

SURABHI CHEMICALS & INVESTMENTS LIMITED

13A/266, 'Ami' Bungalow, Umra Police Lane, Athwalines, Surat 395007.

NOTICE

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of Surabhi Chemicals & Investments Limited, will be held at the Registered Office of the Company at 13A/266, Ami Bungalow, Umra Police Lane, Athwalines, Surat 395007 on Friday, 30th September, 2011 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date, together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ketan Jhaveri, who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and to fix their remuneration.

NOTE:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll only to vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.

By Order of the Board,

Place: Surat
Date: 30.08.2011

Rajen P. Shah
Director



SURABHI CHEMICALS AND INVESTMENTS LIMITED

Regd. Office: 13A/266, 'Ami' Bungalow, Umra Police Lane, Athwalines, Surat 395 007.

DIRECTORS' REPORT

TO THE MEMBERS OF SURABHI CHEMICALS AND INVESTMENTS LIMITED

Your Directors have pleasure in submitting the Twenty Sixth Annual Report of the Company togetherwith audited statements of accounts for the year ended on 31st March 2011.

FINANCIAL PERFORMANCE:

During the year under consideration, your Company has made the financial performance as mentioned below which your Directors hope will be found satisfactory.

	Current Year	Previous Year
Profit / (Loss) before depreciation	108,08,430	422,42,981
Less : Depreciation	82,220	3,09,634
	<u>107,26,210</u>	<u>419,33,347</u>
Less : Prior Period's Adjustment	2,32,356	3,65,371
Profit for the year before taxation	104,93,854	415,67,976
Less : <u>Income-tax Provision</u>		
Current Year's Tax	16,07,837	64,07,043
	<u>8,886,017</u>	<u>3,51,60,933</u>
Add MAT Credit Entitlement	514,858	--
Add . Deferred Tax arise during the year	--	64,64,885
Profit for the year after taxation	<u>9,400,875</u>	<u>416,25,818</u>
Add : Prior Year's Profit & Loss Account Balance	410,33,594	(5,92,224)
BALANCE CARRIED FORWARD TO BALANCE SHEET.	<u>50,434,469</u>	<u>410,33,594</u>



SURABHI CHEMICALS AND INVESTMENTS LIMITED

Regd. Office: 13A/266, 'Ami' Bungalow, Umra Police Lane. Athwalines, Surat 395 007.

BUSINESS AFFAIRS AND PROGRESS:

The Board of Directors have pleasure in submitting the above results of the company before the Hon'ble members. The Board hopes that the Hon'ble members will approve them as satisfactory. The Board prays for kind patronage to all the Hon'ble members in future too.

DEPOSITS:

The Company has not accepted any deposits from the public.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iii) the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES:



SURABHI CHEMICALS AND INVESTMENTS LIMITED

Regd. Office: 13A/266, 'Ami' Bungalow, Umra Police Lane, Athwalines, Surat 395 007.

During the financial year, no employee of the Company who;

- (i) being employed through the financial year was in receipt of remuneration for the year of Rs. 24,00,000/- or more.
- (ii) being employed for a part of the financial year was in receipt of remuneration of Rs. 2,00,000/- or more per month, and,
- (iii) being employed throughout the financial year or part thereof was in receipt of remuneration for the year or as the case may be at a rate which is in excess of that drawn by the Managing Director or whole time Director or Manager and holds by himself or along with his spouse and dependent children not less than 2% of Equity Shares of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,

FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) CONSERVATION OF ENERGY:

Since the Company is not consuming energy for its operation the question of Conservation of Energy does not arise.

(B) TECHNOLOGY ABSORPTION:

Since the Company is not a manufacturing Company, the question of technology absorption is not relevant for the Company

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the Company has not imported or exported any products or services Hence, the question of Foreign Exchange does not arise.

AUDITORS:



SURABHI CHEMICALS AND INVESTMENTS LIMITED

Regd. Office: 13A/266, 'Ami' Bunglow, Umra Police Lane, Athwalines, Surat 395 007.

