

**EIGHTEENTH
ANNUAL REPORT
2009-2010**



SURBHI

For Surbhi Industries Ltd.


CHAIRMAN


MANAGING DIRECTOR

M/S. SURBHI INDUSTRIES LIMITED

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

M/S. SURBHI INDUSTRIES LIMITED



BOARD OF DIRECTORS

1. Shri Bipinbhai J. Patel
Chairman
2. Shri Ravjibhai P. Patel
Managing Director
3. Shri Pravinbhai Patel
4. Shri Nimeshbhai Jariwal

AUDITORS:

M/s. D. C. Jariwala & Co.
Chartered Accountant
330, Royal Trading,
Opp. Ratan Cinema, Salabatpura,
Surat - 395003

BANKERS:

Dena Bank
Sahar Gate Branch
Surat - 395004

REGD. OFFICE

Surbhi Estate,
Mohanwadi,
Katargam,
Surat - 395004

PLANT:

Plot No. 249/1,
Village : Karanj, Ta. Mandvi,
Dist. Surat

COMPANY LAW

CONSULTANT :

Pragnesh Joshi
Practising Company Secretary

M/S. SURBHI INDUSTRIES LIMITED



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Surbhi Industries Limited will be held on Thursday the 30th September 2010 at 11.00 a.m. at Surbhi Estate, Mohanwadi, Katargam, Surat to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 and Profit & Loss Accounts for the period ended on 31st March, 2010 together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Ravjibhai P. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pravinbhai P. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. D. C. Jariwala & Co, the retiring Auditors who are eligible for re-appointment, as Auditors of the Company from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and though fit to pass following resolution with or without modification as ordinary resolution

"RESOLVED THAT the consent of the company be and is hereby accorded in terms of Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for Borrowing for and on behalf of the Company, from time to time, for the purpose of business of the company, from any one or more banks, financial Institutions and other persons, co-operative banks, firms, bodies corporate, any sum or sums of monies, on such terms and conditions as the Board of Directors may deem fit notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount upto which monies may be borrowed at any time shall not exceed Rs. 50 crores. (Rupees Ffty Crores)"

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution".

Registered Office:
Surbhi Estate,
Mohanwadi, Katargam
Surat

By order of the Board

Sd/-
Bipinbhai Patel
Chairman

Date : 28/08/2010
Place : Surat

M/S. SURBHI INDUSTRIES LIMITED



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE DULY STAMPED AND RECEIVED BY THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. All documents referred to in the above Notice and the accompanying Explanatory Statements are open for inspection at the Registered Office of the Company during the business hours on any working day(except Sunday and holidays) between 10.00 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.
3. A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least 7 days prior to the Meeting so that the required information can be made available at the Meeting.
4. Members are requested to intimate if shares are held in the same name or in the same order and names, but in more than one account to enable the company to club the said accounts into one account.
5. Explanatory statement as required under section 173 of the Companies Act, 1956 which form part of this notice is annexed herewith.
6. Members are requested to quote Folio number in all their correspondences.
7. Members are requested to inform the company immediately the changes, if any, in their address specifying full address in Block Capital with Pin code of the post office.
8. As per clause 47 (f) of Listing Agreement with BSE, Company has designated email id: of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors. Investors are requested to send their communication on designated email id: grdsurbhi@gmail.com
9. The of Members and Share Transfer Books of the Company will remain closed from 29-09-2010 to 30-09-2010 (both days inclusive).
10. Members are requested to bring their copy of Annual report of the meeting as the same not be circulated thereat.
11. Members are requested to bring with them the attendance slip and hand it over at entry gate.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173 of the Companies Act, 1956

With respect to Resolution No. 5

In view of requirement of funds for the future expansion company intended to take financial assistance which is in excess of paid up capital of the company. Consent of members under section 293 (1) (d) required to obtain loan in excess of paid up capital and free reserves. Board intend to obtain approval from members to obtain loan up to rupees 50 crores.

None of other directors are concerned or interested in the above resolution.

The Board of Directors recommend the proposed resolution for acceptance by member.

M/S. SURBHI INDUSTRIES LIMITED



DETAILS OF APPOINTEES:

Mr. Ravjibhai Patel and Mr. Pravinbhai Patel, were appointed as Director, who are liable to retire by rotation and as per the clause 49 their details are as under:

Name of Director	Shri Pravin Patel	Shri Ravjibhai Patel
Date of Birth	16 th June 1958	9 th November 1956
Date of Appointment	25 th December 2002	21 st May 1992
Qualification	Non Graduate	B.Com.
Expertise in specific functional areas	Finance, Business, Development, negotiation	Finance, Business, development, negotiation, & administration.
List of Companies in which directorship is held as on	n.a.	n.a.
Chairman / Member of the committee of other companies	n.a.	n.a.

None of other directors are concerned or interested in these resolutions except the appointee and Mr. Bipinbhai J. Patel being relative of Mr. Ravajibhai P. Patel.

The Board of Directors recommend the proposed resolution for acceptance by member.

Registered Office:
Surbhi Estate,
Mohanwadi, Katargam
Surat

By order of the Board

Sd/-
Bipinbhai Patel
Chairman

Date : 28/08/2010
Place : Surat

M/S. SURBHI INDUSTRIES LIMITED



DIRECTOR'S REPORT

Dear Shareholders,

The Directors of your Company have pleasure in submitting their Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The financial results during the year under review are very much appreciable company has recorded turnover of Rs. 1717.98 lacs as against the previous years turnover of 1994.87 lacs which show 13.88% decrease the previous year. The Company has earned profit before tax and depreciation of Rs. 96.33 lacs as against Rs. 137.54 lacs of previous year. The net profit after tax of the company decreased to Rs.11.92 lacs against the Rs. 28.98 lacs in previous year.

DIVIDEND

In view of requirement of financial resources and considering the future requirements of funds, your Directors are unable to recommend any Dividend for the year ended 31st March 2010

BUSINESS

Efforts are being made to provide better result than earlier years. In view of the increased activities and expansions and programs to grab the emerging opportunities.

DIRECTORS

At the ensuing Annual General Meeting, Mr. Ravjibhai Patel and Mr. Pravinbhai Patel, directors retire by rotation in terms of the Articles of Association of the Company and being eligible, offers themselves for reappointment. A brief profile of these directors are given in the notice of the 18th Annual General Meeting.

