

**SURABHI
CHEMICALS AND INVESTMENTS
LIMITED**

**ANNUAL REPORT
2012-13**

COMPANY INFORMATION

BOARD OF DIRECTORS

Shri Suresh Kumar Agarwal
Smt Bina Agarwal
Shri Manish Kumar Patni
Shri Dipan Patel Jesingbhai

COMPANY SECRETARY

Ms. Leena Kumawat

AUDITORS

Ramanand & Associates
Chartered Accountants
6/C, Ostwal Park Bldg. No. 4
Opp Jesal Park Jain Temple,
Bhayandar (East),
Dist. Thane - 401 105
Maharashtra

BANKERS

HDFC BANK

REGISTERED OFFICE

Ajanta Shopping Center Ring Road,
Shop No. 507, Nondh No. 2885D
1A Pai Plot 201, 5th Floor
Surat- 395002, Gujarat

REGISTRAR & SHARE TRANSFER AGENTS

M/S. Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane
(Surendra Mohan Ghosh Sarani),
2nd Floor
Kolkata – 700001
Ph. 033 2243 5809 / 5029
Fax. 033 2248 4787
Email: mdpl@cal.vsnl.net.in

EMAIL: surabhichemin@gmail.com

28th ANNUAL GENERAL MEETING

DATE & TIME

Wednesday, September 18, 2013,
at 11.00 A.M.

VENUE

Lords Plaza, Delhi Gate
Ring Road , Surat – 395003,
Gujarat

BOOK CLOSURE

September 15, 2013 to September 18, 2013
(both days inclusive)

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DIRECTORS' REPORT

To

The Members of Surabhi Chemicals And Investments Ltd.

Your Directors have pleasure in presenting the Twenty- Eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

The highlights of the Financial Results are as under:

(Rs in Lakhs)

PARTICULARS	Year ended 2012-2013	Year ended 2011-2012
Total Income	388.25	120.39
Total Expenditure	271.19	24.87
Profit for the year before Tax	117.06	95.52
Tax Expense	34.24	1.10
Profit for the year after tax	82.82	94.42

OPERATIONS

The Company will continue to be responsive to changes in market dynamics and consumer behavior and other key factors influencing the business, and will formulate its strategies accordingly.

CHANGE OF MANAGEMENT

There was change in management of the company during the year under review.

The present promoter of the company are M/s Mahadhan Vincom Pvt Ltd, Mrs Bina Agarwal, Mr Bishnu Dutt Goenka and Mr Santosh Sharma

DIVIDEND

The Board of Directors of the Company at its meeting held on March 23, 2013, has declared interim dividend for financial year 2012-13 @ 1% i.e. Rs. 0.10 for each share of Rs. 10/- face value.

SHARE CAPITAL

During the year under review, the authorised share capital has been increased from Rs. 20,000,000 (Two Crore) divided into 2,000,000 equity shares of Rs. 10/- each to Rs. 120,000,000 (Twelve Crore) divided into 12,000,000 equity shares of Rs. 10/- each, (vide EGM notice dated 22.06.2012 of which results were declared on 21st July, 2012). It was further increased from Rs. 120,000,000 divided into 12,000,000 equity shares of Rs. 10/- each to Rs. 220,000,000 (Twenty Two Crore), divided into 22,000,000 equity shares of Rs. 10/- each, (vide notice dated 5th November 2012, of which results were declared on 1st December, 2012).

I. Bonus Issue

In continuance company's tradition of rewarding shareholders, the Board of Directors of the Company ("the Board") at its meeting held on 22.06.2012 had recommended issue of

bonus shares in the ratio of 9:1 i.e. Nine new fully paid up equity share of Rs.10/- each for every one fully paid up equity share of Rs. 10/- each, to the eligible members of the Company and fixed the Record date 11th August, 2012, and allotted the shares on 14th August, 2012.

II. Preferential Issue

During the year under review, the Board of Directors in its meeting held on 31st December, 2012 has allotted 99,00,000 (Ninety Nine Lacs) Shares on Preferential basis in accordance with members assent obtained through EGM held on 1st December, 2012.

III. Sub- Division of Face value of Equity Shares.

The equity shares were sub-divided from the face value of Rs.10/- each into the face value of Re. 1/- each (vide EGM notice dated 26.02.2013 of which the results were declared on 22nd March 2013).

