

SURBHI



**27th
Annual Report
2018-19**

SURBHI INDUSTRIES LIMITED

**Regd. Office: "Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat - 395002
CIN: L17110GJ1992PLC017672**

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

SURBHI INDUSTRIES LIMITED

Board of Directors

1. Shri Bipinbhai J. Patel
Chairman (WTD) & CFO
2. Shri Ravjibhai P. Patel
Managing Director/CEO
3. Shri Pravinbhai Patel (upto 30.06.2018)
4. Shri Nimishbhai N. Jariwala (upto 30.06.2018)
5. Shri Satish Narandas Patel (From 30.06.2018)
6. Smt Sheetal Harsh Patel (From 30.06.2018)
7. Hetalben Arvindbhai Joshi
Company Secretary

Auditors:

M/s. VIKRANT B. GHAEI & CO.
Chartered Accountant
103-104, Jash Infinity, Consilium Tax Management Services Pvt. Ltd. Bh. Old Sub
Jail, Khatodara, Surat -395002

Bankers:

Dena Bank
Sahara Gate Branch
Surat - 395004

Regd. Office

"Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat
- 395002

Plant:

Plot No. 249/1-3, 248/8-9-10,
Village: Karanj, Ta. Mandvi,
Dist. Surat

SURBHI INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Twenty Seventh Annual General Meeting of the Members of Surbhi Industries Limited will be held on Saturday the 28th day of September 2019 at 10.00a.m. at "Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat - 395002 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ravjibhai Parbatbhai Patel (DIN 00023332), who retires by rotation and being eligible, he offers himself for re-appointment.

Registered Office:

"Surbhi House", 2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodara Surat - 395002

By order of the Board

**Sd/-
Bipinbhai Patel
(DIN: 00023447)
Chairman**

Date: 28/05/2019

Place: Surat

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 him and the 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. The Register of Members and Share Transfer Books of the Company will remain close from Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive)
3. 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.
4. 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.
5. Copies of the Annual Report 2018-19 being sent by electronic mode only to all the members whose email address registered with the company/depository participant(s) for communication purpose unless any members has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by permitted mode.
6. 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 said accounts into one account.
7. In order to comply with Ministry of Corporate Affairs circular on "Green Initiative in the Corporate Governance" members are requested to intimate their email address to the company.
8. The relative Explanatory Statement pursuant to Section 102 of the Companies Act,2013 ("Act") setting out material facts concerning the business under Item No. 5& 6 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3)of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking appointment/re-appointment as Director under Item No. 2 of the Notice, are also annexed.
9. In compliance with the provisions of Section 108 of the Act and the Rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are being provided with the facility to cast their vote electronically, through the e-voting services provided by www.evotingindia.com on all the resolutions set forth in this Notice. The e-voting period commences on Wednesday, 25th September, 2019 at 10:00 AM IST) and ends on Friday, 27th September, 2019 at 05:00 PM IST. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on September 21, 2019 (cutoff date), may cast their vote electronically. Thereafter the e-voting module shall be disabled. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.
10. Voting Through Electronics Means- A detailed instructions and related write ups, on Electronic Voting Process, which forms part of this notice, is given at the end of this Annual Report, (before the form of attendance slip and proxy). Shareholders are requested to kindly follow the said process for casting their vote electronically.
11. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.surbhi.com and on the website of www.evotingindia.com within two days of passing of the resolutions at the 27thAnnual General Meeting of the Company and communicated to the BSE Limited and, where the shares of the Company are listed.
12. Members are requested to quote Folio number in all their correspondences.
13. 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.
14. 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**
15. Members are requested to bring their copy of Annual report of the meeting as the same shall not be circulated thereat.
16. Members are requested to bring with them the attendance slip and hand it over at entry gate.

17. Members are requested to updated their PAN no and bank details with RTA.

E-VOTING

In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the members in respect of business to be transacted at the 27th Annual General Meeting to be held on Saturday the 28th day of September 2019 at 10.00 a.m. The facility of casting votes by the members using electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services India Ltd (CDSL).

The Company has engaged the services of CDSL to provide e-voting. The e-voting facility is available at the link www.evotingindia.com. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. The e-voting facility will be available during the following voting period:

Commencement of e-voting	Wednesday, 25th September, 2019 at 10:00 AM IST
End of e-voting period	Friday, 27 th September, 2019 at 05:00 PM IST

E-voting shall not be allowed beyond Friday, 27th September, 2019 at 05:00 PM IST. The e-voting module shall be disabled by CDSL for voting thereafter. During the e-voting period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the Cut-off-Date may cast their votes electronically. The **Cut-off-Date for the purpose of e-voting is 21st September, 2019.**

Instructions for E-voting

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 10.00 a.m. 25th September 2019 and ends on 5.00 p.m. 27th September 2019 During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use 10 digits Sequence Number in the PAN Field. The Sequence Number is printed on address sticker.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <SURBHI INDUSTRIES LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

Item No. 2

Brief resume of director to be reappointed

Mr. Ravjibhai Parbatbhai Patel (DIN: 00023332) Managing Director is also the founder of our Company; he has served our company for more than 20 years. His zeal and dedication towards work has helped the company to achieve greater heights. Our company needs his foresight and knowledge for future development.

The details of Mr. Ravjibhai Parbatbhai Patel in pursuance of the Listing Agreement are mentioned hereunder:

Name of Director	Mr. RAVJIBHAI PARBATBHAI PATEL
Date of Birth	9th November, 1956
Date of Appointment	21st May 1992
Qualification	B.Com.
Expertise in specific functional areas	Finance, Business Development, negotiation & administration
List of Companies in which directorship is held as on	N. A.
Chairman / Member of the committee of other companies	N. A.

As required under Companies Act, 2013 approval of members of the company is being sought for the reappointment of Mr. Ravjibhai Parbatbhai Patel as Director of the company.

The Board of Director recommends the relevant resolution for your consideration and approval as an Ordinary Resolution.

None of the other Directors, Key Managerial Personnel or their relatives other than of Mr. Ravjibhai Parbatbhai Patel being appointee and Mr. Bipinbhai Patel being relative of appointee, are concerned or interested in the resolution.

Registered Office:

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Khatodara Surat - 395002

**Date: 28/05/2019
Place: Surat**

By order of the Board

**Sd/-
Bipinbhai Patel
(DIN: 00023447)
Chairman**

SURBHI INDUSTRIES LIMITED

DIRECTOR'S REPORT

To,
Dear Shareholders,

The Directors of your Company have pleasure in submitting their Twenty Seventh Annual Report together with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL RESULTS

The year 2018-19 was very critical for the textile industries. Due to implementation of GST Policy in the year 2017, the company has to face many issues in the beginning. Increasing stringent competition and vulnerable international markets during the year have made very difficult to manage business of the company. During the year under review, the company had managed to record turnover of Rs. 1942.92lakh against the previous year turnover of Rs. 1980.21 lakh which shows approximately 1.88% decrease in comparison with the previous year. This is mainly due to effect of GST implementation. The company had occurred loss of Rs. 67.68 Lakh during the year compared to previous year's loss of Rs. 89.61 Lakh which shows decrease in loss of all most 24.47% as compared to previous year. Barring unforeseen events; your director expects to achieve good results in the coming years in the same field of operation.

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 2019.

TRANSFER TO RESERVES

No amount has been transferred to General Reserve Account.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in format MGT -9, for the Financial Year 2018-19 has been enclosed with this report as Annexure –A1

BUSINESS

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

DIRECTOR

Pursuant to Section 152 of the Companies Act, 2013 Mr. Ravjibhai Parbatbhai Patel Director of the Company is liable to retire at the ensuing Annual General Meeting of the Company and he, being eligible, offers himself for re-appointment. Your directors recommend for his appointment.

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 name of companies in which they hold directorship and/or membership/ Chairmanship of Committees of Board, as stipulated under Regulations of LODR Regulation, 2015 are given in the Annual Report.

Mr. Satish Narandas Patel and Mrs. Sheetal Harsh Patel were appointed as additional directors pursuant to provision of section 149 and 152 on 30th June 2018. Their appointment was confirmed at 26th Annual general meeting pursuant to provision of section 149 and 152 of the companies act 2013.

Mr. Pravinbhai Patel and Mr. Nimishbhai N. Jariwala were resigned as on 30th June 2018.

DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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.

AUDITORS

M/s VIKRANT B. GHAEEL & CO. (FRN:122734W) was appointed as Statutory Auditor of the company from the conclusion of 26th AGM till the conclusion of 30th AGM at the 26th annual general meeting of the company on such remuneration as may be agreed upon by the Audit Committee/Board of Directors in consultation with the Statutory Auditors. As required under the provisions of Section 139 of the Companies Act, 2013

The Company has obtained written confirmation from M/s. M/s VIKRANT B. GHAEEL & CO. confirming to the effect that their appointment would be accordance with the provision of Section 141 of the Companies Act, 2013.

Provision of Company (Amendment) Act 2017 become effective from 7th May 2018 and thus Board has noted the appointment of auditor made for the period from the conclusion of 26th Annual General Meeting to Conclusion of 30th Annual General Meeting and hence there is no change in auditor formal resolution for ratification is not mentioned in the notice.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm:

1. That In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
2. That such accounting policies have been selected and applied 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 on 31st March 2019 and of the profit of the Company for that period.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of

the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. That the annual accounts have been prepared on a going concern basis
5. That internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and operating effectively.
6. That proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19.

