



SURBHI

**25TH
Annual Report
2016-17**

M/S. SURBHI INDUSTRIES LIMITED

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

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
4. Shri Nimishbhai N. Jariwala
5. Hetalben Arvindbhai Joshi
Company Secretary

Auditors:

M/s. A. K. Ostwal & Co.
Chartered Accountant
C-408, International Trade Centre, Majura
Gate, Ring Road, 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, Khatodar Surat –
395002

Plant:

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

SURBHI INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Twenty Five Annual General Meeting of the Members of Surbhi Industries Limited will be held on Thursday the 29th day of September 2017 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, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ravajibhai P. Patel (DIN 00023332), who retires by rotation and being eligible, he offers himself for re-appointment.

3. Reappointment of Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re/enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of M/s A.K. OSTWAL & CO. Chartered Accountants, Surat, (having Firm Registration No. 107200W with the Institute of Chartered Accountants of India), as Statutory Auditors of the Company, by resolution passed at the 24th AGM until the conclusion of the 28th AGM, be and is hereby ratified to hold office from the conclusion of 25th AGM till the conclusion of the 26th AGM on such remuneration as may be agreed upon by the Audit Committee / Board of Directors in consultation with the Statutory Auditors."

Registered Office:

"SurbhiHouse", 2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodar Surat - 395002

By order of the Board

Date: 12-08-2017

Place: Surat

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

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, the Friday, 23rd September, 2017 to Friday, September 29, 2017 (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 2016-17 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 2016-17 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 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 Tuesday, 26th September, 2017 at 10:00 AM IST) and ends on Thursday, 28th September,

2017 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 22, 2017 (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 25th Annual General Meeting of the Company and communicated to the Bombay Stock Exchange 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.

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 25th Annual General Meeting to be held on Friday the 29th day of September 2017 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	Tuesday, 26 th September, 2017 at 10:00 AM IST
End of e-voting period	Thursday, 28 th September, 2017 at 05:00 PM IST

E-voting shall not be allowed beyond Thursday, 28th September, 2017 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 22nd September, 2017**

Instructions for E-voting

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 10.00 a.m. 26th September 2017 and ends on 5.00 p.m. 28th September 2017 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 22nd September 2017 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 the

	sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN Field.
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 the founder of our Company. He is having rich experience of more than 3 decade in this field. His support and business acumen has helped the company to increase the potential market growth. He is actively involved in the area of Finance, Business Development, negotiation & administration. Our company can achieve future growth with his vast knowledge and experience in the field of textile market.

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

Name of Director	Mr. Ravjibhai P. Patel
Date of Birth	9 th November, 1956
Date of Appointment	21 st 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 Mr. Ravjibhai Patel being appointee, are concerned or interested in the resolution.

Item 3

M/s A.K. OSTWAL & CO. Chartered Accountants, Surat, were appointed as Statutory Auditors of the company at 24th annual general meeting of the members of the company held on 30.09.2016 from the conclusion of 24th annual general meeting till the conclusion of 28th annual general meeting.

Members are required to confirm the appointment of auditor for the year 2017-18.

Registered Office:

“SurbhiHouse”, 2nd Floor, FP NO 206,
B/h Old Sub Jail, Ring Road,
Khatodar Surat - 395002

Date: 12-08-2017

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 Fifth Annual Report together with the Audited Financial Statements for the year ended 31st March, 2017.

FINANCIAL RESULTS

The year 2016-17 was very critical for the textile industries. Due to Demonetization, sudden changes in the economy, stringent competition and vulnerable international markets during the year under review, the company had managed to record turnover of Rs. 2079.81lakhas against the previous year turnover of 3078.17lakh which shows approximately 32.43% decrease in comparison with the previous year. Profit before tax has also fallen to all most 65.32% as compared to previous year. The net profit after tax of the company decreased to Rs.72.41 lakh against the Rs. 160.04lakh in previous year due to higher depreciation cost as well as decrease in turnover. 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 2017.

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 2016-17 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 P. 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, 2015are given in the Annual Report.

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 A.K. OSTWAL & CO. Chartered Accountants, Statutory Auditor of the Company, were appointed as Statutory Auditors for a period of at the Annual General Meeting held on 30.09.2016. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from M/s A.K. OSTWAL & CO to effect that their appointment, if made would be within the prescribed limits under section 139 of Companies Act, 2013.

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 2017 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 2016-17.

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.

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 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

With reference to qualification stated in Secretarial Audit report, Board reports that during the year under review company had made several efforts to appoint a suitable candidate for the post of woman Director.

With reference to non filing of some of the forms at registrar of companies and stock exchanges, the board of directors confirms that company will file necessary forms as early as possible.

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 texturing plants are running with electricity which is supplied by the Daxin Gujarat Vij Company Limited. Moreover, Company has one DG set as a standby arrangement. The plants are periodically checked as a measure of periodical maintenance to minimal break down and energy conservation. However company's 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 13.44 lakh units were generated through wind mill and credit of these units were given by DGVCL 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 DGVCL.
- c) **Capital investment on energy conservation equipment:** Company has made investment in wind mill only.

A. Power and Fuel Consumption:

Sr.	Particulars	2016-17	2015-16
1	Electricity		
(a.)	Purchased		
	Total Units (in lacs kw)	25.46	24.99
	Total Amount (in lacsRs.)	171.60	175.22
	Rate / unit (InRs.)	6.74	7.01
(b)	Own Generation		
	Wind Mill (units in lacs) (Credit was given in Electric Bill of Rs 84.54lacs which amounts to Rs.6.29 per unit)	13.44	13.72
2	Diesel	N.a.	N.a.
	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 2016-17	Year 2015-16
Foreign Exchange inflow	nil	nil
Foreign Exchange outflow	67,902	1,55,041

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 the circular ref no. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014 and as per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company is not required to comply with the provisions of Clause 49 of Listing Agreement and 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.

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

PARTICULARS OF EMPLOYEES

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	37.04 : 1
Bipinbhai Jasmatbhai Patel	27.53 : 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	NIL

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. 360-400 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-

153 employees.

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

On an average there is approximate 8-12 % 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 FY16-17	42,00,000
Revenue	2,07,981,309
Remuneration of KMPs (as % of revenue)	2.01%
Profit before Tax (PBT)	75,98,846
Remuneration of KMP (as % of PBT)	55.27%

During the year under review company had made expansion and cost of depreciation was higher, the time and contribution given by the KMP can not only be 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, 2017	March 31, 2016	% Change
Market Capitalisation	-	-	-
Price Earnings Ratio	-	-	-

As on date status of company is suspended for trading and hence no trading data available on Bombay Stock Exchange 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 Bombay Stock Exchange 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 condition 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 2016-17	24,00,000	18,00,000
Revenue	2,07,981,309	
Remuneration as % of revenue	1.15	0.86
Profit before Tax	75,98,846	
Remuneration as % of PBT	31.58	23.68

- 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 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, 2017 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.