DIRECTORS

Shri Manish Kumar Patni was appointed as additional director in the board meeting held on June 1, 2012 and was appointed as Managing Director in the Annual General Meeting held on September 17, 2012.

Smt. Bina Agarwal, was appointed as additional director in the board meeting held on June 1, 2012, and was appointed as Non Executive Director in the Annual General Meeting held on September 17, 2012.

Shri Dipan Patel Jesingbhai and Shri Suresh Kumar Agarwal, were appointed as additional directors in the board meeting held on August 23, 2012, and were appointed as Independent Directors in the Annual General meeting held on September 17, 2012.

Shri Rajen Prakash Shah and Smt. Mita Rajen Shah, resigned from directorship with effect from June 5, 2012.

Shri Yatish Chandrakant Parekh, and Ketan Mahendra Jhaveri, resigned from directorship with effect from September 10, 2012.

The Directors place on record their sincere appreciation for the guidance and valuable contributions by them during his tenure.

The Board of Directors has in their meeting held on April 13, 2013, appointed Ms. Leena Kumawat, as Company Secretary and Complaine Officer of the Company.

Mr. Jigar Vyas, Company Secretary of the Company has resigned with effect from June 19, 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed and no material departures have been made from the same;

- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That Directors have prepared the annual accounts for the financial year ended 31st March, 2013, on a 'going concern' basis.

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

The particulars relating to conservation of energy and technology absorption are not applicable to the Company. However, efforts are being made to conserve and optimize the use of energy, wherever possible.

During the year under review, your Company has neither earned nor spent any foreign exchange.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Outlook

Before discussing the business outlook and future plans it is useful to give a brief overview of the Indian Economy.

Scenario overview

The difficult Economic and Business scenario in India which started in 2011, has continued and in certain areas deepened, further during 2012-13. Inflation continued to be very high, while growth remained below expectations. Capital Investments by Individuals, Families, and by Businesses and Industrial organisations in the Private and Public sector dropped significantly. Many industries have witnessed slow growth while certain sectors experienced contraction, as retail consumer spending also slowed down. The deepening monetary and economic crises in Europe and the slow recovery in the US, has had an adverse effect on growth in the ASEAN and Far Eastern economies. These International developments in the EU and Asia further dampened your company's growth.

Risk and Concerns

At Present Your Company is more Concerned towards new projects and planning to diversify into new business of Real estate Projects.

As an Investment Company it will be exposed to credit risk, liquidity risk and interest rate risk. Further, the Company is exposed to risks from market fluctuation of interest rate and stock market fluctuation of the share prices. The object of risk management is to balance the tradeoff between risk and return and ensure optimum risk adjusted Return on Capital.

Internal Control Systems and their adequacy

Your Company has appropriate internal control systems relating to its areas of operations. Our internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of Company assets.

Discussion on Financial Performance with respect to Operational Performance.

The Company has not incurred losses during the year under review.

Developments in Human Resources

Since the Company is looking for new avenues of businesses, the challenge to recruit employees with the right knowledge and skill is very important.

Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results and planning might differ materially from those expressed or implied.

DEMATERIALIZATION OF EQUITY SHARES

The Company's equity shares are available for trading in the Depository systems of the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The International Security Identification Number (ISIN) allotted to Surabhi Chemicals and Investments Ltd is INE401F01037 for the equity shares of your Company. The status of Equity Capital exists in Electronic Form and Physical Form as on March 31st, 2013 is as under:

Particulars	No. of Shares	Percentage(%)
Electronic Mode		
NSDL	9,016,992	41.69
CDSL	8,846,058	40.90
Physical Mode	3,767,950	17.41
Total :	21,631,000	100.00

CORPORATE GOVERNANCE

Your Company has successfully implemented the mandatory provisions of Corporate Governance in accordance with the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges. Separate Reports on Corporate Governance and Management Discussion & Analysis are included in the Annual Report and Certificate dated 30th of May, 2013 of the Auditors of your Company confirming the compliance of conditions of Corporate Governance is also annexed thereto.

PARTICULARS OF EMPLOYEES

There was no employee in respect of whom information is required to be given pursuant to the Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended up-to-date.

AUDITORS

M/s. Ramanand & Associates., Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the ensuing AGM. The notice convening the AGM is self-explanatory. Members are requested to re-appoint M/s. Ramanand & Associates, Chartered Accountants, as Auditors for the Current Year.