RISK MANAGEMENT

Details of risk management committee is given under the Corporate Governance report, which is forming part of this report.

NUMBER OF MEETINGS OF THE BOARD & COMMITTEES

For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which is forming part of the directors' report.

DECLARATION OF INDEPENDENT DIRECTORS

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Nimish N. Jariwala (DIN: 00421374) and Mr. Pravinchandra G. Patel (DIN: 00421416) were appointed as independent directors at the annual general meeting of the Company held on 30th September, 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Satish Narandas Patel (DIN: 08168748) and Mrs. Sheetal Harsh Patel (DIN: 06858676) were appointed as independent directors at the annual general meeting of the Company held on 30th June, 2018. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

AUDITORS' REPORT, SECRETARIAL AUDIT AND OBSERVATIONS

Pursuant to the provisions of Section 204 of Companies Act, 2013 and rules made there under, the Company has appointed Mr. Kunal Bajaj, Practicing Company Secretary to undertake the Secretarial Audit of the Company.

Report of the secretarial auditor is given as an Annexure-A3 which forms part of this report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The loans if any, made by the Company are within the limits prescribed u/s 186 of the Companies Act, 2013 and no guarantee or security is provided by the company.

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

TRANSACTIONS WITH RELATED PARTIES

None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies(Accounts) Rules, 2014 are given in Annexure II in Form AOC-2 and the same forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY:

Company's knitting and twisting plants are running with electricity which is supplied by the Dakshin Gujarat Vij Company Limited. 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.

- a) **Steps taken or Impact on conservation of energy:** Company has installed wind mills to conserve the natural resources and to promote green energy.

During the year total 11.72 lakh units were generated through wind mill and credit of these units were given by DGVC against its electricity consumption by the unit.

- b) **Steps taken by the company for utilizing alternate source of energy:** Company is using wind energy as alternate source of energy and the electricity generated by the wind mill was given as credit in the electricity bills raised by the DGVC.

- c) **Capital investment on energy conservation equipment:** Company has made investment in wind mill only.

A. Power and Fuel Consumption:

Sr.	Particulars	2018-19	2017-18
1	Electricity		
(a.)	Purchased		
	Total Units (In lacs kw)	26.38	24.70
	Total Amount (In lacs Rs.)	175.61	168.89
	Rate / unit (In Rs.)	6.66	6.84
(b)	Own Generation		

	Wind Mill (units in lacs) (Credit was given in Electric Bill of Rs 65.60 lacs which amounts to Rs. 5.60 per unit)	11.72	9.88
2	Diesel	N.a.	N.a.
3	Furnace Oil	N.a.	N.a.
4	Others	N.a.	N.a.

Technology absorption

The Company's plant is running satisfactorily. No other technology is involved in Company's facility other than windmill power generation. No amount was used in research & development

Foreign exchange inflow / out flow

	Year 2018-19	Year 2017-18
Foreign Exchange inflow	nil	nil
Foreign Exchange outflow	Rs. 2,00,460	Rs. 75,449

CORPORATE SOCIAL RESPONSIBILITY:

Our company does not fall under the purview of Section 135 of companies Act, 2013. Hence no Corporate Social Responsibility initiatives have been taken during the year.

BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report.

CORPORATE GOVERNANCE

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

As per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company is not required to comply with the provisions of Regulations 17 to 27 and Clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V respectively, but for better governance, the Company had voluntarily complied the same to the extent possible.

COST AUDIT:

Applicable provisions of Cost Audit compliance, if any, were dealt separately. During the year under review cost audit was not applicable to company and pursuant to Section 148 (1) company had maintained the applicable cost records.

LISITNG

At present your Company's securities are listed on the BSE Limited. Necessary steps and application for revocation of suspension of trading is made at the BSE Limited. And reply of BSE Ltd is awaited.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year*:

Executive directors/ Non-executive director	Ratio to median
Ravjibhai Parbatbhai Patel	18.52 :1
Bipinbhai Jasmatbhai Patel	16.02 :1

Note: Generally more than 85% of employees are of daily wage earner or of blue collar workers and hence statistical date of median remuneration are not comparable in this type of industries.

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year *

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Ravjibhai Parbatbhai Patel	NIL
Bipinbhai Jasmatbhai Patel	15.33

c. The percentage increase in the median remuneration of employees in the financial year*- approx. 10.69 %

* Company operates in the field of textile where in most of the employees are on daily wages basis most of them are of operator , helper and cleaner category and due to high attrition and irregular presence the salary of average employees are around approximate Rs. 360-410 per day. In our case comparison of median salary of employee and KMP is not comparable.

d. The number of permanent employees on the rolls of Company-

108 employees.

e. The explanation on the relationship between average increase in remuneration and Company performance

On an average there is approximate 8-15 % rise in the remuneration of the employees.

The increase in remuneration is in line with the market trends in the respective industries. Generally market rates are decided on the availability of the worker in the surrounding areas, sometimes during festive season daily wages workers travelled to their home location and during that period considering the requirement of organization and need of productions higher rates were also required to be paid. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

f. Comparison of the remuneration of the key managerial personnel against the performance of the Company

Aggregate remuneration of key managerial personnel (KMP) in FY18-19	44,76,000
Revenue	19,42,92,895
Remuneration of KMPs (as % of revenue)	2.30%
Profit before Tax (PBT)	(1,30,28,037)
Remuneration of KMP (as % of PBT)	-34.36%

During the previous years under review company had made expansion and cost of depreciation was higher, the time and contribution given by the KMP can not only measured in terms of percentages.

g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:*

Particular	March 31, 2019	March 31, 2018	% Change
Market Capitalisation	-	-	-
Price Earnings Ratio	-	-	-

As on date status of company is suspended for trading and hence no trading data available on BSE Ltd. In absence of trading value and market capitalization the above data could not be comparable.

h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Market Price (BSE)	As per note given below
-	-

As on date status of company is suspended for trading and hence no trading data available on BSE Ltd. In absence of trading value and market capitalization the above data could not be comparable. The shares of company's are thinly traded and there is no such volumes of trading in the scrip of the company. Company had issued shares before two decades and thereafter company was not in a good financial conditions and the shares of the company were delisted and thereafter company made efforts to revoke the trading and since then price of the company's scrip is showing thin trading. Hence the data pertain to above is not comparable.

i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

	Name of KMP Ravjibhai Parbatbhai Patel	Name of KMP Bipinbhai Jasmatbhai Patel
Remuneration in FY 2018-19	24,00,000	20,76,000
Revenue	19,42,92,895	
Remuneration as % of Revenue	1.23%	1.07%
Profit before Tax	(1,30,28,037)	
Remuneration as % of PBT	-18.42%	-15.93%

k. The key parameters for any variable component of remuneration availed by the directors: N.A.

l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None

m. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Directors of Company affirms remuneration is as per the remuneration policy of the Company.

n. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer

Market Price (BSE)	As per note given below
-	-

The shares of company are thinly traded on off market {as status of company is suspended for trading } and there is no such volumes of trading in the scrip of the company. Company had issued shares before two decades and thereafter company was not in a good financial conditions and the shares of the company were delisted and thereafter company made efforts to revoke the trading and since then price of the company's scrip is showing thin trading. Hence the data pertain to above is not comparable.

TAXES:

Company is regularly paying Income tax, Sales Tax, and other statutory dues like Provident Fund, ESIC, as applicable. As regard to Service Tax appropriate provision and treatments have been made as per law. Details of the payment, refund and appeals and disputed amount have been adequately provided in audit report and the same are self-explanatory and the amount of dispute is being dealt with various authorities and awaiting for final outcome.

INDUSTRIAL RELATIONS

Your Company's relations with its employees remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the services rendered by staff members and executives of the company. Your company has taken adequate steps for the health and safety of its employees.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes or commitments, affecting the financial position of the Company have occurred between the end of the financial year of the company to which the financial statements relate, i.e. 31st March, 2019 and the date of Board Report. Company is assessing impact of GST in the textile industry and the same is seen as major challenges to the industry.

ORDERS PASSED BY REGULATORY BODIES OR COURTS

No regulatory body or court or tribunal has passed any significant and material orders impacting the going concern status and operations of the company. During the year BSE Ltd. had passed order for delisting of securities of company and after appropriate representation with various authorities BSE Ltd vide its letter dated 31st August 2019 revoked the order of delisting.

CORPORATE GOVERNANCE:

The Company has complied with the requirement regarding corporate governance as per Listing Obligation and Disclosure Requirement (LODR) Regulation, 2015 and stock exchange where the Company's shares are listed. A report on the Corporate Governance in this regard is made a part of this Annual Report and a Certificate from the Auditor of the Company regarding Compliance of the Conditions of the Corporate Governance is attached to this report and forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

1. INDUSTRY OUTLOOK:

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13-15 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the un-organised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

2. OPPORTUNITIES AND THREATS:

The Indian cotton textile industry is expected to showcase a stable growth in FY2019-20, supported by stable input prices, healthy capacity utilisation and steady domestic demand.