You are requested to appoint auditors and to fix their remuneration for the ensuing year. Your Directors inform that M/s. Hiren M. Diwan & Company, Chartered Accountants, Surat, the present auditors of the Company have pursuant to Section 224(1) of the Companies Act, 1956 furnished the certificate regarding their eligibility for appointment.

ACKNOWLEDGEMENTS:

The Directors express their deep appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

R/Sudhakar

(CHAIRMAN)

PLACE : SURAT

DATE : 30/09/2011



AUDITORS' REPORT

TO THE MEMBERS OF SURBHI CHEMICALS AND INVESTMENT LIMITED:

- (1) We have audited the attached Balance Sheet of **SURBHI CHEMICALS AND INVESTMENT LIMITED** as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
- (4) Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - (a) We have 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 the books;

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- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
- (f) In our opinion and to the best of our information and according to the explanations given to us and together with the notes appended, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India.
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
- (ii) in the case of the Profit and Loss Account, of the **PROFIT** of the Company for the year ended on that date.
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR HIREN M. DIWAN & COMPANY
Chartered Accountants


(TEJAS M. DESAI)
PARTNER

PLACE : SURAT

DATE : _____

Membership No. 113760
Firm Reg. No. 303691W

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ANNEXURE TO THE AUDITORS' REPORT:

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT
TO THE MEMBERS ON THE ACCOUNTS OF SURABHI CHEMICALS AND
INVESTMENTS LIMITED FOR THE YEAR ENDED ON 31ST MARCH, 2011:**

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. The company had no inventory during the year under review. Accordingly, the provisions of the clauses 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
3. (a) The company has not taken any unsecured loan from other firm / companies and persons covered in the register maintained under section 301 of the Companies Act, 1956. The company has not granted loans to firm and persons covered under register maintained section 301 of the companies Act. There are no companies covered under the register maintained under section 301 of the Companies Act, 1956 to which the company has granted loans.

(b) The company has not granted loans to firm and persons covered under register maintained under section 301 of the Companies Act, 1956.

(c) The company has not granted any Loan and therefore the question of repayment does not arise.

(d) There is no overdue amount of loan taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements

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entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6 The company has not accepted any deposits from the public within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7 In our opinion, the company has an internal audit system commensurate with the size and nature of its business
- 8 To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of the cost records under section 209 (1) (d) of the Companies Act, 1956 for any products manufactured by the company.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty and cess were in arrears, as at 31st March 2011 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- 10 The company does not have accumulated losses as at the year-end. The company has not incurred any cash losses during the financial year covered under audit.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks and financial institutions. The company has no dues to debenture holders.
- 12 According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The company has maintained proper records of transactions and contracts of dealing in shares, securities, debentures and other investments and timely entries have been made in it. The shares and securities have been held by the company in its own name and in the name of Paami Textile and investments ltd which has been amalgamated from 26/12/2008.
15. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not taken any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for the long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanations given to us, the company has not made preferential allotment of the shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. However the company has allotted 1,73,100 shares to shares holders of its Subsidiary Company Paami Textiles and Investments Ltd as the same has been amalgamated with Surbhi Chemicals and Investments Ltd. with effect from 26/12/2008.
19. According to the information and explanations given to us, during the period covered by our audit report the company has not issued any debentures and therefore clause (xix) of the said Order is not applicable to the company.
20. The company has not raised monies by public issues and therefore clause (xx) of the said Order is not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE: SURAT

DATE :

FOR HIREN M. DIWAN & COMPANY
Chartered Accountants


(TEJAS M. DESAI)
PARTNER

Membership No. 113760
Firm Reg. No. 303691W

SURABHI CHEMICALS & INVESTMENTS LTD.