AUDITORS REPORT

In respect of observation made by the Auditors in their Report, your Directors wish to state that the respective notes to the accounts are self-explanatory and do not call for any further comments.

INDUSTRIAL RELATIONS

During the year under review, your Company had cordial and harmonious industrial relations at all levels of the Organization.

STOCK EXCHANGE

The Company's Securities are listed at the Ahmedabad Stock Exchange Limited and the Bombay Stock Exchange Limited. We have paid the respective annual listing fees and there are no arrears.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any fixed deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

APPRECIATION

Your Directors place on record their deep appreciation for the continued, support and co-operation extended to the Company by the Banks, Government departments and other agencies.

Your Directors thanks our esteemed shareholders for your continued support.

Your Directors place on record their appreciation of the dedication and commitment of your Company's employees and look forward to their support in the future as well.

For and on behalf of the Board

Place: Surat
Date: May 30, 2013

(Manish Kumar Patni)
Managing Director

CORPORATE GOVERNANCE REPORT

1. The Company's Philosophy on Code of Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Company has a strong legacy of fair, transparent and ethical governance.

The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders.

2. Board of Directors

The Board of Directors as on the date consist of Four Directors out of whom 3 (Three) are Non Executive Directors. The Chairman of the Company is Executive Director. The composition of Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

All operational and statutorily required information were placed before the Board. All significant events were also reported to the Board.

Name	Category	No of outside Directorship(s) held in Public Limited and Private Limited Companies		No. of Board Committee position held in other Public Limited Companies	
		Private	Public	Chairman	Member
Shri Manish Kumar Patni	Executive- Managing Director	-	1	-	-
Shri Dipan Patel Jesingbhai	Non-Executive Independent Director	1	2	-	4
Smt. Bina Agarwal	Non-Executive Director	1	-	-	-
Shri Suresh Kumar Agarwal	Non-Executive Independent Director	2	2	-	-

Note: - Shri Rajen Prakash Shah and Smt. Mita Rajen Shah resigned w.e.f. June 5, 2012.

Shri Yatish Chandrakant Parekh and Shri Ketan Mahendra Jhaveri resigned w.e.f. September 10, 2012.

Shri Manish Kumar Patni was appointed as additional director in the board meeting held on June 1, 2012 and was appointed as Managing Director in the Annual General Meeting held on September 17, 2012.

Smt. Bina Agarwal, was inducted in the Board w.e.f June 1, 2012. and was appointed as Non Executive Director in the Annual General Meeting held on September 17, 2012.

Shri Dipan Patel Jesingbhai and Shri Suresh Kumar Agarwal, were appointed as additional directors in the board meeting held on August 23, 2012, and were appointed as Independent Directors in the Annual General Meeting held on September 17, 2012.

3. Board Meetings

The Board held 19(Nineteen) Meetings during the year 2012 - 2013 on 21.05.2012, 01.06.2012, 05.06.2012, 09.06.2012, 19.06.2012, 22.06.2012, 14.08.2012, 18.08.2012, 23.08.2012, 27.08.2012, 10.09.2012, 08.10.2012, 05.11.2012, 14.11.2012, 31.12.2012, 18.01.2013, 14.02.2013, 26.02.2013, 23.03.2013 .

Attendance of Directors at Board Meetings and at the Annual General Meeting

Name of the Directors	No. of Board Meetings Attended	Whether Attended the Last AGM
Shri Manish Kumar Patni	17	YES
Shri Dipan Patel Jesingbhai	10	YES
Smt.Bina Agarwal	17	YES
Shri Suresh Kumar Agarwal	10	YES
Shri Yatish Chandrakant Parekh	10	NO
Shri Ketan Mahendra Jhaveri	10	NO
Shri Rajen Prakash Shah	3	NO
Smt. Mita Rajen Shah	3	NO

The Board ensures compliance of all laws applicable to the Company and takes steps to rectify non-compliances, if any.

4. Committees of the Board

(a) Audit Committee

The Audit committee oversees the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their remuneration, to review and discuss with the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliance with accounting standards and Listing Agreements and other legal requirements concerning financial statements and related party transactions, if any, and to review the financial statements before they are submitted to the Board of Directors.

Composition and Attendance

During the year 2012-2013, 4 (Four) Meetings of the Audit Committee were held on, 21st May, 2012, 14th August, 2012, 14th November, 2012 and 14th February, 2013 .