Government is providing various incentives under TUFs. The Customers also growing rapidly. At the same time, there is intense price pressure from the competitors and international financial crisis. Major threat is from international market and mainly from china. GST will impact most to the textile industry as the same is in most unorganized sector and implementation of GST will be seen as game changer to this industry.

However, international slow-down may have adverse impact on the growth the textile industry.

3. INITIATIVES

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The initiatives are being taken by the Company too, for improving the quality standards and reduction of costs at appropriate level. New machineries are imported to provide better result and to cope up with changing requirement of the industry. 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:

Now a days due to industrial slow down and change in market purchasing pattern Indian Textile Industry witness setback and down trade. Major fluctuations Rupee v/s dollar price corresponding to fluctuation in the raw material price and stringent market conditions can affect the company's performance. Goods and Service Tax Act will have major impact on the industry and the same cannot be assessed at this point of time.

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, organized and progress monitored as part of human resource development activities.

7. FUTURE PLAN:

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players into the Indian market. As a long term planning strategy, company is planning to develop cotton based technology. Company intend to launch new project in the field of textile particularly embroidery based production.

ACKNOWLEDGMENT:

The Directors sincerely express their appreciation to the employees at all levels, Bankers, customers, investors, Government of Gujarat and Ministry of Government for their sustained support and co-operation and hope that the same will continue in future.

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.

Registered Office:
"Surbhi House",
2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodara Surat – 395002

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

Sd/-
Bipinbhai Patel
Chairman
DIN: 00023447

Date :28/05/2019
Place :Surat

SURBHI INDUSTRIES LIMITED

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 consists of four directors two executive and two independent non-executive directors.

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

The Board duly met times 10 on 01.05.2018, 29.05.2018, 30.05.2018, 30.06.2018, 11.08.2018, 23.08.2018, 05.11.2018,01.12.2018, 14.02.2019,25.02.2019 and 30.03.2019*. Notice of the meetings with agenda along with necessary details was 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 2019 are given below.

Name of the Director	Category	Attendance particular 2018-19					
		Board held during tenure of Director	Meeting During of	Board Meeting Attended	Last AGM	No. of Directorship in other Public Ltd. Cos	Chairman/M embership in other public limited Cos.
1. SHRI BIPINBHAI PATEL	Executive	11		10	Y	-	-
2. SHRI RAVJIBHAI PATEL	Executive	11		10	Y	-	-
3. SHRI PRAVINBHAI PATEL	Independent	4		4	N	-	-
4. SHRI NIMISHJARIWALA	Independent	4		4	N	-	-
5. SHEETAL HARSH PATEL	Independent	7		7	Y		
6. SATISH NARANDAS PATEL	Independent	7		7	Y		

* at the meeting of independent directors non-independent directors are not entitled to attend

III. Information on Directors Re-appointment

Mr. Ravjibhai Parbatbhai Patel (DIN: 00023332) Managing Director is also the founder of our Company, he has served our company for more than 20 years. His zeal and dedication towards work has helped the company to achieve greater heights. Our company needs his foresight and knowledge for future development.

The details of Mr. Ravjibhai Parbatbhai Patel in pursuance of the Listing Agreement are mentioned hereunder:

Name of Director	Mr. RAVJIBHAI PARBATBHAI PATEL
Date of Birth	9th November, 1956
Date of Appointment	21st May 1992
Qualification	B.Com.
Expertise in specific functional Areas	Finance, Business Development, negotiation & administration
List of Companies in which directorship is held as on	N. A.
Chairman / Member of the committee of other companies	N. A.

* only public limited companies are considered

IV. Audit Committee

Audit Committee, during the year under review consist 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 Bipinbhai Patel are members to the committee. During the year on 30.06.2018 audit committee was reconstituted under the chairmanship of Mr Satish Patel due to resignation of independent directors and the members of audit committees during the year 2018-19 are as under;

Committee met on 5 times for perusal of financial position and un-audited quarterly result and also met for the finalization of account for the year ended on 31.03.2019 and 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	Mr. Pravin Patel {up 30.06.2018}	1
2	Mr. Nimesh Jariwala {up 30.06.2018}	1
3	Shri Bipinbhai Patel	5
4	Mr. Satish Patel {w.e.f. 30.06.2018}	4
5	Mrs. Sheetal Harsh Patel {w.e.f. 30.06.2018}	4

During the year under review committee met five times on 29.05.2018, 11.08.2018, 05.11.2018, 14.02.2019 & 30.03.2019

V. NOMINATION & REMUNERATION COMMITTEE

Pursuant to Section 178 and in conformity with the requirements of code of Corporate Governance as well as under Schedule V of Companies Act, 2013 and under Regulation 19 of SEBI Listing Regulations, Remuneration Committee is reconstituted as **REMUNERATION & NOMINATION COMMITTEE WHICH** comprises of two members who are independent and non-executive directors namely Shri Pravinbhai Patel, Chairman and Shri Nimish Jariwala as per the requirement of Code of Corporate Governance as well as under Schedule XIII and under SEBI(LODR) Regulations. 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 and Whole-Time 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 (or Companies Act, 2013). 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 year Nomination and Remuneration Committee reconstituted under the Chairmanship of Mrs. SHEETAL HARSH PATEL and Mr. SATISH NARANDAS PATEL as a member.

During the financial year 2018-19 the meeting of the Remuneration Committee was held on 04.08.2018 & on 30.03.2019 to review the remuneration of Mr. Ravjibhai Parbatbhai Patel, MD and Mr. Bipinbhai Jasmatbhai Patel WTD and approve the remuneration payable to MD/WTD as per the terms approval at the meeting of shareholders.

DETAILS OF REMUNERATIONS PAID TO MANAGING DIRECTORS / WHOLE TIME DIRECTORS DURING THE FINANCIAL YEAR 2018-19 IS GIVEN HERE BELOW:

(Amount in Rs.)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Mr. Ravjibhai Parbatbhai Patel	2400000/-	NIL	NIL
Mr. Bipinbhai Jasmatbhai Patel	2076000/-	NIL	NIL

Notes:

- All the elements of remuneration of the Managing Directors and Whole-time Director i.e. Salary, Commission, Perquisites and other benefits etc. are given in Schedule annexed to and forming part of Profit & Loss Account. For the purpose of Gratuity, pension and other benefits, the services of Managing Directors and Joint Managing Directorship be considered continuous service with the Company from original date of joining.
- No sitting fees are paid for attending the meeting of the Board or sub committees of the Board.

VI. STAKEHOLDER'S RELATIONSHIP COMMITTEE (SHARE TRANSFER COMMITTEE /INVESTOR GRIEVANCE COMMITTEE)

Stakeholders Relationship Committee was reconstituted on 30.06.2018 due to resignation of Independent Directors The terms of reference of Shareholders' / Investors' Grievance (SIG) Committee was conferred on the Stakeholders Relationship Committee.

The Committee looks into and investigate the investors complaints relating to non-receipt of transfer of shares, declared dividends, Annual Reports etc., and take necessary steps for redressed thereof. The Committee consists of the following members:

Sr No.	Name	Status	No. of meeting attended
1	Mr. Pravinbhai Patel	Chairman(Independent)	0
2	Mr. Bipinbhai Patel	Member (E)	0
3	Mr. Nimishbhai Jariwala	Member (Independent)	4
4	Mr. SATISH NARANDAS PATEL	Chairman (Independent)	4
6	Mrs. SHEETAL HARSH PATEL	Member (Independent)	4

During the year under review 4 meetings of Stakeholder's Relationship Committee meetings were held on 04.08.2018, 10.12.2018, 01.01.2019 and on 30.03.2019.

In SCORE portal there were no complaints pending for resolution in the previous years and during the current financial year no complaints were received and no complaint pending as on 31-03-2019.

All valid transfers received during the financial year 2018-19 if any, have been acted upon and Company and there is no pending share transfer for transfer except rejected on valid ground.

Risk Management committee

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

- DURING THE YEAR UNDER REVIEW, MEETINGS OF INDEPENDENT DIRECTORS WERE HELD ON 30th MARCH 2019.**

CODE OF CONDUCT

The Board approved the code of Conduct applicable to the Board Members and the senior management of the company for avoidance of conflicts of interest at its meeting dated 30.06.2018 and received necessary declaration affirming compliance with the Code of Conduct as may be applicable time to time.

Exclusive email id:

Further as per SEBI (LODR) Regulations 2015, company has designated exclusive email id:grdsurbhi@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 appointed M/s Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Saki vihar Road, Saki Naka, Andheri, Mumbai, as Registrar and Share Transfer Agent.

IX. MARKET PRICE DATA:

There were no trading in the shares on any of the Stock Exchanges during the year 2018-19 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

27TH Annual General Meeting of the members of SURBHI INDUSTRIES LIMITED will be held on Saturday the 28th day of September 2019 at 10.00 a.m. at "Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat - 395002

Particulars of AGM held during last three year

Year	Date	Time	Place of Meeting	Nos. of Special Resolutions Passed
2017-18	28/09/2018	10:00 A.M.	Registered office	Nil
2016-17	29/09/2017	10:00 A.M.	Registered office	Nil
2015-16	30/09/2016	10:00 A.M.	Registered office	Nil

XII. COMPLIANCE OFFICER:

During the year 2018-19 Ms. Hetal Joshi, Company Secretary acting as the Compliance Officer of the company.