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 this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

1. INDUSTRY OUTLOOK:

During the period under review economy was passing through very hard phase demonetization, international financial crisis (brexit) made things more challengeable and sudden drop in Rupee against dollar made import more costly and have greater impact in costing of the products of the company. However there was tremendous potential growth shown in the markets. Due to changes in government policies with respect to textile industries and increase in cotton prices plus government regulations current scenarios are very impressive there is lot of potential demand for the next years.

2. OPPORTUNITIES AND THREATS:

The company envisaged remarkable growth over previous years. Company's turn over shows increasing trends due to expansion the financial charges and depreciation are higher over the previous year. Government is providing various incentives under 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.

3. INITIATIVES

The initiatives are being taken by the Company 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:

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

7. FUTURE PLAN:

As a long term planning strategy, company is planning to develop cotton based technology. 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,
Khatodar Surat – 395002

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

Sd/-
Bipinbhai Patel
Chairman
DIN: 00023447

Date : 12.08.2017
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 7times on 05th May 2016, 30th July 2016, 24th August 2016, 29th October 2016, 18th November 2016, 31st January 2017, and 31st March 2017 Notice of the meetings with agenda along with necessary details were sent to the directors in time.

The names and categories of the Directors, their attendance at Board meetings and General Meeting as also position held by them in committees of other public limited companies as on 31st March 2017 are given below.

Name of the Director	Category	Attendance particular 2016-17				
		Board Meeting held During tenure of Director	Board Meeting Attended	Last AGM	No. of Directorship in other Public Ltd. Cos	Chairman/ Membershi p in other public limited Cos.
1. ShriBipinbhai Patel	Executive	7	7	Y	-	-
2. ShriRavjibhai Patel	Executive	7	7	Y	-	-
3. ShriPravinbhai Patel	Independent	7	7	Y	-	-
4. ShriNimishJariwala	Independent	7	7	Y	-	-

III. Information on Directors Re-appointment

Mr. Ravjibhai P. Patel, retire by rotation at the ensuing Annual General Meeting.

Hebeing eligible, offershimself for reappointment.

Name of Director	Mr. Ravjibhai P. Patel
Date of Birth	9 th November, 1956
Date of Appointment	21 st 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, ShriPravinbhai Patel, Independent Director, is a Chairman of the Audit Committee, and ShriNimeshJariwala, independent director and ShriBipinbhai Patel are members to the committee.

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 31.03.2017 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	ShriPravin Patel	5
2	ShriNimeshJariwala	5
3	ShriBipinbhai Patel	5

V. REMUNERATION & NOMINATION 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 reconstitute as **REMUNERATION & NOMINATION COMMITTEE WHICH** comprises of two members who are independent and non executive directors namely ShriPravinbhai Patel, Chairman and ShriNimeshJariwala 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 financial year 2016-17 the meeting of the Remuneration Committee was held on 05/05/2016 & on 31.03.2017 to review the remuneration of Mr. RavjibhaiParbatbhai Patel, MD and Mr. BipinbhaiJasmatbhai Patel WTD.

DETAILS OF REMUNERATIONS PAID TO MANAGING DIRECTORS / WHOLE TIME DIRECTORS DURING THE FINANCIAL YEAR 2016-17 IS GIVEN HERE BELOW:

(Amount in Rs.)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Mr. RavjibhaiParbatbhaiPatel	2400000/-	NIL	
Mr. BipinbhaiJasmatbhai Patel	1800000/-	NIL	

Notes:

1. 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.
2. 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 constituted in accordance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms of reference of Shareholders' / Investors' Grievance (SIG) Committee was conferred on the Stakeholders Relationship Committee and consequently, the SIG Committee was dissolved last year.

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)	9
2	Mr. Bipinbhai Patel	Member (E)	9
3	Mr. NimishbhaiJariwala	Member (Independent)	9

During the year 6complaint was received from the shareholders directly as well as through the regulatory authorities. In SCORE portal there were complaint received for transfer of shares for the previous years and current financial year which were

resolved by the company in this financial year. Efforts are being made to clear all the 4 pending (which duly resolved) complaint from score data. All the complaints have generally been solved to the satisfaction of complainants and no complaint is outstanding as on 31-03-2017

All valid transfers received during the financial year 2016-17 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.

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 31.03.2016 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, Sakivihar Road, Saki Naka, Andheri, Mumbai, as Registrar and Share Transfer Agent and company is in process of transferring entire Share Transfer division with M/s Bigshare Services Private Limited.

IX. MARKET PRICE DATA:

There were no trading in the shares on any of the Stock Exchanges during the year 2016-17 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

25THAnnual General Meeting of the members of SURBHI INDUSTRIES LIMITED will be

held on Thursday the 29th day of September 2017 at 10.00a.m. at "Surbhi House", 2nd Floor, FP NO 206, B/h Old Sub Jail, Ring Road, Khatodar Surat - 395002

Particulars of AGM held during last three year

Year	Date	Time	Place of Meeting	Nos. of Special Resolutions Passed
2015-16	30/09/2016	10:00 A.M.	Registered office	Nil
2014-15	30/09/2015	05:00 P.M.	Registered office	Nil
2013-14	30/09/2014	11:00 A.M.	Registered office	1

XII. COMPLIANCE OFFICER:

During the year 2016-17Ms. Hetal Joshi, Company Secretary acting as the Compliance Officer of the company.

XIII. LISTING

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

XIV. STOCK CODE

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

XV. FINANCIAL RESULTS:

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

XVI. BOOK CLOSURE

For updating records and shareholding information of the members of the company, the Share Transfer Books and Register of Members was remained closed from Saturday, the Friday, 23rd September, 2016 to Friday, September 30, 2016 (both days inclusive).

XVII. SHAREHOLDING PATTERN:

Shareholding pattern as on 31.03.2017

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, Khatodar Surat – 395002

Plant Location

Plot No. 249/1, 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,
Khatodar Surat – 395002

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

Sd/-
Bipinbhai Patel
Chairman
DIN: 00023447

Date : 12.08.2017
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, 2017 as stipulated in Clause 49 of the listing Agreement of the said company with Stock Exchange for the period 1st April 2016 to 30th November 2016 and as per 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 for the period 1st December 2016 to 31st March 2017.