A brief resume of director(s) retiring by rotation seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold directorship and /or membership / Chairmanship of Committees of Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section of Annual Report.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of the Companies (Acceptance of Deposits) Rules 1975 during the year.

INSURANCE

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

NEED OF FUNDS

The Company has intended to obtain financial assistance and thus consent of members sought to obtain financial assistance up to Rs. 50 crore.

AUDITORS

M/s. D. C. Jariwala & Co., Chartered Accountants, the auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They being eligible for reappointment as Statutory Auditor of the Company and have expressed their willingness to accept office and have furnished certificate under Section 224(1B) of the Companies Act, 1956 for their eligibility for re-appointment. Your directors recommend for their appointment.

M/S. SURBHI INDUSTRIES LIMITED



AUDITORS' REPORT

In the opinion of the directors, the notes to the accounts are self-explanatory and adequately explained the matters, which are dealt with by the auditors.

COMPLIANCE CERTIFICATE

A compliance report pursuant to section 383 of the Companies Act, 1956 attached as annexure to this report and forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirms the following:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31.03.2010 and of the Profit & Loss of the Company for that period ;
3. That they had taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the annual accounts on a going concern basis.

POLLUTION AND ENERGY CONSERVATION AND FOREIGN EXCHANGE.

Company's texturing plants are running with electricity which are supplied by the Daxin Gujarat Vij Company Limited. Moreover, Company has one DG set as a stand by arrangement. The plants are periodically checked as a measure of periodical maintenance to minimal break down and energy conservation. However company' production facilities do not offer much scope for energy conservation. The Company has installed the Wind Turbine and during the year total 13.60 lacs units were generated. Company has obtained credit of these unites against its electricity consumption at its factory. The particulars regarding technology absorption and Foreign exchange earnings and outgo pursuant to Section 217 (1) (e) of the Companies Act, 1956 are as under :

FORM A [See Rule 2]

Conservation of Energy

A. POWER AND FUEL CONSUMPTION:

Sr.	Particulars	2009-10	2008-09
1	Electricity		
(a.)	Purchased		
	Total Units (in lacs kw)	34.34	25.52
	Total Amount (in lacs Rs.)	189.63	121.83
	Rate / unit (In Rs.)	5.52	4.47
(b)	Own Generation		
	Wind Mill (units in lacs)	13.60	11.90
	(Credit was given in Electric Bill of Rs.72.91 lacs)		
2	Diesel	N.a.	N.a.
3	Furnace Oil	N.a.	N.a.
4	Others	N.a.	N.a.

M/S. SURBHI INDUSTRIES LIMITED



B. Consumption per unit of production Products

Polyester Crimped/ Texturised yarn
Standard (if any) year 2009-10 year 2008-09

Electricity (Rs./Kg.)

n.a.

n.a.

Technology absorption

The Company's plant is running satisfactorily. No other technology is involved in Company's facility.

Foreign exchange inflow / out flow

	Year 2009-10	2008-09
Foreign Exchange inflow	nil	nil
Foreign Exchange outflow	2695314	nil

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchange, the report of the Corporate Governance and the Certificate of the Auditors of the Company in respect of compliance thereof are appended hereto and forming part of this report.

LISITNG

At present the your Company's securities are listed on the Bombay Stock Exchange Limited., Ahmedabad Stock Exchange Ltd and Vadodara Stock Exchange Limited. As a cost saving measures and to conserve the resources company had applied to voluntarily delist it shares from Ahmedabad Stock Exchange Ltd and Vadodara Stock Exchange and application is pending. Necessary steps are being taken to revoke the suspension at the Bombay Stock Exchange Limited.

PARTICULARS OF EMPLOYEES

There was no employee drawing in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

GENERAL

The notes forming part of Accounts, being self-explanatory are not being dealt with separately.

APPRECIATION:

Your Directors express their sincere gratitude for the assistance and co-operation extended by customers, various Government, Semi-Government and Local Authorities, suppliers, Shareholders, business associates.

Your Directors also wish to place on record their deep appreciation for the dedication and hard work put by the employees at all levels towards the growth of the Company. Last but not the least, the Board of Directors wish to thank the Investor/ Shareholders for their support, co-operation and faith in the Company.

For and on behalf of the Board
By order of the Board

Registered Office:

Surbhi Estate,
Mohanwadi,
Katargam
Surat

Sd/-
Bipinbhai Patel
Chairman

Date : 28/08/2010

Place : Surat

M/S. SURBHI INDUSTRIES LIMITED



CORPORATE GOVERNANCE

The Company pursuant to Clause 49 of the listing agreement with the Stock Exchanges furnishes its report on the code on Corporate Governance.

COMPANYS' PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions. Shareholders have right to have complete information about the Directors and Management and their interest in the company as well as governance practices followed by them. Towards this end, the company is making extensive disclosures from time to time.

Board of Directors

I. Composition and Category

The Board of Company as on date of report consist of four directors (one executive and three non executive directors)

II. Board Meetings, attendance, position held in committee meetings

The Board met on 30.04.2009, 30.06.2009, 30.07.2009, 30.10.2009, 30.01.2010, and 31.03.2010. Notice of the meetings with agenda along with necessary details were sent to the directors in time.

The names and categories of the Directors, their attendance at Board meetings and General Meeting as also position held by them in committees of other public limited companies as on 31st March 2010 are given below.

Name of the Director	Category	Attendance particular 2009-10				
		Board Meeting held During tenure of Director	Board Meeting Attended	Last AGM	No. of Directorhsip in other Public Ltd. Cos.	Chairman/ Membership in other public Limited Cos.
1. Shri Bipinbhai Patel	Non-Executive	6	6	Y	-	-
2. Shri Ravjibhai Patel	Executive	6	6	Y	-	-
3. Shri Pravinbhai Patel	Independent	6	6	Y	-	-
4. Shri Nimesh Jariwala	Independent	6	6	Y	-	-

III. Information on Directors Appointment/Re-appointment

Mr. Ravjibhai Patel and Mr. Pravinchandra Patel, retire by rotation at the ensuing Annual General Meeting. They being eligible, offer themselves for reappointment.

Name of Director	Shri Pravin Patel	Shri Ravjibhai Patel
Date of Birth	16 th June 1958	9 th November 1956
Date of Appointment	25 th December 2002	21 st May 1992
Qualification	Non Graduate	B.Com.
Expertise In specific functional areas	Finance, Business, Development, negotiation	Finance, Business, development, negotiation, & administration.
List of Companies in which directorship is held as on	n.a.	n.a.
Chairman / Member of the committee of other companies	n.a.	n.a.