XIII. LISTING

At present your Company's securities are listed on the BSE Limited, Necessary steps are being taken to revoke the suspension at the BSE Limited.

XIV. STOCK CODE

- (1.) Trading Scrip Code at The BSE Ltd. :514260
- (2.) ISIN: INE899E01019

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 Register of Members and Share Transfer Books of the Company will remain close from Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive)

XVII. SHAREHOLDING PATTERN:

Shareholding pattern as on 31.03.2019

Indian	
1.Promoters and Promoter Group	51.85
2. Public Shareholding	48.15
Foreign	
1. Promoters and Promoter Group	
2. Public Shareholding	
TOTAL	100.00%

XVIII. REGISTERED OFFICE:

The registered office of the Company situated at "Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat – 395002

Plant Location

Plot No. 249/1, 248/8-9-10, Village: Karanj, Ta. Mandvi, Dist. Surat.

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

Registered Office:
"Surbhi House",
2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodara Surat – 395002

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

Sd/-
Bipinbhai Patel
Chairman
DIN: 00023447

Date: 28/05/2018
Place: Surat

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 on 31st March, 2019 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015 as referred to in Regulation 15(2) of the Listing Regulations.

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 explanation given to us, We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulation, as applicable except Regulation 17(1)(b) of Listing Obligation and Disclosure Requirement (LODR), 2015 regarding composition of Board of directors.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances are received during the financial year under review. 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.

Place: SURAT

Date: 28/05/2019

For, VIKRANT B. GHAEL & CO.
Sd/-
(VIKRANT BIPINCHANDRA GHAEL)
Proprietor
M. No.: 112324
FRN: 122734W

**Whole-time Director / CFO Certification
Regulation 17(8) of SEBI LODR**

To
The Board of Directors,
Surbhi Industries Limited, Surat

We, Bipinbhai J. Patel - Whole-time Director (CFO) and Ravjibhai P. Patel – Managing Director (CEO) Surbhi Industries Limited hereby certify that:

- a) We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2019 and that to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee that;
- i. there have been no significant changes in internal control over financial reporting during the year;
 - ii. there have been no significant changes in accounting policies during the year; and
 - iii. there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-
Bipinbhai Jasmatbhai Patel
Whole-time Director (CFO)
(DIN 00023447)**

**Sd/-
Ravjibhai Parbatbhai Patel
Managing Director(CEO)
(DIN 00023332)**

Place: Surat
Dated: 28.05.2019

DECLARATION OF WHOLE-TIME DIRECTOR

Pursuant to the Regulation 34, 53 read with Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, it is hereby declared that all the Board Members and Senior Management Personnel of Surbhi Industries Limited have affirmed compliance with the Code of Conduct for Directors and Senior Management for the Financial Year ended March 31, 2019

**Sd/-
Bipinbhai Jasmatbhai Patel
Whole-time Director
(DIN 00023447)**

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L17110GJ1992PLC017672
2.	Registration Date	21/05/1992
3.	Name of the Company	SURBHI INDUSTRIES LTD
4.	Category/Sub-category of the Company	PUBLIC COMPANY NON GOVERNMENT COMPANY LIMITED BY SHARES
5.	Address of the Registered office & contact details	"Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodara Surat – 395002
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Preparation and spinning of textile fiber including weaving of textile	1711	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
N.A.					

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2018]				No. of Shares held at the End of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	1680800	168800	48.90	0	1680800	168800	48.90	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	100000	100000	2.91	0	100000	100000	2.91	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)	0	1780800	1780800	51.81	0	1780800	1780800	51.81	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.	0	37400	37400	1.09	0	5400	5400	0.16	0.93
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	0	841100	841100	24.47		841100	841100	24.47	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	778100	778100	22.63		778100	778100	22.63	
c) Others (specify)	0	0	0	0	0	0	0	0	0
Ind. Director & Relatives	0	0	0	0	0	0	0	0	0
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0

Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	3437400	3437400	100%	0	3437400	3437400	100%	0

(B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year[01.04.2018]			Shareholding at the end of the year[31.03.2019]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	RATILALBHAI PARBATBHAI PATEL	135500	3.94	0.00	135500	3.94	0.00	Nil
2	RAVJIBHAI PARBATBHAI PATEL	151900	4.42	0.00	151900	4.42	0.00	Nil
3	VRAJLALBHAI PARBATBHAI PATEL	142800	4.15	0.00	142800	4.15	0.00	Nil
4	BIPINBHAI JASMATBHAI PATEL	97000	2.82	0.00	97000	2.82	0.00	Nil
5	JERAMBHAI PARBATBHAI PATEL	143200	4.17	0.00	143200	4.17	0.00	Nil
6	JASMATBHAI PARBATBHAI PATEL	93800	2.73	0.00	93800	2.73	0.00	Nil
7	VIJAYBHAI JASMATBHAI PATEL	22000	0.64	0.00	22000	0.64	0.00	Nil
8	CHAMPABEN RATILAL PATEL	106000	3.08	0.00	106000	3.08	0.00	Nil
9	RASILABEN RAVJIBHAI PATEL	113500	3.3	0.00	113500	3.3	0.00	Nil
10	GAURIBENV RAJLALBHAI PATEL	98600	2.87	0.00	98600	2.87	0.00	Nil
11	UJIBEN PARBATBHAI PATEL	104000	3.03	0.00	104000	3.03	0.00	Nil
12	SURBHI TEXTILE MILLS PVT LTD	100000	2.91	0.00	100000	2.91	0.00	Nil
13	PARVATIBEN JASMATBHAI PATEL	15500	0.45	0.00	15500	0.45	0.00	Nil
14	NARMADABEN JERAMBHAI PATEL	60800	1.77	0.00	60800	1.77	0.00	Nil
15	SMITABEN BIPINBHAI PATEL	57500	1.67	0.00	57500	1.67	0.00	Nil
16	RATILALBHAI PARBATBHAI PATEL-HUF	26000	0.76	0.00	26000	0.76	0.00	Nil
17	DIPESH RATILALBHAI PATEL-HUF	20500	0.60	0.00	20500	0.60	0.00	Nil
18	RAVJIBHAI PARBATBHAI PATEL-HUF	28000	0.81	0.00	28000	0.81	0.00	Nil
19	RITESH RAVJIBHAI PATEL -HUF	15000	0.44	0.00	15000	0.44	0.00	Nil
20	RITESH RAVJIBHAI PATEL	16000	0.47	0.00	16000	0.47	0.00	Nil
21	DIPESH RATILALBHAI PATEL	16600	0.48	0.00	16600	0.48	0.00	Nil
22	VRAJLALBHAI PARBATBHAI PATEL-HUF	18000	0.52	0.00	18000	0.52	0.00	Nil
23	JERAMBHAI PARBATBHAI PATEL-HUF	29100	0.85	0.00	29100	0.85	0.00	Nil
24	RASHESH JASMATBHAI PATEL	31800	0.93	0.00	31800	0.93	0.00	Nil
25	VISHAL RAVJIBHAI PATEL -HUF	30500	0.89	0.00	30500	0.89	0.00	Nil
26	VISHAL RAVJIBHAI PATEL	29900	0.87	0.00	29900	0.87	0.00	Nil
27	NAIMISH VRAJLAL PATEL	22200	0.65	0.00	22200	0.65	0.00	Nil
28	PRIYESH VRAJLAL PATEL	26400	0.77	0.00	26400	0.77	0.00	Nil
29	SANKET BIPINBHAI PATEL	28700	0.83	0.00	28700	0.83	0.00	Nil

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year[01.04.2018]		Cumulative Shareholding during the year[31.03.2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year[01.04.2018]	1780800	51.81	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	During the year 2018-19 there is no change in promoters holding			
	At the end of the year[31.03.2019]	-	-	1780800	51.81

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year[01.04.2018]		Cumulative Shareholding during the year[31.03.2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year[01.04.2018]	AS PER ANNEXURE A-4			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year[31.03.2019]				

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Share Holder	Reason	Date	Shareholding at the beginning of the year 01-04-2018		Cumulative Shareholding end of the year 31-03-2019	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	RAVJIBHAI PARBATBHAI PATEL	1-Apr-2018	At the beginning of the year	151900	4.42	-	-
		31-Mar-2019	At the end of the year	-	-	151900	4.42
2.	BIPINBHAI JASMATBHAI PATEL	1-Apr-2018	At the beginning of the year	97000	2.82	-	-
		31-Mar-2019	At the end of the year	-	-	97000	2.82
3.	JARIWALA N. NIMISH	1-Apr-2018	At the beginning of the year	-	-	-	-
		31-Mar-2019	At the end of the year	-	-	-	-
4.	PRAVINCHANDRA G. PATEL	1-Apr-2018	At the beginning of the year	-	-	-	-
		31-Mar-2019	At the end of the year	-	-	-	-
5	SHEETAL HARSH PATEL	1-Apr-2018	At the beginning of the year	-	-	-	-
		31-Mar-2019	At the end of the year	-	-	-	-
6	SATISH NARANDAS PATEL	1-Apr-2018	At the beginning of the year	-	-	-	-
		31-Mar-2019	At the end of the year	-	-	-	-