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 Agreement/ 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 : 12.05.2017

For, A.K. OSTWAL & CO.
Sd/-
(ASHOKKUMAR JAIN)
PARTNER
Membership No. 038521

**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, 2017 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/-
BipinbhaiJasmatbhai Patel
Whole-time Director(CFO)
(DIN 00023447)**

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

Place: Surat
Dated: MAY, 12 2017

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, 2017

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

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

As on financial year ended on 31.03.2017

**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 ESTATE MOHANWADIKATARGAM-395004, SURAT
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 fibre 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-2016]				No. of Shares held at the End of the year[As on 31-March-2017]				% Change during the year
	Dem	Physical	Total	% of Total Share	Dem	Physical	Total	% of Total Shares	

	at			s	at				
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	1511300	1511300	43.94	0	1680800	168800	48.90	4.96
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	1611300	1611300	46.88	0	1780800	1780800	51.81	4.93
B. Public Shareholdin g									
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) FIIs	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	37400	37400	1.09	0
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 upto Rs. 1 lakh	0	1010600	1010600	29.40		841100	841100	24.47	4.93
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	778100	778100	22.63		778100	778100	22.63	0.00
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[01.04.2016]	Shareholding at the end of the year[31.03.2017]	% change in
----	--------------------	---	---	-------------

		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	shareholding during the year
1	RATILALBHAI PARBATBHAI PATEL	135500	3.94	0.00	135500	3.94	0.00	Nil
2	RAVJIBHAIPA RBATBHAI PATEL	151900	4.42	0.00	151900	4.42	0.00	Nil
3	VRAJLABHAI PARBATBHAI PATEL	142800	4.15	0.00	142800	4.15	0.00	Nil
4	BIPINKUMARJ ASMATBHAI PATEL	97000	2.82	0.00	97000	2.82	0.00	Nil
5	JERAMBHAIPA RBATBHAI PATEL	143200	4.17	0.00	143200	4.17	0.00	Nil
6	JASMATBHAIP ARBATBHAI PATEL	93800	2.73	0.00	93800	2.73	0.00	Nil
7	VIJAYKUMARJ ASMATBHAI PATEL	22000	0.64	0.00	22000	0.64	0.00	Nil
8	CHAMPABENR ATILAL PATEL	106000	3.08	0.00	106000	3.08	0.00	Nil
9	RASILABENRA VJIBHAI PATEL	113500	3.3	0.00	113500	3.3	0.00	Nil
10	GAURIBENVR AJLABHAI PATEL	98600	2.87	0.00	98600	2.87	0.00	Nil
11	UJIBENPARBATBHAI 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	PARVATIBENJ ASMATBHAI 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	SMITABENBIP INBHAI 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	VRAJLABHAI 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	0.00	0.00	0.00	31800	0.93	0.00	0.93
25	VISHAL RAVJIBHAI PATEL -HUF	0.00	0.00	0.00	30500	0.89	0.00	0.89
26	VISHAL RAVJIBHAI PATEL	0.00	0.00	0.00	29900	0.87	0.00	0.87
27	NAIMISH VRAJLABHAI PATEL	0.00	0.00	0.00	22200	0.65	0.00	0.65
28	PRIYESH VRAJLABHAI PATEL	0.00	0.00	0.00	26400	0.77	0.00	0.77

29	SANKET BIPINBHAI PATEL	0.00	0.00	0.00			0.00	
					28700	0.83		0.83

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

SN	Particulars	Shareholding at the beginning of the year[01.04.2016]		Cumulative Shareholding during the year[31.03.2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	RASHESH JASMATBHAI PATEL				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 31800 PURCHASE	0.93	31800	0.93
	At the end of the year[31.03.2017]	31800	0.93	31800	0.93
2.	VISHAL RAVJIBHAI PATEL				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 29900 PURCHASE	0.87	29900	0.87
	At the end of the year[31.03.2017]	29900	0.87	29900	0.87
3.	NAIMISH VRAJLAL PATEL				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 22200 PURCHASE	0.65	22200	0.65
	At the end of the year[31.03.2017]	22200	0.65	22200	0.65
4.	VISHAL RAVJIBHAI PATEL -HUF				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 30500 PURCHASE	0.89	30500	0.89

	sweat equity etc.):				
	At the end of the year[31.03.2017]	30500	0.89	30500	0.89
5	PRIYESH VRAJLAL PATEL				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 26400 PURCHASE	0.77	26400	0.77
	At the end of the year[31.03.2017]	26400	0.77	26400	0.77
6	SANKET BIPINBHAI PATEL				
	At the beginning of the year[01.04.2016]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	25.08.2016 28700 PURCHASE	0.83	28700	0.83
	At the end of the year[31.03.2017]	28700	0.83	28700	0.83

**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[01.04.2016]		Cumulative Shareholding during the year[31.03.2017]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year[01.04.2016]	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[31.03.2017]				

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Share Holder	Reason	Date	Shareholding at the beginning of the year 01-04-2016		Cumulative Shareholding end of the year 31-03-2017	
				No. of	% of	No. of	% of

				shares	total shares of the company	shares	total shares of the company
1.	RAVJIBHAI PARBATBHAI PATEL	1-Apr-2016	At the beginning of the year	151900	4.42	-	-
		31-Mar-2017	At the end of the year	-	-	151900	4.42
2.	BIPINBHAI JASMATBHAI PATEL	1-Apr-2016	At the beginning of the year	97000	2.82	-	-
		31-Mar-2017	At the end of the year	-	-	97000	2.82
3.	JARIWALA N. NIMISH	1-Apr-2016	At the beginning of the year	-	-	-	-
		31-Mar-2017	At the end of the year	-	-	-	-
4.	PRAVINCHA NDRA G. PATEL	1-Apr-2016	At the beginning of the year	-	-	-	-
		31-Mar-2017	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	170727400	4230345		174957745
ii) Interest due but not paid	1714977			1714977
iii) Interest accrued but not due				0
Total (i+ii+iii)	172442377	4230345		176672722
Change in Indebtedness during the financial year				
* Addition		1486416		1486416
* Reduction	43713551			43713551
Net Change	43713551	1486416		45199967
Indebtedness at the end of the financial year				
i) Principal Amount	128728826	2743929		131472755
ii) Interest due but not paid	1282277			1282277
iii) Interest accrued but not due				
Total (i+ii+iii)	130011103	2743929		132755032

Note: Net working capital which is not included above (CC Limit during the FY Increased from Rs. 4 Crore to Rs 4.50 Crore) but actual utilization is as below:

	Principal	Interest due but not paid
Opening:	44094511	406119
Closing:	32920831	286149

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
1	Gross salary	1.RAVJIBHAI PARBATBHAI PATEL	2400000
		2. BIPINBHAI JASMATBHAI PATEL	1800000
	(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 - as % of profit - others, specify...	
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	NIL			
	(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				
	- 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					

Form No. AOC-2

(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 arms 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:

2.1

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	VRAJLALBHAI P. PATEL (RELATIVE OF DIRECTOR)
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. 48,000/- per annum
e)	Date(s) of approval by the Board, if any	31.03.2016
f)	Amount paid as advances, if any	N.A.

2.2

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	BIPINBHAI J. PATEL (DIRECTOR)
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. 48,000/- per annum
e)	Date(s) of approval by the Board, if any	31.03.2016
f)	Amount paid as advances, if any	N.A.

2.3

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	RASILABEN R. PATEL (RELATIVE OF DIRECTOR/KEY MANAGEMENT PERSONNEL)
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. 48,000/- per annum
e)	Date(s) of approval by the Board, if any	31.03.2016
f)	Amount paid as advances, if any	N.A.

2.4

SL. NO.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	CHAMPABEN R. PATEL (RELATIVE OF DIRECTOR/KEY MANAGEMENT PERSONNEL)
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. 48,000/- per annum
e)	Date(s) of approval by the Board, if any	31.03.2016
f)	Amount paid as advances, if any	N.A.