* only public limited companies are considered



IV. Audit Committee

Audit Committee, during the year under review, reconstituted and comprise of three members out of them two are independent directors. Shri Pravinbhai Patel, Independent Director, is a Chairman of the Audit Committee, and Shri Nimesh Jariwala, independent director and Shri Ravjibhai Patel, Managing Director are members to the committee.

Committee met on 21.04.2009, 20.07.2009, 20.10.2009, and 20.01.2010 for perusal of financial position and un-audited quarterly result and also met on 19.06.2009, for the finalization of account for the year ended on 31.03.2009 and on 31.03.2010 for the review of financial position of the company. The Accounts and Financial position perused by the Audit Committee were placed before board for their consideration.

Attendance

Sr. No	Name of the Members	Number of attended
1	Shri Pravin Patel	6
2	Shri Nimesh Jariwal	6
3	Shri Ravjibhai Patel	6

V. REMUNERATION COMMITTEE :

As on date remuneration committee comprise of two members who are independent and non executive directors namely Shri Pravinbhai Patel, Chairman and Shri Nimesh Jariwala as per the requirement of Code of Corporate Governance as well as under Schedule XIII and under Clause 49 of the Listing Agreement. The Committee reviews and recommends the remuneration proposed to be paid to the Managing Director/Whole time Director and non-executive directors of the Company to the Board of Directors. The Committee is also empowered to decide on Employees' Stock Option Scheme as and when such scheme is considered for introduction in the Company.

As on date Company has a Managing Director, remunerations of the executive directors has been duly approved by Committee, No remuneration were paid to Non-executive Directors including sitting fees for attending the meetings of the Board of Directors or committee thereof. Further the remunerations of the Managing Directors / Whole time Directors as recommended by the remuneration committee thereafter decided by the Board of Directors and then subsequently approved by the shareholders at the general meeting as required by the Companies Act, 1956. The Chairman & Managing Director / Whole-time Director are paid remuneration as per the terms and conditions approved by the Board of Directors and shareholders.

During the financial year 2009-10 no meeting of Remuneration Committee was held.

VI. SHARE TRANSFER COMMITTEE /INVESTOR GRIEVANCE COMMITTEE:

The Share Transfer cum Investors'/ Shareholders' Grievance Committee comprise of three members chaired by Shri Bipinbhai Patel being non-executive director. The Committee looks into the redressal of investors complaints such as delay in transfer of equity shares, request for transmission of shares, issue of duplicate share certificates, non receipt of declared dividends/ annual reports etc.

During the financial year 2009-10, the Share Transfer cum Investors' Grievance Committee met fifteen times on 04.05.2009, 15.06.2009, 01.07.2009, 15.07.2009, 29.07.2009, 28.08.2009, 05.10.2009, 24.10.2009, 07.11.2009, 28.11.2009, 15.12.2009, 02.01.2010, 30.01.2010, 20.02.2010 and 15.03.2010.

M/S. SURBHI INDUSTRIES LIMITED



Investors' Grievance Committee comprised of the following members :

Sr No.	Name	Status	No. of meeting attended
1	Mr. Bipinbhai Patel	Chairman (NE)	15
2	Mr. Pravinbhai Patel	Member (independent)	15
3	Mr. Nimeshbhai Jariwala	Member (Independent)	15

Exclusive email id:

Further as per clause 47 (f) company has designated exclusive email id : grdsurbhil@gmail.com of grievance redressal service department exclusively for the purpose of registering complaints by investor. For, prompt disposal of any query or any matters Shareholders may contact to the Registrar and Share Transfer Agent and under the above referred email id.

VII. SHARE TRANSFER :

The company has in house Share Transfer division.

IX. MARKET PRICE DATA:

There were no trading in the shares on any of the Stock Exchanges during the year 2008-09 and hence month wise detail of market prices of the shares could not be provided.

X. MANAGEMENT DISCUSSION AND ANALYSIS :

Report on Management discussion and analysis has been given separately in this Annual Report and form part of this report.

XI. ANNUAL GENERAL MEETINGS

18th Annual General Meeting of the members of SURBHI INDUSTRIES LIMITED will be held on 30-09-2010, Thursday at 11.00 A.M. at the registered office of the Company at Surbhi Estate, Mohanwadi, Katargam, Surat - 395004

Particulars of AGM held during last three year

Year	Date	Time	Place of Meeting	Nos. of Special Resolutions Passed
2008-09	30/09/2009	12.00 P.M.	Registered office	Nil
2007-08	30/09/2008	12.00 P.M	Registered office	1
2006-07	29/09/2007	12.00 P.M	Registered office	Nil

XII. COMPLIANCE OFFICER:

As on date Mr. Aswin Patel is the Compliance Officer of the company.

XIII. LISTING

At present the your Company's securities are listed on the Bombay Stock Exchange Limited., Ahmedabad Stock Exchange Ltd and Vadodara Stock Exchange. As a cost saving measures and to conserve the resources company had applied to delist it shares from Ahmedabad Stock Exchange Ltd and Vadodara Stock Exchange and application is pending. Necessary steps are being taken to revoke the suspension at the Bombay Stock Exchange Limited.

M/S. SURBHI INDUSTRIES LIMITED



XIV. STOCK CODE

- (1.) Trading Scrip Code at The Bombay Stock Exchange Ltd. : **514260**
- (2.) Trading Scrip Code at Ahmedabad Stock Exchange Ltd. : **58190**
- (3.) Trading Scrip Code at Vadodara Stock Exchange Ltd. :

XV. FINANCIAL RESULTS:

The quarterly/half yearly /yearly financial results were informed in time to stock exchanges.

XVI. Book Closure

For updating records and shareholding information of the members of the company, the Share Transfer Books and Register of Members shall remain closed from 29-09-2010 to 30-09-2010 (both days inclusive)

XVII. SHAREHOLDING PATTERN:

Shareholding pattern as on 31.03.2010

Indian

- | | |
|---------------------------------|-----------------|
| 1. Promoters and Promoter Group | : 27.63% |
| 2. Public Shareholding | : <u>72.37%</u> |

Foreign

- | | |
|---------------------------------|-----------------|
| 1. Promoters and Promoter Group | : 0.00 % |
| 2. Public Shareholding | : <u>0.00 %</u> |

TOTAL **100.00%**

XVIII.