Name of the Members	Category	No. of Meetings Attended
Shri Rajen Prakash Shah	Director	1
Smt Mita Rajen Shah	Director	1
Shri Yatish Chandrakant Parekh	Non Executive Independent Director	2
Shri Ketan Mahendra Jhaveri	Non Executive Independent Director	2
Shri Dipan Patel Jesingbhai	Chairman	2
Smt. Bina Agarwal	Non Executive Director	3
Shri Suresh Kumar Agarwal	Non Executive Independent Director	2

Note: Shri Rajen Prakash Shah and Smt. Mita Rajen Shah resigned w.e.f. June 5,2012.

Shri Yatish Chandrakant Parekh and Shri Ketan Mahendra Jhaveri resigned w.e.f. September 10,2012.

Smt. Bina Agarwal, was inducted in the Board w.e.f June 1, 2012. and was appointed as Non Executive Director in the Annual General Meeting held on September 17, 2012.

Shri Dipan Patel Jesingbhai and Shri Suresh Kumar Agarwal, were appointed as additional director in the board meeting held on August 23, 2012, and were appointed as Independent Directors in the Annual General Meeting held on September 17, 2012.

The Members of the Audit Committee have requisite knowledge in the field of Finance, Accounts and Management. Minutes of each Meeting of Audit Committee are placed and discussed before the Board of Directors.

(a) The representative of Statutory Auditors attended the meetings of Audit Committee.

(b) Remuneration Committee

The Company has not formed a remuneration committee which is a part of non-mandatory code. The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practices and the requirements of law. The Company does not have any stock option plan or performance linked incentives for its directors. The Company has not paid any remuneration to any of its directors.

5. Share Transfers and Shareholders/Investors Grievance Committee.

(a) Terms of reference

The Committee into issues relating to share, including transfer/transmission of shares, issue of duplicate share certificates, non-receipt of dividend, annual reports etc. The Committee meets to review status of investor grievances, rectify transfers, approve transmission of shares and issue duplicate share certificates from time to time. Besides, officers of the Company have been authorized to approve issue of share certificates,

approve transfer/ transmission of shares, consolidation, sub-division, and split of share certificates.

(b) Compliance Officer

The Board has designated Ms. Leena Kumawat, Company Secretary of the Company as the Compliance Officer w.e.f April 13, 2013.

(c) Shareholders/Investors' Grievance Committee:

Composition of Shareholders/ Investors' Grievance Committee

Name	Category
Shri Dipan Patel Jesingbhai	Non Executive Independent Director
Smt. Bina Agarwal	Non Executive Director
Shri Suresh Kumar Agarwal	Non Executive Independent Director

Note: - Shri Rajen Prakash Shah and Smt. Mita Rajen Shah resigned w.e.f. June 5, 2012.

Shri Yatish Chandrakant Parekh and Shri Ketan Mahendra Jhaveri resigned w.e.f. September 10, 2012.

Smt. Bina Agarwal, was inducted in the Board w.e.f. June 1, 2012. and was appointed as Non Executive Director in the Annual General Meeting held on September 17, 2012.

Shri Dipan Patel Jesingbhai and Shri Suresh Kumar Agarwal, were appointed as additional directors in the board meeting held on August 23, 2012, and were appointed as Independent Directors in the Annual General Meeting held on September 17, 2012.

There are no outstanding complaints and no shares were pending for transfer as on 31st March, 2013.

6. General Body Meetings:

i. General Meetings

a. Annual General Meetings:

The Last three Annual General Meetings were held as per the details given below:

YEAR	DATE	TIME	VENUE
2011-2012	17.09.2012	11:A.M.	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat
2010-2011	30.09.2011	11:A.M.	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat
2009-2010	30.09.2010	11:A.M.	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat

b. Extra Ordinary General Meetings:

4 (Four) Extra-ordinary General Meeting of the members was held during the year 2012-2013 as below:

Date	TIME	Venue	Purpose
22.03.2013	4:00 P.M	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat	1. The Board has approved the subdivision of Equity Shares of the Company, including the paid-up shares, such that each existing Equity Share of the Company of the face value of Rs.10/- (Rupees Ten) each, shall be sub-divided into Ten Equity Shares of face value of Re. 1/- (Rupee One each).
11.02.2013	5:00 P.M	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat	1. To appoint M/s. Ramanand & Associates as Statutory Auditors of the Company till the Ensuing Annual General Meeting.
01.12.2012	3:00 P.M	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat.	1. Increase the Authorized capital of the Company from Rs. 1200 Lacs to Rs. 2200 Lacs. 2. Diversification into real estate, construction and infrastructure activities and thereon decided to change the object clause of Memorandum of Association of Company and to commence activities. 3. To issue 100 Lacs Equity Shares to interested investors on preferential basis.
21.07.2012	3:00 P.M	13-A/266, Ami Bunglow, Umra Police Lane, Athwalines, Surat- 395007, Gujarat.	1. To increase Authorised Capital of the Company from 200 Lacs to 1200 Lacs 2. To issue Bonus Shares in the ratio 9:1, (Nine shares for One Share held on Record Date).

ii. Postal Ballot

During the year ended 31st March, 2013, no resolution was passed by the Company's shareholders requiring voting by postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

7. Disclosures

(a) Disclosure on materially significant related party transactions, pecuniary or business relationship with the Company.

There have been no materially significant related party transaction of the Company during the Financial year 2012-13.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority on any matters related to Capital Market:

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets during the last 3 years.

(c) Whistle Blower Policy:

The Company has formulated a policy known as 'Whistle Blower Policy' to allow and encourage our employees to bring to the Management's Notice (Audit Committee) directly, without necessarily informing their superiors about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of the Company's policies including code of conduct, violation of law or questionable accounting or auditing matters by any employee/director in the Company without fear of reprisal.

The Company further undertakes that it has not denied any personnel access to the Audit Committee of the Company in respect of matters involving alleged misconduct/malpractice/unethical behavior and that it has provided protection to 'Whistle Blowers' from unfair termination and other unfair or prejudicial employment practices.

(d) Details of compliance with the mandatory requirements and adoption of non-mandatory requirements of Clause 49:

The Company has complied with the mandatory requirements and is in process of adopting non-mandatory requirements of Clause 49, wherever feasible.

(e) Risk Management:

The Executive Management controls risk through means of a properly defined framework.

(f) Code of Conduct:

The Board of Directors of your Company has laid down the Code of Conduct for all Board Members and Senior Management of the Company, which delineates the principles governing the conduct of employees including Directors, with all the stakeholders of the Company. The code covers transparency, legal compliances, concern of occupational health, safety and environment, a gender friendly work place and philosophy of leading by personal examples.

All Board Members and Senior Management of your Company ensure the compliances with these principles. The Board is responsible for ensuring that these principles are communicated to, understood and observed by all employees. Compliance of the code is subject to the review by the Board supported by the Audit Committee of the Board.

(g) CEO/CFO Certification

A certificate from the Director on the Financial Statements of the Company was placed before the Board.

(h) Meaning of Communication

- (1) Quarterly results are published in leading newspapers like The Financial Express and Gandhinagar Western Times.
- (2) Management Discussion and Analysis Report forms part of the Director's Report.

8. General Shareholder Information

(a) Date, Time and Venue of Annual General Meeting:

The Company will hold its Twenty- Eighth Annual General Meeting on Wednesday, September 18, 2013 at 11:00 A.M. at Lords Plaza, Delhi Gate, Ring Road, Surat- 395003, Gujarat.

(b) Financial Calendar (tentative and subject to change)

The Company expects to announce the unaudited quarterly results for the year 2013-2014, as per the following schedule:

Financial Reporting for the quarter ending June 30, 2013	Within 45 days from the end of the quarter ending June 30, 2013.
Financial Reporting for the quarter ending September 30, 2013	Within 45 days from the end of the quarter ending September 30, 2013
Financial Reporting for the quarter ending December 31, 2013	Within 45 days from the end of the quarter ending December 31, 2013.
Financial Reporting for the quarter ending March 31, 2014	Within 60 days from the end of the quarter ending March 31, 2014.

(c) Date of Book Closure

The Company's Register of Members and Share Transfer Book will remain closed from Sunday, the September 15, 2013 to September 18, 2013 (both days inclusive).

(d) Dividend Payment Date

The Board of Directors of the Company at its meeting held on March 23, 2013, has declared interim dividend for financial year 2012-13 @ 1% i.e. Rs. 0.10 for each share of Rs. 10 face value.