BALANCE SHEET AS AT 31ST MARCH 2011

	SCHE- DULE	FIGURES AS AT THE END OF CURRENT FINANCIAL YEAR RS.	FIGURES AS AT THE END OF PREVIOUS FINANCIAL YEAR RS.
<u>SOURCES OF FUNDS:</u>			
1	<u>Shareholders Funds:</u>		
	(a) Capital	11,731,000	11,731,000
2	Reserve and Surplus	138,691,944	129,291,069
	TOTAL	<u>150,422,944</u>	<u>141,022,069</u>

APPLICATION OF FUNDS:

1	<u>FIXED ASSETS</u>		
	(a) Gross Block	2,490,973	3,886,487
	(b) Less : Depreciation	0	397,214
	(c) Net Block	2,490,973	3,489,273
2	Investments	143,092,935	130,239,264
2	<u>CURRENT ASSETS</u>		
	(a) Debtors	2,229,710	17,250
	(b) Loans & Advances	7,848,809	6,689,124
	(c) Cash & Bank Balances	970,798	875,489
		<u>11,049,317</u>	<u>7,581,863</u>



Contd...2/-

	SCHE- DULE	FIGURES AS AT THE END OF CURRENT FINANCIAL YEAR RS.	FIGURES AS AT THE END OF PREVIOUS FINANCIAL YEAR RS.
Less <u>CURRENT LIABILITIES & PROVISIONS:</u>			
(a) Current Liabilities	8	4,602,444	399,115
(b) Provisions	9	1,607,837	6,407,043
NET CURRENT ASSETS		<u>4,839,036</u>	<u>775,705</u>
3 Deferred Tax Assets		0	6,517,827
TOTAL		<u><u>150,422,944</u></u>	<u><u>141,022,069</u></u>

As per our report of even date

FOR HIREN M. DIWAN & COMPANY
Chartered Accountants

R. S. Shah

DATE : 30/08/2011 (MANAGING DIRECTOR)

(Tejas M. Desai)
(TEJAS M. DESAI)
PARTNER

Membership No. 113760
Firm Reg. No. 103691W

M. K. Shah
DATE : 30/08/2011 (DIRECTOR)

DATE : 30/08/2011



SURABHI CHEMICALS & INVESTMENTS LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

	SCH- DULE	FIGURES AS AT THE END OF CURRENT FINANCIAL YEAR RS.	FIGURES AS AT THE END OF PREVIOUS FINANCIAL YEAR RS.
INCOME:			
1 Other Income	10	12,549,926	44,975,852
TOTAL		12,549,926	44,975,852
EXPENDITURE:			
1 Administrative Expenses	11	1,614,292	1,530,152
2 Other Expenses	12	127,204	1,202,719
3 Depreciation	3	82,220	309,634
4 Profit		10,726,210	41,933,347
TOTAL		12,549,926	44,975,852
PROFIT FOR THE YEAR BEFORE TAXATION		10,726,210	41,933,347
Less : Income Tax Expenses		1,607,837	6,407,043
		9,118,373	35,526,304
Add : Deferred Tax Income during the year		0	6,464,885
		9,118,373	41,991,189
Add: Mat Credit Entitlement		514,858	0
		9,633,231	41,991,189
Less : Prior year's adjustment (Taxes)		232,356	365,371
		9,400,875	41,625,818



Cont. 2/-

	SCHE- DULE	FIGURES AS AT THE END OF CURRENT FINANCIAL YEAR RS.	FIGURES AS AT THE END OF PREVIOUS FINANCIAL YEAR RS.
Add . Previous Year's Profit & Loss Account Balance		41,033,594	(592,224)
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>50,434,469</u>	<u>41,033,594</u>

CASH FLOW STATEMENT 13

NOTES FORMING PART OF ACCOUNTS 14

As per our report of even date

FOR HIREN M. DIWAN & COMPANY
Chartered Accountants

R.P. Shah

DATE : 30/08/2011 (MANAGING DIRECTOR)

Tejas M. Desai

(TEJAS M. DESAI)
PARTNER

Membership No. 113760
Firm Reg. No. 103691W

M. L. R. Shah

DATE : 30/08/2011 (DIRECTOR)

DATE : 30/08/2011



SURABHI CHEMICALS & INVESTMENTS LTD.
SCHEDULES ATTACHED TO AND
FORMING PART OF BALANCE SHEET
AND PROFIT & LOSS ACCOUNT

SCHEDULE : 1

CAPITAL:

1 AUTHORISED CAPITAL

- 2 000,000 Equity Shares of Rs. 10 each

TOTAL

CURRENT YEAR RS.	PREVIOUS YEAR RS.
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20,000,000	20,000,000
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20,000,000	20,000,000
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2 ISSUED, SUBSCRIBED, CALLED-UP
AND PAID-UP CAPITAL.