REGISTERED OFFICE:

The registered office of the Company situated at Surbhi Estate, Mohanwadi, Katargam, Surat - 395004

Plant Location

Plot No. 249/1, Village : Karanj, Ta. Mandvi, Dist. Surat

XIV. MANAGEMENT DISCUSSION AND ANALYSIS:

1. INDUSTRY OUTLOOK:

During the period under review economy was passing through very hard phase, international financial crisis made things more challengeable However there were tremendous potential growth shown in the markets.

Current scenarios are very impressive there is lot of potential demand for the next years.

M/S. SURBHI INDUSTRIES LIMITED



2. OPPORTUNITIES AND THREATS:

The company envisaged remarkable growth over previous years. Company's turn over shows increasing trends due to expansion the financial charges and depreciation are higher over the previous year. Government is providing various incentives under TUF. The Customers also growing rapidly. At the same time, there is intense price pressure from the competitors and international financial crisis.

3. INITIATIVES

The initiatives are being taken by the Company for improving the quality standards and reduction of costs at appropriate level. The employees at all levels are being made aware of the changing conditions and the challenges of the open market conditions and to train the personnel to tackle the difficult situations which will improve the overall productivity, profitability.

4. RISKS AND CONCERNS;

Major fluctuations in the raw material price and stringent market conditions can affect the company's performance.

5. INTERNAL CONTROL SYSTEM:

The Company has an adequate internal audit system commensurate with its size and the nature of its business towards achieving efficiency in the operation, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

6. HUMAN RESOURCES:

Employee's relations continue to be cordial. Training and development activities are identified, organizes and progress monitored as part of human resource development activities.

7. FUTURE PLAN:

As a long term planning strategy, company is planning to develop cotton based technology.

Promoters are working very hard to lead company to new horizons and giving better results.

Registered Office:
Surbhi Estate,
Mohanwadi,
Katargam
Surat
Dist. : Ahmedabad.

For and on behalf of the Board
By order of the Board

Sd/-
Bipinbhai Patel
Chairman

Date : 28/08/2010
Place : Surat

M/S. SURBHI INDUSTRIES LIMITED



AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To,
The Members of
SURBHI INDUSTRIES LIMITED
SURAT

We have examined the compliance of conditions of Corporate Governance by SURBHI INDUSTRIES LIMITED ('the Company') for the year ended March 31, 2010, as stipulated in amended Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in amended Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending as on 31st March, 2010 no other investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For D. C. Jariwala & Co.

Sd/-

(DEVENDRA JARIWAL)

PROPRIETOR

Membership No. 37990

Place : SURAT

Date : 28th August 2010

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 31st March 2010, 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 have 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 Companies (Auditor's Report) Order, 2003 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 31st March, 2010 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 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, 2010;
 - (ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on same date and
 - (iii) In case of the cash flow statement, of the cash flow for the year ended on 31st March, 2010.

For **D. C. Jariwala & Co.**

Sd/-

(DEVENDRA JARIWAL)
PROPRIETOR
Membership No. 37990

Place : **SURAT**
Date : **28th August 2010**



ANNEXURE "A" TO AUDITORS REPORT

(i) Fixed Assets :-

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) 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.
- (c) The company has not disposed of the substantial part of fixed assets during the year which affect the going concern assumption.

(ii) Inventory :-

- (a) 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.
- (b) 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.
- (c) The company has maintained proper records of inventories. 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.

(iii) Loans & Advances :-

- (a) 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. The Company has granted unsecured loan to the Company mentioned under the register maintained under section 301 of the companies Act., 1956. There are two such parties. Total amount Debited is Rs.21113804/- and total amount credited is Rs.10603804/-.
- (b) As per information and explanations given to us, the rate of interest and other terms and conditions, if applicable on loan given are not prima facie prejudicial to the interest of the Company.
- (c) The parties to whom loans has been given are repaying the principal amount as stipulated, where ever applicable.
- (d) There is no overdue amount of loans given by the company.

(iv) Internal control procedure:-

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, equipment and other assets and for the sale of goods commensurate with the size of the company and nature of its business. During the course of our audit no major weaknesses has been noticed in the internal control.

(v) Transaction with parties u/s 301:-

- (a) The transaction made in pursuance of contracts or arrangements that need to be entered in to the register maintained under sanction 301 of the Companies Act., 1956 have been recorded in register.
- (b) There are transactions of purchase & sales of goods, material, lease of building and machinery & services etc. made in pursuance of contracts or arrangement entered in to the register maintained under sanction 301 of the Companies Act., 1956. aggregating during the year to Rs.5,00,000/- or more in respect of each party.

(vi) Public Deposits:-

The Company has not accepted deposits from the public.

(vii) Internal Audit System:-

In our opinion, the Company has an internal audit system which commensurate with its size and nature of its business.

(viii) Cost Records:-

We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance cost records under section 209(1)(d) of the Companies Act., 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.

M/S. SURBHI INDUSTRIES LIMITED



(ix) Statutory Dues:-

- (a) According to the records of the company, the Company is generally regular in depositing undisputed statutory dues including P.F & E.S.I, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2010 for a period more than six months from the date they became payable.
- (b) According to the information & explanations given to us, there is no disputed amounts payable in respect of such statutory dues.

(x) Accumulated / Cash Losses:-

The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding the financial year.

(xi) Default in Repayment of Dues to Banks / Financial Institution etc.:-

The company has not defaulted in repayment of dues to the financial institution or Bank.

(xii) Granting of Loan & Advances:-

The company has not granted Loan & Advances on the basis of securities by way of pledge of shares, debenture and other securities.

(xiii) Chit Fund / Nidhi / Mutual Fund:-

The provisions of any Special Statute applicable to Chit Fund, Nidhi, Mutual Benefit Fund/ Societies are not applicable to the company.

(xiv) Dealing or Trading in Shares etc. :-

As explained to us by the management, the company has purchased shares/securities of the other companies and Co.Op Banks for the investment purpose only. The company is not trading in shares and securities. The Shares held by the company are in its own name.

(xv) Guarantee Given by Company:-

As explained to us by the management, the company has not given guarantee for loans taken by others from banks or financial institution.