2.5

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. 1,30,000/- per annum
e)	Date(s) of approval by the Board, if any	31.03.2016
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, Khatodar 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, 2017, 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, 2017 according to the provisions of:

- A. The Companies Act, 2013 ('the Act') and the rules made there under; except following non compliance :
 - i. there is non-compliance of Section 149 of Companies Act, 2013, with respect to appointment of woman Director.
 - ii. During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above, except non-filing of certain forms under various sections with office of Registrar of Companies Gujarat, for which resolutions, approval and consent were accorded at general meeting including proceedings thereof and resolutions of board meetings, which were required to file under the provisions of Companies Act, 2013.
- 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 EmployeeStock 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.
- ***Further company has made non-compliance with respect to appointment of women director some of the provisions of the requirement of listing agreement regarding Regulation 17 of LODR.***
- 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 these 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 : 12.08.2017
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: 12.08.2017

**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[01/04/2015]		Cumulative Shareholding during the year[31/03/2016]	
		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[01/04/2015]	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[31/03/2016]	115500	3.36	115500	3.36
2.	RAMOLIYA V. N.				
	At the beginning of the year[01/04/2015]	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[31/03/2016]	69700	2.03	69700	2.03
3.	NIRAJBHAI ARVINDBHAI PATEL				
	At the beginning of the year[01/04/2015]	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[31/03/2016]	65900	1.92	65900	1.92
4.	MADHAVIBEN V MEVCHA				
	At the beginning of the year[01/04/2015]	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[31/03/2016]	65700	1.91	65700	1.91
5	N. D. RAMOLIYA				
	At the beginning of the year[01/04/2015]	64000	1.86	64000	1.86
	Date wise Increase / Decrease in	NO CHANGES			

	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[31/03/2016]	64000	1.86	64000	1.86
6	VINUBHAI V MEVCHA				
	At the beginning of the year[01/04/2015]	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[31/03/2016]	59100	1.72	59100	1.72
7	CHAITALI D VIRATIA				
	At the beginning of the year[01/04/2015]	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.):	6500 SALE	0.19	6500	0.19
	At the end of the year[31/03/2016]	52600	1.53	52600	1.53
8	NIRAVKUMAR A PATEL				
	At the beginning of the year[01/04/2015]	54800	1.59	54800	1.59
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	54800 SALE	1.59	54800	1.59
	At the end of the year[31/03/2016]	0	0.00	0	0.00
9	GOVINDBHAI PARBHUBHAI VIRATIA				
	At the beginning of the year[01/04/2015]	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[31/03/2016]	54000	1.57	54000	1.57
10	HEMLATABEN M PATEL				
	At the beginning of the year[01/04/2015]	35600	1.04	35600	1.04
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	SALE 35600	1.04	35600	1.04
	At the end of the year[31/03/2016]	0	0.00	0	0.00

	year[31/03/2016]				
11	VIJAYBHAI V MEVCHA				
	At the beginning of the year[01/04/2015]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	PURCHASE 34200	0.99	34200	0.99
	At the end of the year[31/03/2016]	34200	0.99	34200	0.99
12	SHAILESH GUNVANTBHAI DESAI				
	At the beginning of the year[01/04/2015]	0	0.00	0	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	PURCHASE 33800	0.98	33800	0.98
	At the end of the year[31/03/2016]	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 Fourth **Annual General Meeting** of the Members of Surbhi Industries Limited held on Thursday the 29th day of September 2017 at 10.00a.m. at "Surbhi House", 2nd Floor, FP NO 206,B/h Old Sub Jail, Ring Road, Khatodar 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,
Khatodar Surat – 395002

FOLIO NO:

I/WE _____ of _____
_____ being a member /members of SURBHI
INDUSTRIES LTD hereby appoint
_____ of _____
_____ of _____ failing _____ of _____

_____ as my /our proxy to vote for me/us on my /our behalf at the Twenty Fourth **Annual General Meeting** of the Members of Surbhi Industries Limited held on Thursday the 29th day of September 2017 and any adjournment signed this _____ day of 2017.

affix a
Rs, 1/=
Revenue
Stamp

SURBHI INDUSTRIES LIMITED FY 2016-17

Independent Auditor's Report

To the Members of

SURBHI INDUSTRIES LIMITED, SURAT

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SURBHI INDUSTRIES LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow statement for the year ended on that date 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 as per section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified u/s 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2017 and its profit and its cash flows 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 subsection (11) of section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The reports on the accounts of the branch offices of the Company are not applicable

as there are no branch offices.

- d) the Balance Sheet, Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account-
- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) There is nothing to disclose which is having adverse effect on the functioning of the company.
- g) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matter connected therewith.
- i) with respect to 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 B**.
- j) With respect to the other matters as required to be included in the Auditor's Report as per Rule 11 of The Companies (Audit and Auditors) Rule 2014 in our opinion and to our best of our information and according to the explanations given to us, we state that
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company does not have any long-term contracts including derivatives contracts for which there are any material foreseeable losses.
 - iii. There is no amount that is required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 3 to the standalone financial statements.

Date: 12th May, 2017

Place: Surat

**For A.K.OSTWAL & CO.,
Chartered Accountants**

**Sd/-
CA Ashokkumar Jain
Partner
M No.: 038521 FRN: 107200W**

Annexure A referred to in paragraph 1 of the Our Report of even date to the members of SURBHI INDUSTRIES LIMITED on the accounts of the company for the year ended 31st March, 2017.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) The title deeds of immovable properties in Fixed assets Schedule to the standalone financial statements are held in the name of the Company.
- (ii) (a) The inventories have been physically verified by the management at reasonable interval
(b) As per the information and explanation given to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii(a), iii(b) and iii(c) of the order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans and investments made, and guarantees and security as provided in Section 185 and 186 of the Companies Act, 2013.
- (v) In our opinion, and according to the information and explanation given to us, the company has not accepted any deposits; hence, clause (v) is not applicable to the company. Accordingly, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.

- (vi) The Company has made and maintained cost records pursuant to the Rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding undisputed statutory dues as on 31st of March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax or which have not been deposited on account of any disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues if any, to a financial institution, bank or debenture holders.
- (ix) According to the information and explanations given to us, the Company has applied term loans for the purpose for which the same have been raised during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required

under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debenture during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him as specified in S. 192 of the Companies Act, 2013. Accordingly, provisions of clause 3(xv) are not applicable to the company.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Date: 12th May, 2017

Place: Surat

**For A.K.OSTWAL & CO.,
Chartered Accountants**

**Sd/-
CA Ashokkumar Jain
Partner
M No.: 038521 FRN: 107200/W**

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the internal financial controls over financial reporting of **SURBHI INDUSTRIES LIMITED** ("the company") as of 31st March 2017 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

2. The Management of the Company is responsible for establishing and responsible for 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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

3. 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 (The "Guidance Note") and the Standards on Auditing ('the Standards'), issued by the 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.. 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.

4. 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 includes 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.
5. 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

6. 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. 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

8. 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 31st March 2017, 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.

