported raw materials, spare parts consumed during the year Rs. NIL (Previous Rs. NIL)

x. Earning in Foreign Currency is Rs. NIL (Previous Rs. NIL)

xi. Expenses in Foreign currency is Rs. NIL (Previous Rs. NIL)

9. Travelling expenses paid to directors Rs. 1,46,926/- (Previous Rs. 63,984/-)

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. 4,949/- (Previous year Rs. 2,14,753/-)

12. The figures for the previous year have been regrouped and rearranged wherever considered necessary.

SUGNATURE TO SCHEDULE "A" TO "S"
FOR SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS

(D. K. SACHETI)
PARTNER
M. NO. 17616

RATILALBHAI P. PATEL
DIRECTOR

RAVJIBHAI P. PATEL
DIRECTOR

PLACE : SURAT
DATE : 29th MAY, 1999

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 1992-92
--- State Code	04
--- Balance Sheet Date	31-03-1999

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 :

	<u>Amount (Rs.)</u>
--- Total Liabilities	4,97,62,333
--- Total Assets	4,97,62,333

Sources of Funds :

--- Paid up Capital	3,43,48,000
--- Reserves & Surplus	32,70,194
--- Secured Loans	1,21,44,139
--- Unsecured Loans	Nil

Application of Funds :

--- Net Fixed Assets	1,38,47,690
--- Investments	90,500
--- Net Current Assets	3,47,91,320
--- Misc. Expenditure	10,32,823
--- Accumulated Losses	--

IV. Performance of Company :

--- Turnover	7,58,80,341
--- Total Expenditure	7,71,00,260
--- Profit before tax	47,123
--- Profit after tax	42,174
--- Earning per share in Rs.	0.01
--- 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



AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statment of M/s. Surbhi Industries Limited for the period ended 31st March, 1999. 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 agrément 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 : 29th May, 1999

(D. K. SACHETI)
PARTNER

CASH FLOW FOR THE YEAR ENDED ON 31st MARCH, 1999

	Year ended 31-03-99		Year ended 31-03-98	
	Amount (RS.)	Amount (RS.)	Amount (RS.)	Amount (RS.)
A. Cash flow from operating activites				
Net Profit before Tax		47, 123		20,45,278
Adjusted for				
Depreciation	16,21,564		15,12,507	
Preliminary Exp. W/off.	21,603		21,603	
Share Issue Exp. W/off.	1,84,560		1,84,560	
Interest Exp.	21,51,171		22,39,151	
Loss on Sales of car	—		1,08,442	
		39,78,898		40,66,263
Operating profit before working Capital changes		40,26,021		61,11,541
(Increase) Decrease in Inventories	(8,04,957)		11,56,581	
(Increase) Decrease in Trade & other in receivables	24,71,644		(31,38,740)	
(Increase) Decrease in Lons & Advanves	(54,30,865)		(10,04,085)	
(Increase) Decrease in Trade & other Payable	22,76,984		1,32,859	
		(14,87,194)		(28,53,385)
Cash generated from operations		25,38,827		32,58,156
Income Tex paid		(2,19,469)		—
Interest paid		(21,51,171)		(22,39,151)
Net Cash from operating activities	(A).....	1,68,187		10,19,005

SURBHI INDUSTRIES LIMITED



	Year ended 31-03-99		Year ended 31-03-98	
	Amount (RS.)	Amount (RS.)	Amount (RS.)	Amount (RS.)
B. Cash flow from investing activities				
Purchase of fixed assets		(1,58,301)		(16,30,360)
Sale of fixed assets		—		2,05,000
Purchase of investments		—		(9,625)
Sales of Investments		35,179		—
Net cash from Investing activities	(B).....	(1,23,122)		(14,34,985)
C. Cash flow from financing activities				
Long Term				
Subsidy received		—	25,00,000	
Fresh Term Loan		—	3,67,000	
Repayment of Term Loan	(9,19,285)	—	(13,30,978)	
		(9,19,285)		(15,36,022)
Short Term				
Change in working Capital Loans		9,75,260		(11,57,502)
Net cash from financing activities	(C).....	55,975		3,78,520
Net Changes in cash & Cash Equivalents (A + B + C)		1,01,040		(37,460)
Cash & cash Equivalents opening Balance		60,956		98,416
Cash & cash Equivalents Closing Balance		1,61,996		60,956

FOR SACHETI & ASSOCIATES
CHARTERED ACCOUNTANTS

(D. K. SACHETI)
PARTNER

PLACE : SURAT
DATED : 29th May, 1999



ATTENDANCE SLIP

I hereby record my presence at the 7th Annual General Meeting of the **SURBHI INDUSTRIES LIMITED**, at K. M. Estate, B/h. V. N. Godhani High School, Katargam, SURAT at 11.00 A. M. On Thursday, 30th September, 1999.

Full name of the shareholder : _____

(In Block Letters)

REG. FOLIO NO. : _____

Full Name of the proxy : _____

(In Block Letters)

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

SURBHI INDUSTRIES LIMITED

Regd. office : Surbhi Estate, Mohanwadi, Katargam, SURAT-395004

FORM OF PROXY

I/We _____

of _____ in the district

of _____ being a member /members of

the above name company hereby appoint Shri _____

of _____ in the District

_____ or failling him

Shri _____ of _____

me/us on my/our behalf at the 7th Annual General Meeting of the company to be held on Thursday, the 30th September, 1999 at 11.00 A. M. at the K. M. Estate, Mohanwadi, B/h. V. N. Godhani High School, Katargam, Surat. and at my adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 1999
signed by the said _____

REG. FOLIO NO. : _____

Affix 30 Ps.
revenue
stamp here.

Notes : The proxy form duly Completed, stamped & signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. Members are requested to bring their copies of the Annual Report to the Meeting.



Surbhi

SURBHI INDUSTRIES LIMITED

Regd. Office : Surbhi Estate,

Mohanwadi. Katargam,

SURAT - 395 004.