(xvi) Utilisation of Term Loans:-

The Term Loans taken by the company were applied for the purpose for which it had been obtained.

(xvii) Application of Short Term Fund for Long Term Investment and vice versa:-

On the basis of our examination of the cash flow statement, the funds raised on short term basis have not been used for long term investment, as they have been financed out of internal accruals. The Co. has not raised long term funds. Hence, the used of such funds for short term investment doesn't arise.

(xviii) Preferential Allotment of Shares:-

The Company has not issued any shares during the year.

(xix) Creation of Securities for Debenture Issued:-

The Company has not issued any Debenture during the year.

(xx) End Use of Money:-

The company has not raised any money by way of public issues during the year.

(xxi) Fraud noticed or Reported:-

As per information & explanation given to us no fraud on or by the company has been notice or reported during the year.

For D. C. Jariwala & Co.

Sd/-

(DEVENDRA JARIWAL)

PROPRIETOR

Membership No. 37990

Place : SURAT

Date : 28th August 2010

M/S. SURBHI INDUSTRIES LIMITED



BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31,	
		2010	2009
<u>SOURCE OF FUNDS</u>			
Shareholders Funds :			
Share capital	1	34,348,000	34,348,000
Reserves and surplus	2	17,831,207	16,638,375
Loan Funds :			
Secured loans	3	38,124,924	42,823,329
Deferred Tax Liability		6,845,744	6,494,544
Total		97,149,875	100,304,248
<u>APPLICATION OF FUNDS</u>			
Fixed Assets :			
Gross Block	4	116,378,874	116,239,243
Less : Depreciation		63,446,461	55,639,768
Net Block		52,932,413	60,599,475
Investments:	5	2,173,700	2,173,700
Current Assets, Loans and Advances :			
Inventories	6	19,816,443	17,500,218
Sundry Debtors		22,231,619	26,400,175
Cash and Bank balances		1,576,417	1,373,770
Loans and Advances		7,705,878	13,854,454
Total Current Asstes		51,330,357	59,128,617
Less : Current liabilities and provisions	7	9,286,595	21,597,543
Net Current Assets :		42,043,762	37,531,073
Total		97,149,875	100,304,248

Significant accounting policies and notes to accounts 18

The schedules referred to above and the notes therein form an intergal part of the accounts

As per our report of evev date,

For and on behalf of the Board

For **D.C JARIWALA & CO.**
Chartered Accountants

Sd/- Sd/-
Director Director
R.P.Patel **B.J.Patel**

Sd/-
D.C JARIWALA
Proprietor
M.No.37990

Surat, 28th August, 2010

Surat, 28th August, 2010

M/S. SURBHI INDUSTRIES LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedule</u>	<u>As at March 31,</u>	
		<u>2010</u>	<u>2009</u>
INCOME :			
Sales	8	171,798,385	199,487,018
Other Income	9	1,075,597	1,541,444
Increase /(decrease) in stock of finished goods	10	(2,474,242)	(4,039,695)
Total Income		170399740	196988767
EXPENDITURE :			
Consumption of Raw Materials	11	126,993,697	141,577,872
Purchases	12	0	7,315
Manufacturing expenses	13	17,383,219	19,333,317
Payment to Employees	14	6,753,021	6,496,171
Administrative Expenses	15	2,285,857	2,552,645
Selling & Distribution Expenses	16	4,094,581	5,767,310
Financial Charges	17	3,255,997	7,499,702
Depreciation		7,806,693	9,245,867
Total Expenses		168,573,065	192,480,199
Profit/ (loss) before tax for the year		1,826,675	4,508,568
Less : Provision for Tax.-Current MAT		282,221	464,382
Less/(Add) : Deferred Tax		351,200	1,098,701
Less : Provision for FBT		0	46,900
FBT of Eralier Year		422	98
Net Profit After Taxation		1,192,832	2,898,486
Balance brought forward from previous year		14,138,375	11,239,889
Balance carried to the Balance Sheet		15,331,207	14,138,375
Earning per Share		0.35	0.28
Significant accounting policies and notes to accounts	18		

As per our report of even date,

For and on behalf of the Board

For **D.C JARIWALA & CO.**
Chartered Accountants

Sd/- Sd/-
Director Director
R.P.Patel **B.J.Patel**

Sd/-
D.C JARIWALA
Proprietor
M.No.37990

Surat, 28th August, 2010

Surat, 28th August, 2010

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

		As at March 31,	
		<u>2010</u>	<u>2009</u>
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 Revenue	2,500,000	2,500,000
	Profit & Loss Account	15,331,207	14,138,375
	Total	17,831,207	16,638,375
3	<u>SECURED LOANS :</u>		
	1. From Dena Bank		
	a. Cash Credit & FCDL Working Capital	19,370,642	16,515,655
	(Secured by hypothecation of raw materials, stock in process, finished goods, consumebale stores & spares & account reciveables)		
	b Term Loan	18,754,282	26,307,674
	(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.)		
	Total	38,124,924	42,823,329

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (cont..)

SCHEDULES ANNEXED TO AND FORMING PART OF

THE BALANCE SHEET AS AT MARCH 31, 2010

4 FIXED ASSTIES :

Description	Gross Block						Gross Block			Net Block	
	As at 31.03.09	Addition	Sale/ Transfer	As at 31.03.10	Up to 31.03.09	For the Year	Sale/ Transfer	Up to 31.03.10	As at 31.03.10	As at 31.03.09	
	Land	2412880	0	12120	2400760		0			2400760	2412880
Factory Building	14479476	0		14479476	3386913	483615		3870528	10608948	11092563	
Tube Well	57612	0		57612	25231	1924		27155	30457	32381	
Plant & Machinery	92892847	94520		92987367	49146179	6859798		56005977	369813904	37456668	
Electrification	2392285	0		2392285	938224	113633		1051857	1340428	1454061	
Motor Car	2306865	0		2306865	1069007	219152		1288159	1018706	1237858	
Office Equipments	384879	57231		442110	219730	20762		240492	201618	165149	
Computer	223383	0		223383	71156	36210		107366	116017	152227	
Wireless Sets	143620	0		143620	97657	6822		104479	39141	45963	
Testing & Lab.Equ.	196647	0		196647	112087	9341		121428	75219	84560	
Furniture & Fixtures	490608	0		490608	436670	31055		467725	22883	53938	
Vehicles	255150	0		255150	136843	24239		161082	94068	118307	
Water Tank	2990	0		2990	71	142		213	2777	2919	
Total	116239243	151751	12120	116378874	55639768	7806693	0	63446461	52932412	60599474	
Previous Years	115388538	850705	0	116239243	46393901	9245867	0	55639768	60599474	68994636	

Note : P & M of the value of Rs.2,66,37,163/- has been fully depreciated. Hence no depreciation is claimed on the same machinery during the year.