- 1,173,100 fully paid Equity Shares
of Rs. 10 each out of which 173,100
shares were issued for consideration
other than cash.

TOTAL

11,731,000	11,731,000
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11,731,000	11,731,000
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SCHEDULE : 2

RESERVES AND SURPLUS:

- 1 Capital Reserve
2 General reserve
3 Profit and Loss Account
4 Profit and Loss Account of amalgamated company
(Paami Textile and Investments Ltd.)

TOTAL

8,767,750	8,767,750
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15,323,877	15,323,877
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50,434,469	41,033,594
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64,165,848	64,165,848
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138,691,944	129,291,069
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SCHEDULE : 3
FIXED ASSETS:

Description of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions	As at	Up to	For the	Deductions	Total up to	As at	As at
	1-Apr-2010	31-Mar-2011	31-Mar-2010	31-Mar-2011	Year	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2010
Air Condition	13,222	0	13,222	0	2,256	552	2,808	0	0	10,966
Computer	97,970	0	97,970	0	45,372	7,609	52,981	0	0	52,598
Vehicle	991,901	0	991,901	0	306,859	64,140	370,999	0	0	685,042
Furniture & Equipments	136,153	0	136,153	0	29,952	6,952	36,904	0	0	106,201
Generating Set	861	0	861	0	146	36	182	0	0	715
Office Renovation	57,407	0	57,407	0	12,629	2,931	15,560	0	0	44,778
Saputara Guest House	2,490,973	0	0	2,490,973	0	0	0	0	2,490,973	2,490,973
Television	98,000	0	98,000	0	0	0	0	0	0	98,000
TOTAL	3,886,487	0	1,395,514	2,490,973	397,214	82,220	479,434	0	2,490,973	3,489,273
PREVIOUS YEARS TOTAL	3,886,487	0	0	3,886,487	87,580	309,634	0	397,214	3,489,273	3,798,907



SCHEDULE : 4
INVESTMENTS:

	CURRENT YEAR RS.	PREVIOUS YEAR RS.
1 Quoted Investments	143,092,935	126,761,654
2 Other Investments	0	3,477,610
TOTAL	143,092,935	130,239,264

NOTE The above Investments have been valued at Cost. The market value of above investment as on 31/3/2011 is Rs.141,432,791/-

SCHEDULE : 5
SUNDRY DEBTORS:

(Unsecured and Considered Good:)

1 Debts outstanding for a period exceeding six months	0	0
2 Other Debts		
- From Directors	0	12,750
- Others	2,229,710	4,500
TOTAL	2,229,710	17,250

SCHEDULE : 6
LOANS & ADVANCES:

(Unsecured and Considered Good:)

1 Advance Tax and TDS	800,000	6,500,000
2 Loans and Deposits	16,124	189,124
3 MAT Credit Entitlement	7,032,685	0
TOTAL	7,848,809	6,689,124

SCHEDULE : 7
CASH & BANK BALANCES:

1 Cash on Hand	48,002	23,295
2 <u>Bank balance with:</u>		
- HDFC Bank A/c. No. - 951	62,213	13,562
- HDFC Bank Current A/c	845,224	796,658
- HDFC Bank Saving A/c.	15,358	14,008
- Bank of Baroda C/A - Surat	0	11,579
- Bank of Baroda A/c - 5720	0	16,387
TOTAL	970,798	875,489



SCHEDULE : 8**CURRENT LIABILITIES:**

	CURRENT YEAR RS.	PREVIOUS YEAR RS.
1 Outstanding Audit and Legal Fees	122,433	226,115
2 Gratuity Payable	181,650	173,000
4 Rajen P Shah	4,298,361	0
TOTAL	<u>4,602,444</u>	<u>399,115</u>

SCHEDULE : 9**PROVISIONS:**

1 Income-tax Provisions		
A Y 2011 - 2012	1,607,837	0
A.Y. 2010 - 2011	0	6,407,043
TOTAL	<u>1,607,837</u>	<u>6,407,043</u>