Date: 12th May, 2017

Place: Surat

**For A.K.OSTWAL & CO.,
Chartered Accountants**

**Sd/-
CA Ashokkumar Jain
Partner
M No.: 038521 FRN: 107200/W**

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Surbhi Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by **Surbhi Industries Ltd.**, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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

We conducted our examination in accordance with the Guidance note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The guidance note requires that we comply with the ethical requirements of the code of ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the standard on quality control (SQC) 1, quality control for firms that performs audits and reviews of historical financial information and other assurance and related services engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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.

Date: 12th May, 2017

Place: Surat

**For A.K.OSTWAL & CO.,
Chartered Accountants**

**Sd/-
CA Ashokkumar Jain
Partner**

M No.: 038521 FRN: 107200/W

M/S SURBHI INDUSTRIES LTD
Surbhi Estate, Katargam Surat
BALANCE SHEET AS AT MARCH 31ST, 2017

Particulars	Note	Figures as at the end of current reporting period 31-03-2017	Figures as at the end of previous reporting period 31-03-2016
I. EQUITY AND LIABILITIES			
<u>(1) Shareholders' Funds</u>			
(a) Share Capital	B.1	34348000	34348000
(b) Reserves and Surplus	B.2	95734866	88493572
(c) Money received against share warrants			
<u>(2) Share Application money pending allotment</u>			
<u>(3) Non-Current Liabilities</u>			
(a) Long-Term Borrowings	B.3	89295103	130011400
(b) Deferred Tax Liabilities (Net)	B.4	11643868	12734277
(c) Other Long Term Liabilities			
(d) Long Term Provisions	B.5	1937000	1937000
<u>(4) Current Liabilities</u>			
(a) Short-Term Borrowings	B.6	35664760	48324857
(b) Trade Payables	B.7	1763058	22176511
(c) Other Current Liabilities	B.8	40716000	42430977
(d) Short-Term Provisions	B.9	1185464	1337827
Total Equity & Liabilities		312288120	381794420
II.ASSETS			
<u>(1) Non-Current Assets</u>			
<u>(a) Fixed Assets</u>			
(i) Gross Block	B.10	406298344	423238853
(ii) Depreciation		200023661	157639778
(iii) Net Block		206274683	265599075
(b) Non-current investments	B.11	2173700	2173700
(c) Deferred tax assets (net)			
(d) Long term loans and advances	B.12	2633431	2626700
(e) Other non-current assets	B.13	29329164	20356711
<u>(2) Current Assets</u>			
(a) Current investments		0	0
(b) Inventories	B.14	28592230	41962902
(c) Trade receivables	B.15	32063093	42174511
(d) Cash and Bank Balances	B.16	2298565	251977
(e) Short-term loans and advances	B.17	807703	1694958
(f) Other current assets	B.18	8115550	4953886
Total Assets		312288120	381794420
Significant Accounting Policies	N.1		
Other Notes Forming Parts of Accounts	N.2		
Disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016	N.3		
For and on behalf of the Board		As per our report of even date, FOR A.K.OSTWAL & CO. Chartered Accountants	
Sd/- RAVJIBHAI P. PATEL DIRECTOR DIN: 00023332	Sd/- BIPINBHAI J. PATEL DIRECTOR DIN :00023447	Sd/- CA ASHOKKUMAR JAIN PARTNER M.No.038521/FRN 107200W	
Surat 12th May, 2017		Surat 12th May, 2017	

M/S SURBHI INDUSTRIES LTD
Surbhi Estate, Katargam Surat
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31ST, 2017

Sr. No	Particulars	Note	Figures as at the end of current reporting period 01-04-2016 to 31-03-2017	Figures as at the end of previous reporting period 01-04-2015 to 31-03-2016
I	Revenue from operations	P.1	207981309	307816795
II	Other Income	P.2	37782447	17569187
III	III. Total Revenue (I +II)		245763756	325385982
IV	Expenses:			
	Cost of materials consumed	P.3	110272468	197982361
	Purchase of Stock-in-Trade		95923	1481118
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade - Increase(Decrease)	P.4	5673916	(19550372)
	Employee Benefit Expense	P.5	21807584	25042917
	Financial Costs	P.6	24090999	22574953
	Depreciation and Amortization Expense	P.7	44202313	38734939
	Other Expenses	P.8	32021707	37207654
	Total Expenses (IV)		238164910	303473569
V	Profit before exceptional and extraordinary items and tax	(III - IV)	7598846	21912413
VI	Exceptional Items		0	0
VII	Profit before extraordinary items and tax (V - VI)		7598846	21912413
VIII	Extraordinary Items		0	0
IX	Profit before tax (VII - VIII)		7598846	21912413
X	Tax expense:			
	(1) Current tax		1447960	4467700
	(2) Deferred tax		(1090409)	1161303
	(3) Taxation of Earlier Year		0	279590
XI	Profit(Loss) from the perid from continuing operations	(IX-X)	7241294	16003820
XII	Profit/(Loss) from discontinuing operations		0	0
XIII	Tax expense of discounting operations		0	0
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		0	0
XV	Profit/(Loss) for the period (XI + XIV)		7241294	16003820
XVI	Earning per equity share:			
	(1) Basic		2.11	4.66
	(2) Diluted		2.11	4.66

Significant Accounting Policies

N.1

Other Notes Forming Parts of Accounts

N.2

For and on behalf of the Board

**As per our report of even date,
FOR A.K.OSTWAL & CO.
Chartered Accountants**

**Sd/-
RAVJIBHAI P. PATEL
DIRECTOR
DIN: 00023332**

**Sd/-
BIPINBHAI J. PATEL
DIRECTOR
DIN :00023447**

**Sd/-
CA ASHOKKUMAR JAIN
PARTNER
M.No.038521/FRN 107200W**

Surat 12th May, 2017

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Surat 12th May, 2017

M/S SURBHI INDUSTRIES LTD
Surbhi Estate, Katargam Surat

Cash Flow Statement for the year ended on 31.03.2017

	FY 2016-17		FY 2015-16	
A. Cash Flow from Operating Activities				
Net Profit Befor Tax	7598846		21912413	
Adjustments For :				
Add: Depreciation	44202313		38734939	
Financial Charges	24090999		22574953	
	68293312		61309892	
Less: Investment Income	1963670		2466390	
Profit on sale of Fixed Assets	3476755		(208038)	
	5440425		2258352	
Operating Profit before Working Capital Changes		70451733		80963952
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		100000	
Increase in Short Term Provsions	-152363		-1095473	
Increase in Other Cuirrent Liabilities	0		0	
Increase in Trade Payables	-20413453		7193292	
	-20565816		6197819	
Cash Outflow				
Decrease in Trade Payables	-		-	
Decrease in Short Term Provsions				
Decrease in Other Cuirrent Liabilities				
Increase in Trade & Other Receivable	-10111418		-15500565	
Increase in Loans & Advances	-887255		1519958	
Increase in Other Current Assets	3161664		1136650	
Increase in Inventory	-13370672		26083262	
	-21207681		13239305	
Net Cash Inflow(outflow) for working Capital		641865		-7041486
Cash From Operations				
Less: Direct Taxes Paid		-1447960		-4747290
Net Cash Flow from Operating Activities		69645637.7		69175176
B. Cash Flow from Investing Activities				
Cash Inflow				
Decrease in FD				
Investment Income	1963670		2466390	
Decrease in Long Term Loans and Advances	-6731		-920485	
Sale of Fixed Assets	20821878		175000	
Subsidy Received	0		0	
	22778817		1720905	
Cash Outflow				
Purchase of Fixed Assets	2223044		98766319	
Increase Investments	-		-	
Increase FD	2055609		0	
Increase in other Non Current Assets	8972453		293585	
	13251106		99059904	
Net Cash Inflow(Outflow) in Investing Activities		9527711		-97338999