(e) Listing on Stock Exchanges

(i) BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001,
Maharashtra, India

(ii) Ahmedabad Stock Exchange Limited

Kamdheni Complex, Opp. Sahajanand College,
Panjrapole Ahmedabad- 380015
Gujarat, India

(f) Stock Code

The Bombay Stock Exchange Limited : 512311

The Ahmedabad Stock Exchange Limited : 58200

ISIN : INE401F01037

(g) Stock Market Data

Market Price Data- Monthly high/low of Company's Equity shares during the financial year 2012-2013 on the BSE along with performance in comparison to BSE Sensex is given as under:

MONTH	SURABHI CHEMICALS AND INVESTMENTS LTD. on BSE		BSE Sensex	
	High(Rs)	Low (Rs)	High	Low
April, 2012	-	-	17,664.10	17,010.16
May, 2012	-	-	17,432.33	15,809.71
June, 2012	-	-	17,448.48	15,748.98
July, 2012	-	-	17,631.19	16,598.48
August, 2012	2.52	2.52	17,972.54	17,026.97
September, 2012	3.85	2.64	18,869.94	17,250.80
October, 2012	7.91	4.04	19,137.29	18,393.42
November, 2012	11.09	8.30	19,372.70	18,255.69
December, 2012	16.03	11.31	19,612.18	19,149.03
January, 2013	24.60	16.35	20,203.66	19,508.93
February, 2013	36.00	25.05	19,966.69	18,793.97
March, 2013	51.85	36.70	19,754.66	18,568.43

(h) Registrar and Transfer Agents for shares held in Physical as well as Depository mode:

M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane (Surendra Mohan Ghosh Sarani),

2nd Floor, Kolkata - 700001.

Ph:-033 2243 5809 / 5029, Fax: 033 2248 4787

Email :mdpl@cal.vsnl.net.in

(i) Share Transfer System

The Board has delegated the power of share transfer to Shareholders/Investors' Grievance Committee. The Committee holds meeting at regular intervals to consider all matters concerning transfer and transmission of Shares.

(j) Distribution and Shareholding Pattern

Distribution of shareholding of the Company as on March 31, 2013:

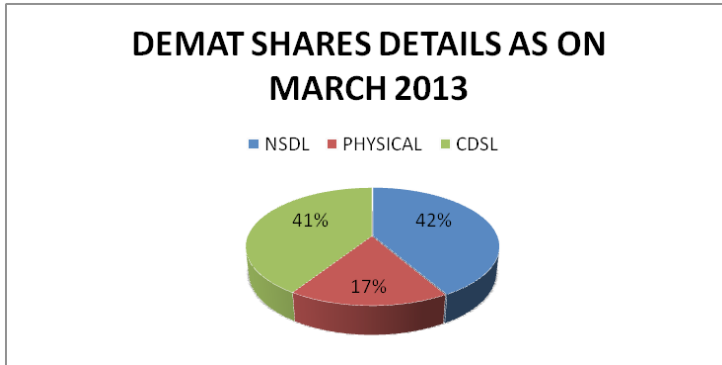
Range of Equity Shares	No of Shareholders	% of total Shareholders	No. of Shares	% to total Shares
Up to 500	60	7.45	10058	0.05
501 - 1000	20	2.48	17544	0.08
1001 - 2000	19	2.36	35600	0.16
2001 - 3000	85	10.56	215500	1.00
3001 - 4000	35	4.35	138000	0.64
4001 - 5000	98	12.17	485246	2.24
5001 - 10000	222	27.58	1926762	8.91
10001 and Above	266	33.05	18802290	86.92
Total	805	100.00	21,631,000	100.00

(k) Shareholding Pattern of the Company as on March 31, 2013:

Category	Nos. of Shares held	Percentage of Holding
A Promoter and Promoter Group		
1. Indian Promoters	543,275	2.51
2. Foreign Promoters	-	-
Sub Total	543,275	2.51
B Public Shareholding		
1. <u>Institutional Investors</u>		
- Mutual Funds & UTI	-	-
- Banks, Financial Institutions, Insurance Companies	-	-
- Central Government/State Government(s)	-	-
- Foreign Institutional Investors	-	-
2. <u>Non-Institutional Investors</u>		
- Bodies Corporate	10,23,558	4.73
- Individuals/ HUFs/Others	20,064,167	92.76
- NRIs	-	-
Sub Total	21,087,725	97.99
Total	21,631,000	100.00

(l) Dematerialization of Securities

The Company's Shares are available for trading in the Depository System at Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited(NSDL). The International Security Identification Number (ISIN) allotted to SURABHI CHEMICALS AND INVESTMENTS LTD is INE401F01037. Demat Status of Company as on March 31, 2013, is as under:



(m) PAN Requirement

SEBI had vide its circulation no. MRD/DOP/Cir - 05/2009 dated 20-05-2009 made the requirement of PAN Card of all Transferee(s) compulsory in case of all Physical Transfer of Shares.