<u>SCHEDULE : 10</u>	CURRENT	PREVIOUS
<u>OTHER INCOME:</u>	YEAR	YEAR
	RS.	RS.
Dividend From Mutual Fund	3,115,176	1,769,007
Dividend on Shares	66,043	67,573
Long Term Profit On Mutual Fund	7,254,947	23,155,559
Short Term Profit On Mutual Fund	1,755,838	64,331
interest	7	1,800
Profit on Sale of Jewellery	295,817	0
Profit on Sale of Car	62,098	0
Long Term Profit On Shares	0	19,454,804
Short Term Profit On Shares	0	462,778
TOTAL	12,549,926	44,975,852

<u>SCHEDULE : 11</u>		
<u>ADMINISTRATIVE EXPENSES:</u>		
Advertisement Expense	150,347	118,997
Listing and Filing Fees	2,060	84,710
Audit and Legal Fees	619,597	249,588
Director's Fees	5,500	6,000
Office Expense	40,420	22,173
Professional Fees	328,913	245,950
Professional Tax	2,400	2,800
Salary Expenses	397,700	375,400
Bank Charges	113	2,707
Mobile Expenses	280	6,604
Motor Car Expenses	24,585	35,450
Travelling Expenses	976	9,990
Demat Charges	153	17,282
Insurance Expenses	4,855	22,089
Security Transaction Tax	10,610	98,702
Gratuity Expenses	8,650	173,000
Stationary and Printing Expenses	7,200	0
Maintenance Charges	3,033	0
Petrol Expenses	6,900	0
Computer Expenses	0	980
Accounting Charges	0	12,000
Certification Fees	0	5,500
Registration Fees	0	36,030
Rent Expenses	0	4,200
TOTAL	1,614,292	1,530,152



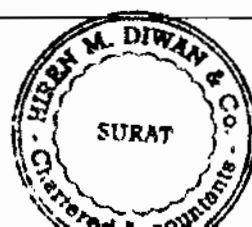
SCHEDULE : 12
OTHER EXPENSES:

	CURRENT YEAR RS.	PREVIOUS YEAR RS.
Saputara Guest House Expenses	3,217	9,664
Miscellaneous Expenses	2,054	16,359
Long Term Loss on Mutual Fund	13,017	988,252
Loss on sale of Assets	68,158	0
Wealth Tax Expenses	35,757	0
Boni Expenses	5,000	0
Bad Debts	0	67,000
Discount Expenses	0	60,673
Loss from Partnership Firm	0	60,771
TOTAL	127,204	1,202,719



SCHEDULE : 13**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH 2011**

	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
I	<u>Cash Flow from Operating Activities :</u>		
		10,726,210	9,400,875
		<u>Items considered saperately:</u>	
Add	82,220		
Less	12,549,926	<u>(12,467,706)</u>	
	Operating Profit before Working Capital Changes		(1,741,495)
	<u>Adjustments for current assets and liabilities</u>		
Add	4,203,329		
Less	<u>(4,799,206)</u>		(595,877)
Less	(2,212,460)		
Add	6,517,827		
Less	<u>(1,159,685)</u>		3,145,682
	<u>Adjustments for Fixed Assets:</u>		
Add	357,915		
Add	916,080		
		<u>1,273,995</u>	
	Net Cash Flow from Operating activities		2,082,305
Less	: Income Tax Paid		1,607,837
Less	: Prior period Adjustment of taxes		232,356
Add	: MAT credit entitlement		<u>514,858</u>
			(1,325,335)
			<u>756,970</u>
II	<u>Cash Flow from Investing Activities :</u>		
Add	: Sales of Invetments		161,963,173
Add	: Received From Miraj Investments		0
Less	: Purchase of Investments		165,806,059
Add	: Interest Received		7
Add	: Dividend received in cash		<u>3,181,219</u>
	Net Cash Flow from Investing activities		(661,661)
III	<u>Cash Flow from Financing Activities :</u>		
	Net Cash Flow from Financing activities		<u>0</u>
	Net Increase/Decrease in Cash and Cash Equivalents		95,309
Add	: Opening Balance of Cash and Cash Equivalents		875,489
	Closing Balance of Cash and Cash Equivalents		<u><u>970,798</u></u>



SCHEDULE : 14

NOTES FORMING PART OF ACCOUNTS :

I Significant Accounting Policies.