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (contd...)

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

		As at March 31,	
		<u>2010</u>	<u>2009</u>
5	<u>INVESTMENTS :</u>		
	1727 Equity Shares of Surat Peoples Co.Op. Bank Ltd. Of Rs.100/- each	172,700	172,700
	4000 Equity Share of Surbhi Textile Mills Pvt. Ltd. Of Rs.100/- each (unquoted)	2,000,000	2,000,000
	100 Equity Shares Indo Fashions Pvt. Ltd. of Rs.10 (unquoted)	1,000	1,000
	Total	2,173,700	2,173,700
6	<u>CURRENT ASSETS, LOANS & ADVANCES :</u>		
	<u>CURRENT ASSETS :</u>		
	a. <u>INVENTORIES :</u>		
	(As taken, valued & certified by the management)		
	Finished Goods Yarn	3,552,263	5,330,299
	Raw Material (Yarn)	8,356,617	5,138,650
	Yarn W.I.P	908,618	1,604,824
	Oil & Chemicals	2,143,445	1,812,880
	Stores, Spares & Accessories	2,103,346	1,516,135
	Packing Materials	2,752,154	2,097,430
	Sub Total	19,816,443	17,500,218
	b. <u>SUNDRY DEBTORS :</u>		
	(Unsecured considered goods)		
	1. Debts exceeding more than Six Month	5,214,670	2,670,160
	2. Others	17,016,949	23,730,015
	Sub Total	22,231,619	26,400,175
	c. <u>CASH & BANK BALANCES :</u>		
	Cash on Hand	35,947	1,601
	<u>Balances with Schedule Banks :</u>		
	in Current Account/Book Debts	80,252	-
	in Fixed Deposits	1,460,218	1,372,169
	Sub Total	1,576,417	1,373,770

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (contd...)

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

As at March 31,

2010

2009

d. LOANS & ADVANCES :

(Unsecured, considered good recoverables in cash
in kind or for value to be received)

Sundry Deposits	2,330,862	2,317,324
Advances to Staff	93,500	96,000
Other Advance	2,919,996	7,468,000
P.F Receivables	8,052	7,338
DGVCL Receivable	475,778	425,660
Prepaid Expenses	29,083	54,260
T.D.S & Advance Tax	1,460,939	2,169,936
Interest Subsidy Receivable on TUFs	387,668	54,936
Advances for Capital Goods	-	1,261,000

Sub Total

7,705,878

13,854,454

GRAND TOTAL

51,330,357

59,128,616

7 CURRENT LIABILITIES & PROVISIONS

A. CURRENT LIABILITIES :

Sundry Creditors for Goods	6,565,970	16,873,751
Sundry Creditors for Expenses	1,430,559	2,957,552
B.O.B Current A/c. (Due to BRS)	-	9,025
Creditors for others	45,905	11,208

Sub total

8,042,434

19,851,536

B. PROVISIONS :

Provision for Taxation	760,484	915,899
Provision for Expenses	409,785	383,401
Provision for Sales Tax / VAT	50,782	206,127
Provision for FBT	-	46,900
Provision for TDS Payable	23,110	193,680

Sub total

1,244,161

1,746,007

Total

9,286,595

21,597,543

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (contd...)

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

		As at March 31,	
		2010	2009
8	SALES :		
	Yarn (Net)	169,942,802	189,367,875
	Grey Cloth (Net)	-	5,621,479
	Job Work Income	1,855,583	4,497,664
	Total	171,798,385	199,487,018
9	OTHER INCOME :		
	Interest on F.D.R	97,899	195,117
	Interest on I.T.Refunds	131,540	-
	Other Interest	708,125	976,779
	Rate Difference	-	36,280
	Dividend Income	25,905	16,527
	Interest on G.E.B Deposit	111,991	111,991
	Interest Received on L/C Margin	137	-
	Wind Mills Income	-	204,750
	Total	1,075,597	1,541,444
10	INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS AND W.I.P. :		
	a) Closing stock		
	Yarn	4,460,881	6,935,123
	Grey Cloth	-	-
	Less : Opening stock	-	-
	Yarn	6,935,123	5,238,965
	Grey Cloth	-	5,735,853
	Total	2,474,242	4,039,695
11	CONSUMPTION OF RAW MATERIALS P.O.Y/P.F.Y		
	Opening Stock	5,138,650	2,734,807
	Add : Purchase fo Raw Material	130,211,664	143,981,715
	during the year Net	135,350,314	146,716,522
	Less : Closing Stock	8,356,617	5,138,650
	Total	126,993,697	141,577,872
12	PURCHASE OF GREY		
	Grey Cloth Purchase	-	7,315
	Total	-	7,315

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (contd...)

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

		As at March 31,	
		2010	2009
13	MANUFACTURING EXPENSES :		
	Power & Fuel Expenses	11,672,025	12,183,669
	Oil & Chemicals	2,037,389	2,178,720
	Consumable Stores	2,041,775	2,142,245
	Factory Expenses	138,163	107,384
	Electrical Expenses	164,645	160,192
	Repairs & Maintenance	1,040,104	810,362
	Twisting Charges	73,202	1,660,448
	Lease Rent	61,600	61,600
	Wind Mill Expenses	35,322	28,697
	Custom	118,994	-
	Total	17,383,219	19,333,317
14	PAYMENT TO EMPOLYEEES :		
	Wages, Salary, Bonus & Leave Salary	6,605,770	6,333,270
	Staff Welfare Expenses	53,378	41,544
	Provident Fund Contribution	93,873	121,357
	Total	6,753,021	6,496,171
15	ADMINISTRATION EXPENSES :		
	Postage & Courier	59,096	63,985
	Printing & Stationary	164,040	210,181
	Telephone Expenses	81,469	64,639
	Vehicle Expenses	290,195	438,650
	Office & General Expenses	24,826	58,588
	Repairs & Maintenance	-	21,177
	Travelling & Conveyance	8,400	1,621
	Legal & Professional Charges	143,898	88,521
	Fees & Subscription	1,000	8,710
	Directors Remuneration	120,000	120,000
	Auditors Remuneration	25,000	40,001
	Insurance Premium	88,310	157,750
	Pacnchayat / Muncipal Tax	15,200	20,200
	Office Staff Salary	717,600	764,297
	Licence Fee	2,640	-
	Internal Audit Fees	5,250	8,000
	Cash Withdrawal Transaction Tax	-	7,847
	Computer Expenses	22,138	22,901
	Clearing & Forwarding Charges	96,683	-
	Listing Fees	17,962	28,850
	Garden Expenses	-	4,545
	Office Building Rent	192,000	192,000
	Donation	-	2,500
	Registration Fees	4,150	21,182
	Security Charges	204,000	206,500
	Total	2,285,857	2,562,645

M/S. SURBHI INDUSTRIES LIMITED



SCHEDULES (contd...)