M/S SURBHI INDUSTRIES LTD Surbhi Estate, Katargam Surat					
Cash Flow Statement for the year ended on 31.03.2017					
		FY 2016-17		FY 2015-16	
C. Cash Flow from financing Activitie	Cash Inflow				
	Increase in working Capital Loans	-11173680		9844955	
	Increase in Term Loan(Net)				
		-11173680		9844955	
	Cash Outflow				
	Financial Charges	24090999		22574953	
	Repayment of Termloans	42431274		-42582377	
Repayment of Deposits	0		0		
Decrease in short term borrowing	1486416		1701821		
	68008689		-18305604		
Net Cash Inflow(Outflow) in Financing Activities			-79182369		28150559
Net Cash Flow			-9021		-13264
Net Cash Changes					
Cash and Bank as on 1st April	251977		265241		
Cash and Bank as on 31st March	242956	9021	251977		13264
For and on behalf of the Board		As per our report of even date, FOR A.K.OSTWAL & CO. Chartered Accountants			
Sd/- RAVJIBHAI P. PATEL DIRECTOR DIN: 00023332	Sd/- BIPINBHAI J. PATEL DIRECTOR DIN :00023447	Sd/- CA ASHOKKUMAR JAIN PARTNER M.No.038521/FRN 107200W			
Surat 12th May, 2017		Surat 12th May, 2017			

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : B.1 Share Capital				
Particulars	Current Year 31-03-2017		Previous Year 31-03-2016	
	In No.	In Rs.	In No.	In Rs.
<u>AUTHORIZED CAPITAL</u>				
Equity Shares of Rs. 10/- each.	5000000	50000000	5000000	50000000
	5000000	50000000	5000000	50000000
<u>ISSUED , SUBSCRIBED & PAID UP CAPITAL</u>				
Equity Shares of Rs. 10/- each fully paid	3437400	34374000	3437400	34374000
Less: Amount in Arrears		26000		26000
Total	3437400	34348000	3437400	34348000
<u>Reconciliation of No. of Share for the Period ended 31/03/2017</u>	Authorized Capital	Issued/paid up Capital	Authorized Capital	Issued/paid up Capital
Opening Balance of Number of Shares	5000000	3437400	5000000	3437400
Addition during the year	0	0	0	0
Deduction During the year	0	0	0	0
Closing Balance of Number of Shares	5000000	3437400	5000000	3437400
<u>List of shareholder above 5 % of total shareholding</u>				
Name	No. of Shares	% of Shares Holding	No. of Shares	% of Shares Holding

Note : B.2 Reserve & Surplus		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Profit & Loss Account		
Opening Balance (Balance brought forward from previous year)	85993572	69989752
Add: Profit for the period	7241294	16003820
Closing Balance	93234866	85993572
Capital Reserve	2500000	2500000
Total	95734866	88493572

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : B.3 Long Term Borrowings				
Particulars	Current Year 31-03-2017		Previous Year 31-03-2016	
	Non Current	Current	Non Current	Current
Term Loans - Secured From Banks Terms loans are secured by - Hypothecation of plant and Machinery - Equitable mortgage of land and building	89295103	40716000	130011400	42430977
Repayments - Terms loans are repayable in monthly instalments after moratorium period.	89295103	40716000	130011400	42430977
Total	89295103	40716000	130011400	42430977
Aggregate amount of loans guaranteed by directors and their relatives	89295103	40716000	130011400	42430977

Note : B.4 Deferred Tax Liability		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Deferred Tax Liability	11643868	12734277
Total	11643868	12734277

Note : B.5 Long Term Provisions		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Provisions for gratuity	1937000	1937000
Total	1937000	1937000

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : B.6 Short Term Borrowings		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Secured Loans		
From Banks Working Capital	32920831	44094511
Short Term Borrowings are secured by - - Hypothecation of stock/inventory and book debts		
Other Loans & Advances		
From Bank	2743929	4230345
Total	35664760	48324857
Aggregate amount of loans guranteed by directors and their relatives	35664760	48324857

Note : B.7 Trades Payable		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
-Sundry Creditors for Material/Supplies:		
Sundry Creditors for Goods	188	17880180
Sundry Creditors for Expenses	1762870	4296331
Total	1763058	22176511

Note : B.8 Other Current Liabilities		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Current Maturities of Long Term Debts	40716000	42430977
Total	40716000	42430977

Note : B.9 Short Term Provisions		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Provisions for Taxation(Net of Tax Paid)		
Provisions for Expenses	942717	712737
Provision for TDS Payable	242747	625090
Total	1185464	1337827

M/S SURBHI INDUSTRIES LTD
Notes Forming Integral Part of the Balance Sheet as at 31st March, 2017

Note : B.10 Fixed Asset
Fixed Assets

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value at the beginning as on 01/04/2016	Addition during the year	Deduction during the year	Value at the end as on 31/03/2017	Value at the beginning as on 01/04/2016	Addition during the year	Deduction during the year	Value at the end as on 31/03/2017	WDV as on 31.03.2017	WDV as on 31.03.2016
I	<u>Tangible Assets</u>										
1	Land										
	Leasehold Land				-				-	-	-
	Freehold Land	24,00,760	-	-	24,00,760	-	-	-	24,00,760	24,00,760	24,00,760
2	Building	2,14,01,367	-	-	2,14,01,367	80,03,596	8,78,765	-	88,82,361	1,25,19,006	1,33,97,771
3	Plant and Equipment	38,35,61,641	8,51,039	1,91,63,553	36,52,49,127	14,52,48,304	4,14,63,368	18,18,430	18,48,93,242	18,03,55,885	23,83,13,337
4	Furnitures & Fixtures	6,85,743	-	-	6,85,743	5,68,836	13,208	-	5,82,044	1,03,699	1,16,907
5	Vehicles	96,45,161	8,66,802	-	1,05,11,963	19,77,014	12,15,508	-	31,92,522	73,19,441	76,68,147
6	Other Equipment	20,13,711	3,23,457	-	23,37,168	9,98,507	3,11,763	-	13,10,270	10,26,898	10,15,204
7	Computer	12,35,268	1,81,746	-	14,17,014	7,34,916	2,47,019	-	9,81,935	4,35,079	5,00,352
8	Office Building	22,95,202	-	-	22,95,202	1,08,605	72,681	-	1,81,286	21,13,916	21,86,597
	SUB TOTAL (A)	42,32,38,853	22,23,044	1,91,63,553	40,62,98,344	15,76,39,778	4,42,02,313	18,18,430	20,00,23,661	20,62,74,683	26,55,99,075
II	<u>Intangible Assets</u>	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (B)	-	-	-	-	-	-	-	-	-	-
III	<u>Capital Work-in-progress</u>										
1	Building Under Construction	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (C)	-	-	-	-	-	-	-	-	-	-
IV	<u>Intangible Assets Under Development</u>	-	-	-	-	-	-	-	-	-	-
	SUB TOTAL (D)	-	-	-	-	-	-	-	-	-	-
	Total [A + B + C + D] (Current Year)	42,32,38,853	22,23,044	1,91,63,553	40,62,98,344	15,76,39,778	4,42,02,313	18,18,430	20,00,23,661	20,62,74,683	26,55,99,075
	(Previous Year)	32,51,77,534	9,87,66,319	7,05,000	42,32,38,853	11,92,26,801	3,87,34,939	3,21,962	15,76,39,778	26,55,99,075	20,59,50,733