(a) **Basis of Accounting**

Final Accounts have been prepared on Historical Cost Convention based on Accrual System of Accounting in accordance with the provisions of Companies Act, 1956 and accounting principals generally accepted in India and comply with accounting standards prescribed in the Companies (Accounting Standard Rule)2006 issued by Central Government to the extent applicable

(b) **Revenue Recognition**

Income and expenditure are recognized and accounted on accrual basis as and when they are earned or incurred. Revenue from sales transaction is recognized as and when the significant risk and reward attached to ownership in goods is transferred to the buyer. However leave with wages and bonus are accounted on cash basis. Interest income is recognised on time proportion basis and

(c) **Fixed Assets**

Fixed assets have been stated at cost less accumulated Depreciation. Cost includes freight and other incidental expenses directly related to acquisition of assets or construction of assets. Borrowing Cost directly attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for their intended use are capitalised taking into account amount outstanding and rate of interest. Self constructed assets are included in the gross book value are costs of construction that relate directly to the specific asset and costs that are attributable to the construction activity in general and can be allocated to the specific asset

(d) **Depreciation**

Depreciation on fixed assets has been provided on Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(e) **Borrowing Cost**

Borrowing cost directly attributable to the acquisition/construction of qualifying assets are capitalised as part of the cost of those assets. A qualifying assets is one that takes substantial period of time to get ready for intended use, Other borrowing costs are recognised as an expenses in the year in which they are incurred

(f) **Investments**

Current investments have been stated at lower of cost or fair value as on the balance sheet date. any reduction to fair value and any reversals of such reductions are included in the profit and loss statement.

Cont'd... 2/-



Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline

(g) **Foreign Currency Transaction**

Transaction denominated in foreign currency are recorded at exchange rate prevailing on the date of transactions. Exchange Difference arising on foreign exchange transaction settled during the year are recognised in the profit and loss

Foreign currency monetary items are converted into Rupee equivalent at the exchange rates prevailing at the balance sheet date. Non Monetary items are carried at historical cost denominated in foreign currency and reported using exchange rate at the date of transaction

(h) **Employee Benefit**

Short term benefits and post employment benefits are accounted in the period during which the services have been rendered

(i) **Impairment of Assets**

In accordance with AS 28 -" Impairments of Assets ", Where there is an indication of impairment of Company's assets, the carrying amounts of the Company's assets is reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount is estimated as higher of net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from their disposal at the end of their future life. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus, where applicable

(j) **Taxes on Income :**

Current Tax :

Provision for income tax is determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax Liability :

The difference that results between the profit offered for Income Tax and the profit as per the Financial Statements are identified and thereafter, a deferred tax asset or deferred tax liability is recorded for timing difference, namely the difference that originate in one accounting period and reversed in another based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on the prevailing enacted or substantially enacted regulations. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective value at each balance sheet date

Cont'd.. 3/-



(k) **Provisions and Contingent Liability**

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statement. Provisions, Contingent liability and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

ii **NOTES ON ACCOUNTS**

1 The investments in Mutual funds and shares is considered as Long Term Investments as therefore stated at cost price

2 The effect of significant timing differences that result in deferred tax assets and liabilities as at the end of the year are given below:

	Particulars	Amount (Rs.)
(i)	Deferred Tax Asset as on 01-04-2011	6,517,827
	<u>Less:</u>	
(ii)	Reversal of Deferred tax assets on account of MAT credit transferred to MAT credit entitlement Account	6,517,827
	DEFERRED TAX ASSET	Nil

3 The company has not dematerialised following shares in its Demat Account. In this regard reliance is placed on the certificate issued by the management to the effect that the said shares are held in physical form and that they are lying in the safe custody of the management.