SCHEDULES ANNEXUED TO AND FORMING PART OF
THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31,	
	2010	2009
16 SELLING & DISTRIBUTION EXPENSES		
VAT Tax	17,600	79,406
Packing Material Consumed	1,641,474	1,860,371
Octroi	-	-
Transportation Expenses	1,441,364	1,694,281
Brokerage & Commission	615,439	1,628,733
Comp. Againsts Deff. Goods	216,717	70,509
Rate Difference	47,922	-
Advertisement Expenses	-	9,600
Discount & Rebate	114,065	424,410
Total	4,094,581	5,767,310
17 FINANCIAL CHARGES :		
Bank Interest	1,563,966	5,534,418
Term Loan Interest	-	-
FCDL Interest	-	-
Bank Charges	163,602	145,993
Other Interest	1,100,330	1,274,209
Premium on forward booking FCDL	428,099	545,082
Total	3,255,997	7,499,702

SCHEDULE : "18"

SIGNIFICANT ACCOUNTING POLICES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICES :

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 Realizable 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 AS-2.



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. 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 recognised subject to management's judgement that realisation is more likely than not. 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 of enactment of the change.

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.120000/-)
3. Estimated amount of capital contract remaining to be executed and not yet provided for Rs.Nil. (Advance given Rs.Nil).
4. Related Party Transactions.

As Per AS-18 issued by the institute of Chartered Accountants of India, the Company's related parties in terms of AS-18 are disclosed below:

List of related Parties:

(a) Key Management Personnel:

Ravjibhai P. Patel	Managing Director
Bipinbhai J. Patel	Director
Pravinbhai G. Patel	Director
Nimesh Jariwala	Director

M/S. SURBHI INDUSTRIES LIMITED



The Company related parties' balance and transaction are summarised as follows:

Sr. No	Name of the related party	Nature of transaction	Amount	Closing Balance
1	Indo Fashions Pvt. Ltd.	Yarn Purchase	2,43,15,461/-	11,04,837/- Dr.
		Yarn Sales	1,61,01,358/-	
		Interest Income	7,08,125/-	
2	Ravjibhai P. Patel	Director Remuneration	1,20,000/-	NA
3.	Surbhi Textile Mills Pvt. Ltd.	Interest Expenses	1,72,125/-	

5. Segment Reporting:

The Company operates in a single segment viz. Textile only. There is no other distinguishable components of company which can be identified as segment.

6. Auditors Remuneration :

	<u>Current Year</u>	<u>Previous Year</u>
(a) As Auditors	15,000	15,000
(b) In any other Capacity		
(i) Company Law Matters	10,000	10,000
(ii) Taxation Matters	20,000	20,000
	<hr/>	<hr/>
	45,000	45,000
	<hr/>	<hr/>
Total.....	45,000	45,000
	<hr/> <hr/>	<hr/> <hr/>

8. No employee was in receipt of Remuneration aggregating to Rs.24,00,000/- or more per year or Rs.2,00,000/- or more per month for the part of the year. Previous year also there was no such employee.

9. Small Scale Industries :-

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

10. 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).

M/S. SURBHI INDUSTRIES LIMITED



	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.	1011958.210			1125127.110	
Text./PFY Yarn	Kgs.	748307.641			782062.830	
III Production						
Text. Yarn	Kgs.	1031961.625			1137728.000	
Twisted Yarn & Crepe Yarn	Kgs.	781889.033			792032.893	
IV Closing Stock						
Raw Material Work in Prog.	Kgs.	7794.89	908618	49429.370		5138650
POY & Twis. Yarn	Kgs.	72784.865	8356617	14743.510		1604824
Finished Good (Text/Twis/Crepe)	Kgs.	34106.462	3552263	55788.883		5330299
Packing Materials			2552154			2097430
Oil & Chemicals			2143445			1812880
Stores & Spares &			2103346			1516135
V Opening Stock						
Yarn (WIP)	Kgs.	14743.510	1604824	10820.574		903852
Raw Material	Kgs.	49429.370	5138650	32925.540		2734807
Yarn F.G	Kgs.	55788.883	5330299	36934.370		4335113
Grey Cloth	Mts.	Nil	--	318658.50		5735853
Packing Materials			2097430			1196290
Oil & Chemicals			1812880			1109334
Stores & Spares &			1516135			1243868
VI Purchase (Net)						
P.O.Y	Kgs.	1054951.610	83234485	1147758.680		97591057
PFY/Text. Yarn	Kgs.	490125.020	46977179	512960.039		46390658
Grey Cloth	Mts.	--	--	1828.750		7315
VII Sales						
P.O.Y	Kgs.	23165.476	820887	12893.395		870497
PFY/Text. Yarn	Kgs.	1549341.904	16912191	1603490.713		188497378
Grey cloth	Mts.	--	--	320487.250		5621479

M/S. SURBHI INDUSTRIES LIMITED



11. Imported raw materials, Spare Parts and components purchased during the year value Rs.2695314/- (Previous year Rs. Nil)
12. Imported Raw Materials, Spare Parts consumed during the year Rs.2695314/- (Previous year Rs. Nil).
13. Expenses in Foreign Currency:

Raw Materials	Rs.	2695314/-	Previous Year Rs. Nil
Foreign Travelling	Rs.	Nil	Previous Year Rs. Nil
Capital Goods	Rs.	Nil	Previous Year Rs. Nil
14. Earning in Foreign Currency is Rs.Nil (Previous year Rs.Nil)
15. The balance of sundry debtors, sundry creditor and Loans & Advances account are subject to confirmation.
16. The figures for the previous year have been regrouped and rearranged wherever considered necessary.