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	92902287	1563166		94465453
ii) Interest due but not paid	858623	0		858623
iii) Interest accrued but not due	0	0		0
Total (i+ii+iii)	93760910	1563166		95324076
Change in Indebtedness during the financial year				
* Addition				
* Reduction	27984506	957732		28942238
Net Change	27984506	957732		28942238
Indebtedness at the end of the financial year				
i) Principal Amount	65150008	605434		65755442
ii) Interest due but not paid	626396			626396
iii) Interest accrued but not due	0	0		0
Total (i+ii+iii)	65776404	605434		66381838

Note: Net working capital which is not included above (CC Limit during the FY Rs 4.50 Crore) but actual utilization is as below:

	Principal	Interest due but not paid
Opening:	33933677	159427
Closing:	31567210	192958

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount INRS.
1	Gross salary	1.RAVJIBHAI PARBATBHAI PATEL	2400000
		2. BIPINBHAI JASMATBHAI PATEL	2076000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (1)		
2	Other Non-Executive Directors		
	Fee for attending board committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option		264000		
3	Sweat Equity				
4	Commission - as % of profit				
	Others specify...				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	N.A.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	N.A.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.				
Punishment					
Compounding					

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts / arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	SURBHI TEXTILE MILLS PVT LTD (Relative of Directors are the members and directors of the company)
b)	Nature of contracts/arrangements/transactions	Rent
c)	Duration of the contracts / arrangements/transactions	One year
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 1,32,000/- per annum
e)	Date(s) of approval by the Board, if any	30.03.2018
f)	Amount paid as advances, if any	N.A.

Form No. MR-3
Secretarial Audit Report for the Financial Year Ended 31 March, 2016
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9
of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
 The Members,
 SURBHI INDUSTRIES LTD
 "Surbhi House", 2nd Floor, FP NO 206,
 B/h Old Sub Jail, Ring Road, Khatodara Surat - 395002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SURBHI INDUSTRIES LTD (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- A. The Companies Act, 2013 ('the Act') and the rules made there under;
- B. The Securities Contracts and the rules made there under;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (as on date company does not have any de-materialization facility)
- D. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)
2. The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015; I report that, during the year under review, the company has complied with the provisions of the Act, rules, regulations and guidelines mentioned above.

I report that, during the year under review, the company has complied with the provisions of the Act, rules, regulations and guidelines mentioned above. As on date status of script of company at BSE is 'Suspended for Trading'.

I further report that, there were no events/actions in pursuance of:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of
- h. Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

I further report that: -

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except appointment of Woman Director. There is no change in the composition of the Board of Directors.
- According information and information and explanation given to us adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that, the compliance of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that, based on the information provided and the representation made by the company and also on the review of the compliance reports of Company Secretary/ Chief Executive Officer taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes exist in the company to monitor and ensure compliance with provisions of applicable general laws like labour laws and environmental laws.

I further report that as represented by the Company and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded to notices for demands, claims, penalties etc levied by various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

I further report that during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above. As on date listing status of Company is suspended and there is no trading facility available at stock exchange BSE Ltd.

NOTE: This Report is to be read with our letter of even date which is annexed as Annexure MR-3A and Forms an integral part of this report.

Date: 28.05.2019
 Place: SURAT

Sd/-
 Kunal Bajaj
 Practising Company Secretary

M.NO.ACS: 43192

Annexure-MR-3 A

To,
The Members
SURBHI INDUSTRIES LTD

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Kunal Bajaj
Practising Company Secretary
ACS No: 43192 CP:16849

Place: Surat
Date: 28/05/2019

**D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	Particulars	Shareholding at the beginning of the year[01/04/2018]		Cumulative Shareholding during the year[31/03/2019]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	V. P. Bhatt				
	At the beginning of the year[01/04/2018]	115500	3.36	115500	3.36
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	115500	3.36	115500	3.36
2.	RAMOLIYA V. N.				
	At the beginning of the year[01/04/2018]	69700	2.03	69700	2.03
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	69700	2.03	69700	2.03
3.	NIRAJBHAI ARVINDBHAI PATEL				
	At the beginning of the year[01/04/2018]	65900	1.92	65900	1.92
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	65900	1.92	65900	1.92
4.	MADHAVIBEN V MEVCHA				
	At the beginning of the year[01/04/2018]	65700	1.91	65700	1.91
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	65700	1.91	65700	1.91
5	N. D. RAMOLIYA				
	At the beginning of the year[01/04/2018]	64000	1.86	64000	1.86
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	64000	1.86	64000	1.86
6	VINUBHAI V MEVCHA				
	At the beginning of the year[01/04/2018]	59100	1.72	59100	1.72
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	59100	1.72	59100	1.72
7	CHAITALI D VIRATIA				
	At the beginning of the year[01/04/2018]	52600	1.53	52600	1.53
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	52600	1.53	52600	1.53
8	GOVINDBHAI PARBHUBHAI VIRATIA				
	At the beginning of the year[01/04/2018]	54000	1.57	54000	1.57
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	54000	1.57	54000	1.57
9	VIJAYBHAI V MEVCHA				
	At the beginning of the year[01/04/2018]	34200	0.99	34200	0.99
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	34200	0.99	34200	0.99
10	SHAILESH GUNVANTBHAI DESAI				
	At the beginning of the year[01/04/2018]	33800	0.98	33800	0.98
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGES			
	At the end of the year[31/03/2019]	33800	0.98	33800	0.98

ATTENDANCE SLIP

PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL joint holders may obtain additional slip on request.

_____ FOLIO NO: _____

NAME:
ADDRESS OF THE SHAREHOLDER
No of Shares held:

I hereby record my _____ at the Twenty Seventh **Annual General Meeting** of the Members of Surbhi Industries Limited held on Saturday the 28th day of September 2019 at 10.00a.m. at "Surbhi House", 2nd Floor, FP NO 206,B/h Old Sub Jail, Ring Road, Khatodara Surat - 395002

Signature of the Shareholder of Proxy *

*Strike out whichever is not applicable

PROXY FORM

SURBHI INDUSTRIES LTD
"Surbhi House", 2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodara Surat – 395002

FOLIO NO:

I/W _____ of _____ being a member /members of SURBHI INDUSTRIES LTD hereby appoint _____ of _____ of _____ failing him _____ of _____ as my /our proxy to vote for me/us on my /our behalf at the Twenty Seventh **Annual General Meeting** of the Members of Surbhi Industries Limited held on Saturday the 28th day of September 2019 and any adjournment signed this _____ day of 2019.

affix a
Rs, 1/=
Revenue
Stamp

INDEPENDENT AUDITOR'S REPORT

To the Members of Surbhi Industries Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements Surbhi Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) We have sought and 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 law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigation which would impact its financial position.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For VIKRANT B.GHAEL.
Chartered Accountants
FRN. 122734W

Sd/-

Vikrant Bipinchandra Ghael
Proprietor
M.No. 112324

Date: 28th May, 2019

Place: Surat

Annexure 1 referred to in paragraph 1 of the section on “Report on other legal and regulatory requirements” of our report of even date

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
(c) The title deeds of immovable properties are held in the name of company.
- ii. As explained to us, the inventory has been physically verified by the management at regular intervals during the year and the company has maintained proper records of inventory.
Moreover, no material discrepancies were noticed on physical verification of inventory as compared to books records.
- iii. In our opinion and according to the information and explanations given to us, the company has not granted loans or made investments or given guarantees and security. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company and hence not commented upon.
- iv. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- v. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vi. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, GST, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- vii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- viii. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has not been paid or provided. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- x. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xi. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013. The details have been disclosed in the Financial Statements as required by the applicable Ind AS in Note 30 of Financial Statements.
- xii. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xiii. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xiv. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For VIKRANT B.GHAEL.
Chartered Accountants
FRN. 122734W
Sd/-
Vikrant Bipinchandra Ghael
Proprietor
M.No. 112324
Date: 28th May, 2019
Place: Surat

“Annexure 2” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of SURBHI INDUSTRIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act,2013

We have audited the internal financial controls over financial reporting of **SURBHI INDUSTRIES LIMITED** as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For VIKRANT B.GHAEL.
Chartered Accountants
FRN. 122734W

Sd/-
Vikrant Bipinchandra Ghael
Proprietor
M.No. 112324
Date: 28th May, 2019
Place: Surat