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : B.11 Non Current Investment		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Unquoted		
8150 Equity Shares of Surbhi Textile Mills Pvt. Ltd. Of Rs.100/- each (Unquoted)	2001000	2001000
1727 Share of Surat People's Co.Op Bank Ltd. (Unquoted) of Rs.100/- each.	172700	172700
Total	2173700	2173700

Note : B.12 Long Term Loans and Advances		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Deposits		
Unsecured, Considered Good :	2633431	2626700
Total	2633431	2626700

Note : B.13 Other Non Current Assets		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Unsecured Considered Good		
Fixed Deposit with Banks (with maturity above 12 months)	20660000	16660000
Accrued Interest on Fixed Deposits	4022231	3696711
VAT subsidy receivable	4646933	0
Total	29329164	20356711

Note : B.14 Inventories		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Raw Materials	3729017	11125773
Work In Progress	1362500	2802230
Finished Goods	22750713	26984899
Stores and Spares	500000	700000
Oil and Chemicles	150000	200000
Packing Materials	100000	150000
Total	28592230	41962902

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : B.15 Trade Recievables		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Outstanding for more than six months		
a) Unsecured, Considered Good	1408323	685748
Others		
a) Unsecured, Considered Good	30654770	41488763
Total	32063093	42174511

Note : B.16 Cash and Bank Balances		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Cash and Cash Equivalents		
Cash-in-Hand		
Cash Balance	2446	209749
Bank Balance		
Current Account	240510	42228
Total Cash and Cash Equivavlents	242956	251977
Other Bank Balances		
Fixed Deposits with Banks (with maturity between 4 to 12 months)	1000000	0
Accrued Interest on above FD	1055609	0
Total Other Bank Balances	2055609	0
Total	2298565	251977

Note :17 Short Terms Loans and Advances		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Unseured, Considered good		
Advance to Staff	346750	238750
Other Advances	0	0
Advance Tax & Tds(Net of Provision)	460953	1456208
Total	807703	1694958

Note : B.18 Other Current Assets		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
P.F. Receivable	29541	22402
Prepaid Expenses	2138603	1532155
Interest Subsidy Receivable on TUFs	4768564	2436645
Wind Mill Receivable	616130	531906
Other Receivables	562712	430778
Total	8115550	4953886

M/S SURBHI INDUSTRIES LTD
Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note :P.1 Revenue from Operations		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Sales of Product		
Sales	207840571	303265976
Other Operating Revenue		
Jobwork Income	140738	4550819
Total	207981309	307816795

Note : P.2 Other Income		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
F.D.Interest	1557448	1360946
Interest on L.C Margin	0	134171
Interest on GEB Deposit	165075	157595
Interest On I.T Refunds	43410	46426
Other Interest	380317	1079539
Interest Rebate on TUFs	14230119	2426757
Dividend Income	25905	25905
Discount Received	1542589	2031480
Windmill Income	7417923	7979468
Carbon Credit Income	0	83699
VAT SUBSIDY INCOME	3476755	0
Rate Difference	0	617254
Compa.Against Def. Goods	162767	0
Interest Rebate on TUF(State Gov)	8765853	1559880
Profit on sale of plant and machinery	14286	66067
Total	37782447	17569187

Note : P.3 Cost of Material Consumed		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Opening Stock	11125773	4957883
Add: Purchases	102875712	196674441
Add : Other Direct Expenses	0	7475810
	114001485	209108134
Less: Closing Stock	3729017	11125773
	110272468	197982361
Total	110272468	197982361
Details of Consumption		
Yarn/POY	110272468	197982361
	110272468	197982361
Details of Closing Stock		
Yarn	3729017	11125773
	3729017	11125773

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : P.4 Change in Inventories		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
FINISHED GOODS		
Opening Stock	26984899	9178316
Less: Closing Stock	22750713	26984899
	4234186	(17806583)
WORK IN PROGRESS		
Opening Stock	2802230	1058441
Less: Closing Stock	1362500	2802230
	1439730	(1743789)
Total	5673916	(19550372)
Details of Closing Stock		
Finished Goods		
Yarn	22750713	26984899
	22750713	26984899
Work In Progress		
Yarn	1362500	2802230
	1362500	2802230

Note : P.5 Employment Benefit Expenses		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Salaries, Bonus, PF & ESIC,Gratuity	17488280	20574136
Director Remuneration	4200000	4200000
Other Staff Welfare Exp	119304	268781
Total	21807584	25042917

Schedule : P.6 Financial Cost		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Interest on Term Loan	17618283	16262387
Interest on working Capital	4251501	4673485
Other Interest & Charges	1779556	969992
Bank Commission & Charges	108863	156863
Interest on Car Loan	332796	512226
Total	24090999	22574953

Note : P.7 Depreciation & Amortised Cost		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Depreciation	44202313	38734939
Total	44202313	38734939

M/S SURBHI INDUSTRIES LTD

Notes Forming Integral Part of the Accounts For Year Ended March 31st, 2017

Note : P.8 Other Expenses		
Particulars	Current Year 31-03-2017	Previous Year 31-03-2016
Manufacturing Expenses		
Electric Power & Fuel	16040046	16273900
Electric Expenses	151079	200890
Factory Expenses	565317	685387
Repairs to Machinery	817443	1088904
Stores Consumed	1913829	4659403
Consumption of Chemicals	1400185	2250933
Repairs & Maintenance	147195	52700
Wild Mill Expenses	1402100	1029696
Carban Credit Exp.	0	21552
Drawing Charges	104173	104121
Dyeing Job Charges	100145	70066
Administrative and General Expenses		
Legal & Professional Charges	631220	605354
Postage	7354	5958
Printing & Stationery Expenses	99020	678654
Travelling Expenses	160402	90248
Foreign Travelling	192376	172310
Telephone Expenses	80851	82040
Payment to Auditors		
As Auditors	30000	30000
Taxation Matter	50000	50000
For Other Services	162175	34500
Office Expense	299426	118916
Vehicle Expenses	663064	572279
Rent Rates & Taxes	325600	198200
Computer Expenses	22399	44803
Insurance Premium	458639	440813
Fess and Subscription	107871	61823
Security Charges	551600	338690
Garden Expenses	55922	18370
Internet Exp.	24000	21500
Loss on Foreign exchange	4742	0
Loss on sale of Plant & Machinery	0	208038
Vat Interest/Penalty	11	199
TDS Interest	2274	0
Selling and Distribution Expenses		
Brokerage	2394495	3614386
Packing Expenses	1004384	840059
Advertisement Expenses	140100	39200
Bad Debts A/c.	4488	0
Transportation Charges	1745312	2354356
VAT / Sales Tax/Entry Tax	11280	56831
Rate Difference	150491	0
Compa.Against Def. Goods	0	17435
Sales Promotion Exp	700	75140
Total	32021707	37207654

NOTE : N.1

SIGNIFICANT ACCOUNTING POLICES & NOTES ON ACCOUNTS

1. Basis of Preparation of Standalone financial statements

The standalone financial statements are prepared and presented under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles in India ("GAAP"), applicable Accounting Standards issued by The Institute of Chartered Accountants of India and under the historical cost convention, on accrual basis.