<u>Sr. No.</u>	<u>Name of Company</u>	<u>Nos of Shares</u>	<u>Amount (Rs.)</u>
1	Core Parental	500	15,000
2	Harr. Malayalam	320	10,240
3	Indian Hotel	500	270,366
4	Kanoria Industries	500	5,250
5	Simplex	515	24,983
6	Suzlon Fibres Ltd	400	6,000
7	Western Paques	800	5,720
8	Wipro Industries	500	1

Cont'd.. 4/-



- 4 Paami Textile and Investments Ltd. has been amalgated with the company on and from 26/12/2008 in terms of the Order of the Honourable Gujarat High Court dated 14/10/2008. However the company has continued to hold the demat account, mutual funds and the bank account in the name of Paami Textile and Investments Ltd. for the shares and the funds respectively belonging to the erstwhile Paami Textile and Investments Ltd. which has got amalgated with the company on and from 26/12/2008. All the entries of these demat account and bank account have been accounted for in the books of the company i.e. Surbhi Chemicals and investments Ltd.

5	<u>Details of payments made to Auditors.</u>	<u>Current Year</u>	<u>Previous Year</u>
(a)	As Auditor	20,000	25,000
(b)	<u>As Advisor or in any other capacity in respect of:</u>		
	i) Taxation Matter	86,000	175,000
	ii) Company Law Matters		0
	iii) Certification	5,000	5,000
(c)	Other Matter (Service Tax)	11,433	21,115
	TOTAL	122,433	226,115

- 6 Disclosure of relationship and transaction with the related parties as defined in Accounting Standards 18 issued by The Institute of Chartered Accountants of India is as under

(A) Name of the related parties and description of relationship:

(i) Key Management Personnel:

- Mr. Rajen P. Shah
- Mrs. Mita R. Shah
- Mr. Yatish Parekh

(ii) Relatives:

- Mr. Rajen P. Shah
- Rajen P. Shah - HUF
- Mita R. Shah
- Archita R. Shah

Cont'd... 5/-



B Details of Transactions:

	Particulars of Transaction	Related parties where control exists	Key Management Personnel	Relatives
(i)	<u>Director's Fees</u>			
	Mr. Rajen P. Shah	-	1,500	-
	Mrs. Mita R. Shah	-	1,500	-
	Mr. Yalish Parekh	-	1,500	-
	Mr. Ketan M. Jhaveri	-	1,000	-
(ii)	<u>Sale of Assets</u>			
	Rajen P. Shah - HUF	-	-	2,067,290
	Archita R. Shah	-	-	657,920
(iii)	<u>Salary:</u>			
	Mrs. Mita R. Shah	-	180,000	-

7 There are no reportable segment as per Accounting Standard 17 issued by the ICAI on "Segment Reporting"

8 Earning per Share (AS - 20)

<u>Details</u>	<u>Current Year</u>	<u>Previous Year</u>
(a) Weighted average no. of shares outstanding	1,173,100	1,173,100
(b) Net Profit / (loss) available to Equity Share Holders	9,400,875	41,625,818
(c) Basic and diluted EPS [(b) / (a)]	<u>8.014</u>	<u>35.484</u>

9 The Equity shares of the Company are listed on the following Stock Exchange and the Company has duly paid the requisite amount of annual listing fees for the year 2010-2011 to both the Exchange

(a) The Stock Exchange - Ahmedabad
Kamdhenu Complex, Opp. Sahajanand College,
Pangrapole, Ahmedabad - 15

Cont'd 6/-



(b) The Stock Exchange - Mumbai
Phiroz Jeejeebhoy Tower,
Dalal Street - Mumbai - 01.

- 10 Previous year's figures have been regrouped and recast wherever necessary to make them comparable with current year's figures.

SIGNATURES TO SCHEDULES 1 TO 14 :

As per our report of even date

FOR HIREN M. DIWAN & COMPANY
Chartered Accountants

R.P. Shah

DATE: 30/08/2011 (MANAGING DIRECTOR)

Tejas M. Desai

(TEJAS M. DESAI)
PARTNER

M. R. Shah
DATE: 30/08/2011 (DIRECTOR)

DATE: 30/08/2011