Surbhi industries Ltd			
Balance Sheet As At 31st March,2019			
Particulars	Note	As at 31st March,2019 (Amount in "RS.")	As at 31st March,2018 (Amount in "RS.")
ASSETS			
Non-current assets			
(a) Property , Plant and Equipment	1	121075071	163814321
(b) Financial Assets			
(i) Investments	2	2173700	2173700
(ii) Loans & Advance	3	2604676	2614261
(c) Defferred tax assets (net)	4	4718979	0
Current assets			
(a) Inventories	5	11578411	12575744
(b) Financial Assets			
(i) Trade Receivable	6	46732804	43951414
(ii) Cash and cash equipments	7	299856	311805
(c) Other Current Assets	8	35470479	34151891
Total Assets		224653976	259593138
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	9	34374000	34374000
(b) Other Equity	10	80004204	86772976
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Loans	10	42280404	95285759
(b) Provisions	11	1937000	1937000
(c) Defferred tax liabilities (net)	12	0	4163524
Current liabilities			
(a) Financial liabilities			
(i) Loans	13	32172644	5365184
(ii) Trade paybles	14	7755263	1892136
(b) Other current Liabilities	15	23496000	28606810
(c) Provisions	16	2634461	1195749
Total Equity and Liabilitues		224653976	259593138
See accompanying notes forming parts of the financial statements In terms of our report attached of the even date			
For, Vikrant B. Ghael & Co. Chartered Accounts		For and on behalf of Board of Directors Surbhi Industries Ltd.	
FRN: 0122734W		Sd/-	Sd/-
Sd/-		Ravjibhai P. Patel	Bipinbhai J. Patel
Vikrant Bipinchandra Ghael		Director	Director
M. No. 112324		DIN: 00023332	DIN : 00023447
Date: 28th May ,2019		Date: 28th May ,2019	
Place: Surat		Place: Surat	

M/S. SURBHI INDUSTRIES LTD.
Cash Flow Statement for the year ended on 31.03.2019

	FY 2018-19		FY 2017-18	
A. Cash Flow from Operating Activities				
Net Profit Befor Tax	-13028037		-16442233	
Adjustments For :				
Add: Depreciation	43459781		45149229	
Financial Charges	13995633		14669869	
	57455414		59819098	
Less: Investment Income	3877605		2425806	
Profit on sale of Fixed Assets	0		-272235	
	3877605		2153571	
Operating Profit before Working Capital Changes		40549772		41223294
Adjustment for Working Capital Changes				
Cash Inflow				
Decrease in Receivables	-		-	
Decrease in Other Current Assets	-		-	
Decrease in Trade & Other Receivable				
Increase in Long Term Provsions	0		0	
Increase in Short Term Provsions	1438712		10285	
Increase in Other Cuirrent Liabilities	0		0	
Increase in Trade Payables	5863127		361388	
	7301839		371673	
Cash Outflow				
Decrease in Trade Payables	-		-	
Decrease in Short Term Provsions				
Decrease in Other Current Liabilities				
Increase in Trade & Other Receivable	2781390		11888321	
Increase in Loans & Advances	0		358985	
Increase in Other Current Assets	1318588		3221583	
Increase in Inventory	-997333		-16016486	
	3102645		-547597	
Net Cash Inflow(outflow) for working Capital		4199194		919270
Cash From Operations		0		0
Less: Direct Taxes Paid				
Net Cash Flow from Operating Activities		44748966		42142564
B. Cash Flow from Investing Activities				
Cash Inflow				
Decrease in FD				
Investment Income	3877605		2425806	
Decrease in Long Term Loans and Advances	9585		2633431	
Sale of Fixed Assets	0		465000	
Subsidy Received	0		0	
	3887190		5524237	
Cash Outflow				
Purchase of Fixed Assets	720529		3426105	
Increase Investments	-		-	
Increase FD	0		-2055609	
Increase in other Non-Current Assets	0		-4834523	
	720529		-3464027	
Net Cash Inflow(Outflow) in Investing Activities		3166661		8988264

M/S. SURBHI INDUSTRIES LTD.				
Cash Flow Statement for the year ended on 31.03.2018				
	FY 2018-19		FY 2017-18	
C. Cash Flow from financing Activitie				
Cash Inflow				
Increase in working Capital Loans	-33908045		-32920831	
Increase in Term Loan(Net)			26000	
Increase in share capital	0			
	-33908045		-32894831	
Cash Outflow				
Financial Charges	13995633		14669869	
Repayment of Termloans	0		753350	
Repayment of Deposits	0		0	
Decrease in short term borrowing	0		2743929	
	13995633		18167148	
Net Cash Inflow(Outflow) in Financing Activities		-47903678		-51061979
Net Cash Flow		11949		68849
Net Cash Changes				
Cash and Bank as on 1st April	311805		242956	
Cash and Bank as on 31st March	299856	-11949	311805	-68849

Surbhi industries Ltd

Statement of Changes in Equity for the Year Ended 31st March, 2019

A. Equity Share Capital

Particulars	Number of Shares	Amount in Rs.
Equity Shares of Rs. 10 each issued, subscribed & fully paid		
As at 31st March, 2018	3437400	34,374,000
As at 31st March, 2019	3437400	34,374,000

B. Other Equity (Amount in Rs.)

Particulars	Other Equity		Other items of Other Comprehensive Income (specify nature)	Total
	Other Reserves (Capital Reserve)	Retained Earnings		
As at 1st April, 2018	2500000	84,272,976	0	86,772,976
Changes in accounting policy or prior period errors	0	0	0	0
Restated balance at the beginning of the reporting period	0	0	0	0
Profit/Loss during the current period	0	(6,768,773)	0	(6,768,773)
Comprehensive Income for the year	0	0	0	0
Total Comprehensive Income for the year	0	0	0	0
Transfer to retained earnings	0	0	0	0
As at 31st March, 2019	2,500,000	77,504,203	0	80,004,204

For, Vikrant B. Ghael & Co.
Chartered Accounts
FRN: 0122734W

For and on behalf of Board of Directors
Surbhi Industries Ltd.

Sd/-

Vikrant Bipinchandra Ghael
M. No. 112324

Sd/-

Ravjibhai P. Patel Bipinbhai J. Patel
Director Director
DIN : 00023332 DIN : 00023447

Date: 28th May ,2019

Place: Surat

Date: 28th May ,2019

Place: Surat

Note 2 Non- Current Investment

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Non -Trade Investment		
Investment in Equity Instrument		
8,150 Equity Shares Surbhi Textile Mills Pvt Ltd (Unquoted)	2,001,000	2,001,000
1,727 Equity Shares Surat People's Co. Op. Bank Ltd (Unquoted)	172,700	172,700
TOTAL	2,173,700	2,173,700

Note 3 Long Term Loans And Advances

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Security Deposites	2,604,676	2,614,261
TOTAL	2,604,676	2,614,261

Note 4 Deferred Tax

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Deferred Tax Assets	4,718,979	-
TOTAL	4,718,979	-

For Detail Refer Note No. 29

Note 5 Inventories

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Raw Material	4,715,786	4,735,587
Work in Progress	1,920,398	1,514,980
Finished Goods	4,563,746	5,661,777
Stores and Spares	189,865	415,200
Oils and Chemical	102,654	108,500
Packing Materials	85,962	139,700
TOTAL	11,578,411	12,575,744

Note 6 Trade Receivable

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Unsecured , Considered Good		
Less than Six month	46,119,262	43,951,414
More than Six month	613,542	-
TOTAL	46,732,804	43,951,414

Note 7 Cash And Cash Equipment's

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Cash on Hand	108,446	24,407
Balance With Bank	191,410	287,398
TOTAL	299,856	311,805

Note 8 Other Current Assets

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Prepaid Expenses	1,960,032	2,022,385
Advance Tax	-	700,000
TDS Receivable	-	214,938
CGST Input Credit	2,716,778	2,133,209
SGST Input Credit	2,438,839	1,855,270
IGST Input Credit	2,365,767	356,235
Vat Subsidy	5,476,158	5,476,158
Fixed Deposit With Bank	20,503,295	19,018,483
Wind Mill Receivable	-	468,895
Interest Subsidy Receivable	-	1,610,000
P.F. Receivable	-	29,938
Other Receivable	-	251,750
T.C.S Receivable	-	14,630
Salary Payble	9,610	-
TOTAL	35,470,479	34,151,891

Note 9 Share Capital

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Authorised		
50,00,000 (PY 50,00,000) Equity shares Of Rs. 10 each	50,000,000	50,000,000
Issued & Subscribed Capital		
34,37,400 (PY 34,37,400) Equity shares Of Rs. 10 each	34,374,000	34,374,000
Paid up Capital		
34,37,400 (PY 34,37,400) Equity shares Of Rs. 10 each	34,374,000	34,374,000
Total	34,374,000	34,374,000

The Company has only one class of share referred to as equity shares having a par value of Rs. 10/- Each

Each holder of equity shares is entitled to one vote per share.

Board Of Directors of Company has not proposed any dividend for the current reporting period.