2. Revenue Recognition :

Revenue is being recognized in accordance with the Guidance Note on Accrual Basis of Accounting issued by The Institute of Chartered Accountants of India. Accordingly, wherever there are uncertainties in the realization of income same is not accounted for till such time the uncertainty is resolved.

3. Treatment of Expenses :

All expenses are accounted for on accrual basis.

4. Fixed Assets:

Fixed Assets are stated at historical cost, less depreciation. Costs of fixed assets include taxes, duties, freight and other expense incidental and related there to the construction, acquisition and installation of respective assets.

5. Inventories :

- a. Stock of raw material and consumables are carried at cost (computed on first-in-first-out basis) or Net Realizable Value, whichever is lower.
- b. Stock of work-in-progress is value at cost upto the level of processed and includes cost of material consumed, labour and manufacturing overhead. However, there was no stock-in-progress at end the financial year.
- c. Finished goods are valued at cost of manufacturing (computed on first-in-first-out basis) or net realizable value, whichever is lower.

6. Depreciation / Amortization :

Depreciation on fixed assets has been provided on Straight Line Method on pro-rata basis over the useful life prescribed in schedule II to the Companies Act, 2013 after considering salvage value of five percent of original cost. The Company has considered useful life of assets same as prescribed under the Companies Act, 2013.

7 **Taxes on Income :**

- a. Provision for current tax has been made as per the provisions of Income Tax Act, 1961.
- b. Deferred tax has been recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

8. **Earning Per Share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

9. **Leases :**

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

10. **Employees Benefits :**

- i. Provident Fund and Employee State Insurance

The Company's Contribution to the recognized Provident Fund and Employees State Insurance (Defined Contribution Scheme), paid/payable during the year, is debited to the Profit and Loss Account.

- ii. Gratuity Fund

The company has estimated and provided gratuity liability as what is payable as per the Gratuity Act as per its own estimate. However no actuarial valuation is made by the company.

- iii. Leave Encashment

Leave Encashment (Defined Benefit Scheme) is provided annually based in accordance with the policies of the company and are charged to the Profit Loss Account on accrual basis.

11. Transaction in Foreign Currency :

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction duly approximated. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are dealt with in the statement of profit and loss if they relate to income and expenses and in fixed assets if they relate to particular fixed assets.

12. Investments :

Long term investments are carried at cost. However, provision is made for diminution in value (if any), other than temporary, on an individual basis.

13. Borrowing Cost :

Interest and other borrowing costs on specific borrowings, attributable to qualifying assets, are capitalized. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are charged to revenue over the tenure of the loan.

14. Government Grants :

Grants received against specific fixed assets are adjusted to the cost of the assets and those in the nature of promoter's contribution are credited to Capital Reserve. Revenue Grants against expenses debited to Profit and Loss Account are recognised in the Profit and Loss Statement in accordance with the related scheme and in the period in which its accrual becomes certain.

15. Accounting for Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized in terms of Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets (AS-29), notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognized in the standalone financial statements.

NOTE: N.2 OTHER NOTES FORMING PART OF ACCOUNTS:

1. Contingent Liabilities :

Particulars	FY 2016-17	FY 2015-16
Contracts Remaining to be executed on capital accounts and not provided for(Net of Advances)	Nil	Nil

2 Remuneration paid to Directors Rs. 42,00,000/- (Previous year Rs. 42,00,000/-)

3 Small Scale Industries :-

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

4 Imported raw materials, Spare Parts and components purchased during the year
CIF value

Particulars	FY 2016-17	FY 2015-16
Raw Materials	Nil	1,52,25,609
Stores and Spares	Nil	3,66,115
Capital Goods	Nil	8,92,78,226
Total	Nil	10,48,69,950

5 Imported and Indigenous Raw Materials, Spare Parts consumed during the year

Particulars	FY 2016-17		FY 2015-16	
	Amount	%	Amount	%
Raw Materials				
- Imported	Nil	0%	2,33,03,488	11.77%
- Indigenous	11,02,72,468	100%	17,46,78,873	88.23%
Total	11,02,72,468	100%	19,79,82,361	100.00%
Stores and Spares				
- Imported	Nil	0%	5,21,319	11.19%
- Indigenous	19,13,829	100%	41,38,084	88.81%
Total	19,13,829	100%	46,59,403	100.00%

6 Expenses in Foreign Currency:

Particulars	FY 2016-17	FY 2015-16
Foreign Travelling	67,902	1,55,041

7 Earning in Foreign Currency is Rs.Nil (Previous year Rs. Nil/-).

8 Amount remitted in foreign currency on account of dividend is Rs.Nil (Previous year Rs. Nil/-).

9 Related Party Disclosure is as below.

Name of Party	Relationship	Particulars	FY 2016-17	FY 2015-16
Ravjibhai P. Patel	Director	Remuneration	24,00,000	24,00,000
Bipinbhai J Patel	Director	Remuneration	18,00,000	18,00,000
		Rent	48,000	48,000
Vrajlalbhai P Patel	Relative of Directors	Rent	48,000	48,000
Champaben R Patel	Relative of Directors	Rent	48,000	48,000
Rasilaben R Patel	Relative of Directors	Rent	48,000	48,000
Surbhi Textile Mills Pvt Ltd	Related party	Rent	1,30,000	Nil

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

NOTE: N.3 Disclose the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

Particulars	SBNs	Other denomination notes (Rs)	Total
Closing cash in hand as on 08.11.2016	Nil	25,290	25,290
(+) Permitted receipts	Nil	2,57,000	2,57,000
(-) Permitted payments	Nil	2,57,564	2,57,564
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	24,726	24,726

FOR AND ON BEHALF OF THE BOARD

SD/-
RAVJIBHAI P. PATEL
DIRECTOR
DIN: 00023332
PLACE : SURAT.
DATED: 12th May, 2017

SD/-
BIPINBHAI J. PATEL
DIRECTOR
DIN :00023447

FOR A.K.OSTWAL & CO.
CHARTERED ACCOUNTANTS

Sd/-
CA ASHOKKUMAR JAIN
PARTNER
M.No.038521/FRN 107200W
PLACE : SURAT.
DATED: 12th May, 2017