SIGNATURE TO SCHEDULE "1" TO "18"

FOR D.C JARIWALA & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

Sd/-
D.C JARIWALA
PROPRIETOR
M.No.37990

Sd/-
DIRECTOR
R. P. Patel

Sd/-
DIRECTOR
B. J. Patel

PLACE : SURAT.
DATED : 28th August, 2010

DATED : 28th August, 2010

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 :-	17672 of 1992-93
	a. Registration No.	04
	b. State Code	31/03/2010
	c. Balance Sheet Date	
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	97,149,875
	b. Total Assets	97,149,875
	Sourecs Of Fund	
	a. Paid up Capital	34,348,000
	b. Reserves & Surplus	24,676,951
	c. Secured Loans	38,124,924
	d. Unsecured Loans	Nil
	Application of Funds	
	a. Net Fixed Assets	52,932,413
	b. Investments	2,173,700
	c. Net Current Assets	42,043,762
	d. Accumulated Losses	-
4	Performance Of Company	
	a. Turnover	171,798,385
	b. Total Expenditure	168,573,065
	c. Profit Before Tax	1,826,675
	d. Profit After Tax	1,192,832
	e. Earningh per Share in Rs.	0.35
	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. Yarn , Twisted Yarn Grey Cloth Trading.

M/S. SURBHI INDUSTRIES LIMITED



AUDITORS CERTIFICATE

We have examined the attached Cash Flow Statement of M/s.Surbhi Industries Limited for the period ended 31st March, 2010. The statement has been prepared by the company in accordance with the requirement 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 D. C. Jariwala & Co.
Sd/-

(DEVENDRA JARIWAL)
PROPRIETOR

Membership No. 37990
FRM 104063W

Place : SURAT
Date : 28th August 2010

CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31/03/2010

Rs in '000

	2009-10	2008-09
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	1826	4462
Add: Depreciation	7807	9246
Interest / Dividend	3256	7500
Preliminary / Share Issue Exp.		
Loss on sale of shares		
Less: Investment Income	-912	-1155
Profit on sale of Fixed Assets	0	0
Operating Profit before Working Capital Changes	11977	20052
Adjustment for Working Capital Changes		
Cash Inflow		
Decrease in Loans & Advances	6149	-3614
Increase in Trade & Other Receivable	4169	-5704
Increase in Trade Payables and Provisions	-12311	6187
	-1994	-3131
Cash Outflow		
Decrease in Trade Payables		
Increase in Inventories	2316	241
Increase in Trade & Ohter Receivable		
	2316	241
Net Cash Inflow (outflow) for Working Capital	-4310	-3372
Cash from Operations	7667	16680
Less : Direct Taxes Paid	-282	-464
Net Cash Flow from Operating Activities		7385
		16215

M/S. SURBHI INDUSTRIES LIMITED



B. Cash Flow from Investing Activities

Cash Inflow			
Decrease in FD	-88	-94	
Interest Income	912	1155	
	824	1061	
Cash Outflow			
Net Purchases of FA	140	851	
Increase in Investments		0	
Increase FD	140	851	
Net Cash inflow (Outflow) in Investing Activities		684	211

C. Cash Flow from Financing Activities

Cash Inflow			
Increase in working Capital Loans	2855	-2542	
Increase in Term Loan (Net)	-7553	-7581	
	-4698	-10123	
Cash Outflow			
Decrease in working Capital Loans			
Financial Charges	3256	7500	
	3256	7500	
Net Cash Inflow (Outflow) in Financing Activities		-7954	-17623
Net Cash Changes			
Cash and Bank as on 1st April	115		-1197
Cash and Bank as on 31st March	2		1198
	116		1

M/S. SURBHI INDUSTRIES LIMITED



ANNEXURE

PART A

1	Name of the Assessee	M/s. Surbhi Industries Ltd.
2	Address	"Surbhi Estate", Mohanwadi, Katargam, Surat.
3	Permanent Account No.	AADCS 4385 E
4	Status :	Public Limited Company
5	Assessment Year	2010-11

PART B

Nature of Business	Code	1	2	0
--------------------	------	---	---	---

Sr. No.	Parameters	Current year	Preceding year
1	Paid up Share Capital	34,348,000	34,348,000
2	Shre Application Money	--	-
3	Reserves & Surplus	24,676,951	23,132,919
4	Secured Loans	38,124,924	42,823,329
5	Unsecured Loans	-	-
6	Current liabilities and Provision	92,86,595	21,597,543
7	Total of Balance Sheet	106,436,470	121,901,791
8	Gross Trun Over	171,798,385	199,487,018
9	Gross Profit	18,194,206	28,032,648
10	Commission Received	--	--
11	Commission Paid	6,15,439	1,628,733
12	Interest Received	9,37,564	1,171,896
13	Interest Paid	--	--
14	Depreciation as per Books of account	78,06,693	9,245,867
15	Net Profit (or loss) before Tax	18,26,675	4,508,568
16	Taxes on income paid / Provided for in the Books	2,82,221	464,382



ATTENDANCE SLIP

(To be handed over, duly filled in, at the Entrance of the meeting Place)

Name of the attending Member/Proxy :
(in block letters)
Member's Folio No. / :
DP id No. :
No. of Shares held :
Date of A.G.M. : 30TH September , 2010
Place : Surbhi Estate,
Mohanwadi, Katargam
Surat - 395004
Time : 11:00 A.M.

I hereby record my presence at the Annual General Meeting on 30TH September, 2010

Signature of the Shareholder / Proxy holder : _____

FORM OF PROXY

I/We _____
of _____ being a member(s) of the above named
Company hereby appoint Shri/ Smt. _____
of _____ or failing him,
Shri _____
of _____ as my/our
proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on 30th September, 2010 at 11:00 A.M. at Registered Office of the
Company and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix Revenue
Stamp

Signature

Note : The proxy and the Power of Attorney (if any) under which it is signed or a
notarially certified copy of that Power of Attorney must be deposited at the
Registered Office of the Company not less than 48 hours before the date and time
for holding the Annual General Meeting.

M/S. SURBHI INDUSTRIES LIMITED



Book Post



M/S. SURBHI INDUSTRIES LIMITED

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