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31,2019 and March 31 ,2018 is set out below:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	3,437,400	34,374,000	3,437,400	34,374,000
Shares issued during the year	-	-	-	-
Shares Bought Back During the year	-	-	-	-
Shares Outstanding at the end of the year	3,437,400	34,374,000	3,437,400	34,374,000

Details of Share held by each shareholder (Holding More than 5% Shares)

Name of Share Holder	As at 31st March 2019		As at 31st March 2018	
	Number	%	Number	%

Note 10 Long Term Borrowing

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Term Loan - Secured		
Dena bank	42,280,404	95,285,759
Hypothecation of Plant & Machinery		
Equitable mortgage Of Land and Building		
TOTAL	42,280,404	95,285,759

Note 11 Deferred Tax

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Deferred Tax Liabilities	-	4,163,524
TOTAL	-	4,163,524

Note 12 Long Term Provision

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Employee Benefits		
Gratuity	1,937,000	1,937,000
TOTAL	1,937,000	1,937,000

Note 13 Short Term Borrowings

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Secured		
Working Capital From Dena bank (C.C A/c) & FCDL	31,567,210	3,802,018
Kotak Mahindra Car Loan	605,434	1,563,166
TOTAL	32,172,644	5,365,184

Note 14 Trade Paybles

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Sundry Creditor for Goods	5,644,728	1,892,136
Sundry Creditor for Expenses	2,110,535	-
TOTAL	7,755,263	1,892,136

Note 15 Other Current Liabilities

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Current Maturities Of Long tem Debts	23,496,000	28,606,810
TOTAL	23,496,000	28,606,810

Note 16 Short Term Provision

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Provident Fund Payble	64,356	62,744
Tds Payble	147,599	207,812
Professional Tax Payble	1,400	-
Wages Payble	987,031	-
Brokerage Payble	50,807	-
Income Tax Payable	1,370,130	-
Gst payable	13,138	-
Others	-	925,193
TOTAL	2,634,461	1,195,749

Note 17 Revenue From Operations

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Sale Of Products	194,274,523	197,644,246
Other Operating Revenue		
Job Work Income	18,372	377,077
TOTAL	194,292,895	198,021,323

Note 18 Other Income

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
F.D. Interest	1,649,680	1,618,703
Interest On GEB Deposit	133,125	143,775
Interest On IT Refund	-	44,212
Interest Rebate On TUFs	1,879,952	2,837,699
Dividend Income	25,905	25,905
Windmill Income	6,560,029	5,584,174
Interest Rebate On TUFs (State Gov.)	3,151,252	1,316,551
Other Interest	2,202,020	781,198
Discount Received	30,069	1,071,193
Vat Subsidy Income	-	330,647
TOTAL	15,632,032	13,754,057

Note 19 Cost Of Material Consumed

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Raw Material		
Opening	4,735,587	3,729,017
Purchase	111,671,743	100,175,536
Closing	4,715,786	4,735,587
Raw Material Consumed	111,691,544	99,168,966
Packing Material		
Opening	108,500	100,000
Purchase	525,535	550,335
Closing	102,654	108,500
Packing Material Consumed	531,381	541,835
Store Spare		
Opening	415,200	500,000
Purchase	1,909,102	2,066,347
Closing	189,865	415,200
Packing Material Consumed	2,134,437	2,151,147
Oil & Chemical		
Opening	139,700	150,000
Purchase	584,954	650,216
Closing	85,962	139,700
Packing Material Consumed	638,692	660,516
Total Consumption	114,996,054	102,522,464

Note 20 Changes In Inventories Of Finish Goods, Work in Progress

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Opening		
Finished Goods	5,661,777	22,750,713
Work in Progress	1,514,980	1,362,500
	7,176,757	24,113,213
Closing		
Finished Goods	4,563,746	5,661,777
Work in Progress	1,920,398	1,514,980
	6,484,144	7,176,757
Increase/Decrease		
Finished Goods	1,098,031	17,088,936
Work in Progress	(405,418)	(152,480)
Changes in Inventory Of Finish Goods , Work in Progress	692,613	16,936,456

Note 21 Employee benefit Expenses

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Salary , Wages & Bonus		
Director Remuneration	4,476,000	4,200,000
Salary , Wages , Bonus & PF	15,544,342	17,005,715
TOTAL	20,020,342	21,205,715

Note 22 Finance Costs

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Interest on Term Loan	9,092,941	11,715,413
Interest on Working Capital	2,653,797	2,245,689
Interest on Car Loan	115,788	216,654
Bank Charges	327,762	458,987
Other Interest	556,758	33,126
Forward Premium (USD FCDL)	1,248,588	-
TOTAL	13,995,633	14,669,869

Note 23 Depreciation and Amortisation Expenses

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Depreciation Tangible Assets	43,459,781	45,149,227
TOTAL	43,459,781	45,149,227

Note 24 Other Expenses

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Manufacturing Service Costs Expenses		
Electric Power & Fuel	17,560,641	16,041,317
Dyeing Job Charges	160,847	129,031
Electric Expenses	325,516	171,411
Factory Expenses	577,731	327,223
Repairs To Machinery	238,568	284,179
Drawing Charges	108,492	50,115
Wind Mill Expenses	951,099	1,373,460
Knitted Job Charges	8,075	-
Twisting Job Charges	50,764	-
Repairs & Maintenance	-	209,551
Administrative & General Expenses		
Postage	66,440	20,279
Printing & Stationery Expenses	192,647	66,370
Travelling Expenses	200,460	75,449
Telephone Expenses	43,915	54,093
Office Expenses	140,232	123,792
Vehicle Expenses	657,084	768,195
Computer Expenses	19,706	10,950
Insurance Premium	399,949	398,755
Fees and Subscription	251,310	163,161
Security Charges	419,300	471,060
Garden Expenses	3,310	26,123
Rent Expenses	132,000	131,500
Legal & Professional Charges	425,892	542,474
Registration Charges	5,000	10,000
Listing Fees	1,186,335	126,500
Agency Charges	7,708	-
Annual Maintenance Expenses	261,028	-
Clearing & Forwarding	78,542	-
Income Tax	1,105,299	-
SMC / Gram Tax	93,400	-
Security Transaction Tax	37,000	-

Stamp Duty Expenses	1,950	-
TDS Interest	592	-
Software Development Expenses	351,000	-
Vat Interest / Penalty	-	50
Loss on Foreign Exchange	-	706,488
Transmission Charges	-	7,140
Donation	-	5,001
Professional Tax	-	2,400
Loss on Sale Of Motor Car	-	272,235
Mangrol Taluka Ind. Welfare Association	-	12,000
Selling Distribution Expenses		
Brokerage	1,947,389	2,921,231
Advertisement Expenses	20,160	11,000
Bad Debts	101,280	13,043
Transportation Charges	1,356,393	1,420,731
Comp. Again Defective Goods	242,288	778,554
Sales Promotion	59,200	-
Vat / Sales Tax / Entry Tax	-	9,020
TOTAL	29,788,541	27,733,880

Note 25 Current Tax

Particulars	As at 31 st March, 2019 (Amount in "Rs.")	As at 31 st March, 2018 (Amount in "Rs.")
Income Tax Previous Year (A..Y. 2018-19)	1,105,299	0
Income Tax Current Year (A..Y. 2019-20)	2,623,239	0
TOTAL	3,728,538	-

For Detail Current Tax Refer Note No. 29

26. Earnings Per Share

Particulars	31 st March, 2019	31 st March, 2018
Net Profit/(Loss) after tax for the year	(67,68,773)	(89,61,889.68)
Weighted number of ordinary shares for basic EPS	34,37,400	34,37,400
Nominal Value of Ordinary Share	10	10
Basic and Diluted Earning for Ordinary Shares	(1.97)	(2.11)

27. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the Company operates in a single segment viz. Textile only. There is no other distinguishable components of company which can be identified as segment.

28. Related Party Transactions

i.	Ravjibhai P. Patel	Director
ii.	Bipinbhai J. Patel	Director
iii.	Surbhi Textile mills pvt ltd	Related Party

Transaction taken place during the year with related parties

Particulars	As at 31.03.2019 (Amt. in Rs.)	As at 31.03.2018 (Amt. in Rs.)
Ravjibhai P. Patel - Remuneration Payments	24,00,000	24,00,000
Bipinbhai J. Patel - Remuneration Payments	20,76,000	18,00,000
Surbhi Textile Mills Pvt Ltd. - Rent Payments	1,32,000	1,30,000

29. Income Tax Expenses

A reconciliation of income tax expenses applicable to accounting profits/(loss) before tax at the statutory income tax rate to recognize income tax expense for the year indicated are as follows:

Particulars	31 st March,2019 (Amt. in Rs.)	31 st March,2018 (Amt. in Rs.)
Accounting Profit Before Tax From Continuing Operations	(1,30,28,037.00)	(1,64,42,232.68)
Profit/(Loss) Before Tax From a Discontinued Operation	-	-
Accounting Profit Before Income Tax	(1,30,28,037.00)	(1,64,42,232.68)
At India's Statutory Income Tax Rate of 25.75% (31st March, 2017 - 29.87%)	-	-
Exempt Income U/s 80IA	56,30,935	39,30,693
Non Deductible Expenses for Tax Purpose	4,45,65,080	4,54,26,515
Deductible Expenses for Tax Purpose	1,93,04,993	2,24,87,324
Profit for Tax computation	66,27,020	26,47,030
Book Profit for MAT*	1,22,57,955	57,29,245
At Effective Income Tax Rate of 18.5%	22,67,722	10,59,910
Income Tax Expense Reported in the Statement of Profit and Loss	26,23,239	-
Interest on Income Tax	255800	13595
Total Income Tax	26,23,239	11,05,299

*As profit for tax calculation under regular tax regime is Nil/less than book profit under section 115JB, the company is required to pay MAT on book profit calculated as above.

Deferred Tax Asset/Liabilities

* DTA is not created on Fair Value of Investment in absence of evidence of company's intend to sell the investment in near future by which time tax laws may have changed resulting in recovery of DTA.

Significant Components of (DTA)/DTL as at 31.03.2018

Particulars	Carrying Value (Amt. in Rs.)	Tax Base (Amt. in Rs.)	Difference (Amt. in Rs.)	(DTA)/DTL (Amt. in Rs.)
Property, Plant & Equipment	16,38,14,321	13,24,50,504	3,13,63,817	41,63,524
Investment	-	-	-	-
Opening Balance of DTA/DTL				1,16,43,867
Net DTL/(DTA) to be Created				(74,80,343)

Significant Components of (DTA)/DTL as at 31.03.2019

Particulars	Carrying Value (Amt. in Rs.)	Tax Base (Amt. in Rs.)	Difference (Amt. in Rs.)	(DTA)/DTL (Amt. in Rs.)
Property, Plant & Equipment	12,10,75,071	11,38,91,946	71,83,125	(47,18,979)
Investment	-	-	-	-
Opening Balance of DTA/DTL				41,63,524
Net DTL/(DTA) to be Created				(88,82,503)

30. Financial Instruments

Financial risk management objective and policies

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial assets and financial liabilities are disclosed in Note 2 (c).

I. Financial assets and liabilities as at			(Amount in Rs.)		
Particulars	FVTPL	FVTOIC	31 st March, 2019		Fair Value
			Amortized Cost	Carrying Value	
Financial Assets					
Cash & Cash Equivalents	-	-	2,99,856	2,99,856	2,99,856
Loans-Non Current	-	-	26,04,676	26,04,676	26,04,676
Loans-Current	-	-	-	-	-
Other Current Assets	-	-	3,67,23,588	3,67,23,588	3,67,23,588
Trade Receivables- Current	-	-	4,67,32,804	4,67,32,804	4,67,32,804
Trade Receivable- Non Current	-	-	-	-	-
Investment- Non Current	-	21,73,700	-	21,73,700	21,73,700
Total		21,73,000	8,63,60,924	8,85,34,624	8,85,34,624
Financial Liabilities					
Trade Payables	-	-	77,55,263	77,55,263	77,55,263
Other Current Liabilities	-	-	2,34,96,000	2,34,96,000	2,34,96,000
Loans-Non Current	-	-	4,22,80,404	4,22,80,404	4,22,80,404
Loans- Current	-	-	-	-	-
Total			16,20,66,291	16,20,66,291	16,20,66,291

(Amount in Rs.)

Particulars	FVTPL	FVTOIC	31 st March, 2018		Fair Value
			Amortized Cost	Carrying Value	
Financial Assets					
Cash & Cash Equivalents	-	-	3,11,804.82	3,11,804.82	3,11,804.82
Loans-Non Current	-	-	-	-	-
Loans-Current	-	-	26,14,261	26,14,261	26,14,261
Other Current Assets	-	-	-	-	-
Trade Receivables- Current	-	-	3,41,51,891	3,41,51,891	3,41,51,891
Trade Receivables- Non Current	-	-	4,39,51,414	4,39,51,414	4,39,51,414
Investment-Non Current	-	-	-	-	-
Total	-	-			
Financial Liabilities					
Trade Payables	-	21,73,000	-	21,73,000	21,73,000
Other Current Liabilities	-	21,73,000	8,10,29,371	8,32,02,371	8,32,02,371
Loans-Non Current	-	-	-	-	-
Loans-Current	-	-	18,92,136	18,92,136	18,92,136
Total	-	-	2,86,06,810	2,86,06,810	2,86,06,810

Fair Value Hierarchy

The table shown below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial Instruments	Level 1	Level 2	Level 3
As at 31st March, 2019			
Financial Assets			
Investment in Unquoted Shares	21,73,700	-	-
As at 31st March, 2018			
Financial Assets			
Investment in Unquoted Shares	21,73,700	-	-

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- **Cash and Cash Equivalents, Other Current Assets/Liabilities:** Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- **Trade Payables and Trade Receivables:** All trade payables are recorded at transaction price except the trade payables to foreign suppliers. Trade payables to foreign suppliers are recorded @ the exchange rate prevailing on the reporting date and the difference is considered in profit and loss account.
- **Loans Current & Non-Current and Other Current Liabilities:** All the amounts given/taken as loans do not carry any interest obligation and it is not practicable to estimate the timing of repayment of this loan. Thus, it is considered as repayable/receivable on demand and the face value (i.e amount payable on demand) of such asset is considered its fair value.
- **Non-Current Borrowings:** The amount is borrowed for construction of real estate project and the interest of same is capitalized to the project cost, whereas cost of availing loan is apportioned to over a period of loan, thus same is reduced from the value of loan.

34. Critical Estimates and Judgments in applying Accounting Policies:

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

i) Property, plant and equipment and useful life of property, plant and equipment and intangible assets

The carrying value of property, plant and equipment is arrived at by depreciating the assets over the useful life of assets. The estimate of useful life is reviewed at the end of each financial year and changes are accounted for prospectively.

ii) Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The management has not assessed the impairment loss on the asset of the company.

iii) Provisions and Contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with the applicable Ind AS. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

iv) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

31. Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximize the shareholders' value. The company's overall strategy remains unchanged from previous year. The following table summarizes the capital of the company.

Particulars	31 st March, 2019	31 st March, 2018
Share Capital	3,43,74,000	3,43,74,000
Free Reserves	8,00,42,003	8,67,72,976
Equity (A)	11,44,16,003	12,11,46,976
Cash & Cash Equivalents	2,99,856	3,11,805
Short Term Investments	-	-
Total Cash (B)	2,99,856	3,11,805
Short Term Borrowings	3,21,72,644	53,65,184
Long Term Borrowings	4,22,80,404	9,52,85,759
Total Debt (C)	7,44,53,048	10,06,50,953
Net Debt (D)= C-B	7,41,53,192	10,03,39,148
Net Debt to Equity Ratio (E)= D/A	0.6481 3,43,74,000	0.8282 3,43,74,000

SURBHI INDUSTRIES LIMITED
Notes to the Ind AS Financial Statements for the year ended 31st March, 2019
(All amounts are in INR Actual, unless otherwise stated)

1. COMPANY OVERVIEW

Surbhi Industries Limited is engaged in the manufacturing of Fabric and Yarn (Textile) It was incorporated on 21st May, 1992 as a public limited company and came out with a public issue on December 21, 1992. The factory premises are located at Karanj. Knitted Fabrics and Yarn are sold in the domestic Market.

The registered office is located at Surbhi House, Second Floor, F.P.no.206, B/h Old Subjail, Ring Road, Khatodara, Surat – 395002, Gujarat, India.

b) Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including equity Shares financial instruments which have been measured at fair value as described below.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

For other fair value related disclosures refer note no 32.

c) Functional and Presentation Currency

The financial statements are presented in Indian Rupees, the currency of the primary economic environment in which the Company operates.

3. SIGNIFICANT ACCOUNTING POLICIES

The company has applied following accounting policies to all periods presented in the Ind AS Financial Statement.

a) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty.

Revenue from sales is recognized when all significant risks and rewards of ownership of the commodity sold are transferred to the customer which generally coincides with delivery.

b) Property, Plant and Equipment

i. Property, Plant and Equipment

Company being the first time adopter to Ind AS and there is no change in its functional currency on the date of transition to Ind AS, the company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS i.e. April 1, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

The Company has applied Ind AS 16 with prospective effect for all of its property, plant and equipment as at the transition date, viz., April 1, 2016.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

ii. Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on value basis.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

However, the value of fixed asset as on the balance sheet date is insignificant and fixed assets is carried at its residual value and no depreciation is provided during the year.

c) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Subsequent measurement of financial assets is described below –

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

However, reporting entity does not have such financial assets to be measured at amortized cost using EIR method.

Financial Assets – Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Financial liabilities – Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through statement of profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

The measurement of financial liabilities depends on their classification, as described below:

•Financial liabilities at fair value through statement of profit and loss

Financial liabilities at fair value through statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

•Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial liabilities – Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

For more information on financial instruments Refer note no 32

d) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of twelve months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

e) Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

f) Inventories

Inventories are valued at the lower of cost and net realisable value

Cost of Inventories include the Purchase price, Cost of conversion and Cost incurred to bring the asset to its present location and condition

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

Inventories encompasses goods purchased and held for resale, Finished Goods produced or Work In Progress by the entity

Inventories for the company include and are valued at as follows:

Finished goods	: Valued at cost or realizable value whichever is less.
Raw material	: Valued at cost or realizable value whichever is less.

g) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h) Employee Benefit Schemes

i. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

ii. Post-employment benefits

Defined benefit plans – Provident fund

As per the provision of Employee Provident Fund & Miscellaneous Act, the Company has an obligation to take the registration under the act and make contribution to PF.

The company is in process of complying with the provisions of EPF A/c, Gratuity and other applicable labour laws.

i) Foreign Currency Transactions

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date.

All exchange differences are included in the statement of profit and loss.

j) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

k) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue are accounted for based on the cost price. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

l) Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

m) Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in note no. 33.

For, Vikrant B.Ghael & Co.
Chartered Accountants
FRN: 122734W

For and on behalf of Board of Directors
Surbhi Industries Limited

Sd/-
Vikrant Bipinchandra Ghael
Proprietor
M.No.: 112324
Date: 28th May, 2019
Place: Surat

Sd/-
Ravjibhai P. Patel
Director
DIN: 00023332

Sd/-
Bipinbhai J. Patel
Director
DIN: 00023447
Date: 28th May, 2019
Place: Surat