(n) Outstanding GDRs/ADRs/Warrants or any other Convertible Instrument

Company has not issued any GDRs/ ADRs/ Warrants or any other convertible instruments or any issue (public issue, right issue, preferential issue etc.) which likely to have impact on Equity Share Capital of the Company.

(o) Address for Correspondence

The shareholders may address their communications/ suggestions/ grievances/ queries to:

SURABHI CHEMICALS AND INVESTMENTS LTD

Ajanta Shopping Center, Ring Road, Shop No. 507

Nondh No 2885D 1A Pai Plot 201, 5th Floor

Surat - 395002

Gujarat

Email: surabhichemin@gmail.com

Auditors' Certificate on Corporate Governance

TO THE MEMBERS OF SURABHI CHEMICALS AND INVESTMENTS LIMITED

We have reviewed the relevant records of **Surabhi Chemicals & Investments Limited** for the year ended 31 March 2013 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

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

In our opinion and according to the information and explanations given to us, we have to state that, to the best of our knowledge, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

**For Ramanand & Associates
Chartered Accountants
Firm No. 117776W**

**CA Ramanand Gupta
Partner
Membership No.: 103975**

**Place: Surat
Date: 30th May, 2013**

CEO/CFO CERTIFICATION TO THE BOARD

(Under Clause 52(V) of Listing Agreement)

To,
The Board of Directors,
SURABHI CHEMICALS & INVESTMENTS LIMITED
Surat

Dear Sirs,

We Certify that -

- a. We have reviewed the financial statements and the cash flow statement for the year 2012-13 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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 2012-13 which are fraudulent, illegal or violative of the Company's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of 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 -
 - Significant changes in internal control over the financial reporting during the year 2012-13;
 - Significant changes in accounting policies during the year 2012-13 and that the same have been disclosed in the notes to the financial statements; and
 - 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 the financial reporting.

Place: Surat
Date: May 30, 2013

(Manish Kumar Patni)
Managing Director

MANAGEMENT RESPONSIBILITY STATEMENT

The Financial Statements are in full conformity with the requirements of the Companies Act, 1956 and the Accounting Standards issued by the Central Government. The Management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflects fairly the form and substance of transactions and reasonably presents the Company's financial condition and results of operations. To ensure this, the Company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our auditors have conducted audits to provide reasonable assurance that the company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. Ramanand & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company.

FOR AND ON BEHALF OF THE BOARD

Place: Surat
Date : May 30, 2013

(MANISH KUMAR PATNI)
MANAGING DIRECTOR

CODE OF CONDUCT DECLARATION

Pursuant to the clause 49I(D) of the Listing Agreement entered into with the stock exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the code of conduct for the year ended March 31, 2013.

FOR AND ON BEHALF OF THE BOARD

Place: Surat
Date : May 30, 2013

(MANISH KUMAR PATNI)
MANAGING DIRECTOR

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
SURABHI CHEMICALS AND INVESTMENTS LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of '**SURABHI CHEMICALS AND INVESTMENTS LIMITED**' which comprise the Balance Sheet as at **31st March, 2013**, and the statement of Profit & Loss Account & Cash flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub –section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 financial statements based on our audit.

We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that appropriateness of accounting, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at **March 31, 2013**;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on the date; and
- c) In the case of the Cash Flow statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) That Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the auditors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules for cess payable by the Company.

For Ramanand & Associates
Chartered Accountants
FRN: 117776W

CA Ramanand Gupta
Partner
Membership No: 103975

Place: Surat
Date: May 30, 2013

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of our Report of even date to the members of 'SURABHI CHEMICALS AND INVESTMENTS LIMITED; on the accounts of the company for the year ended March 31, 2013.

- 1 a The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b As explained to us, fixed assets have been physically verified by the Management at reasonable intervals. We have been informed that no material discrepancies were noticed on such physical verification.
 - c No substantial part of the fixed assets has been disposed off during the year, which has bearing on the going concern status of the company. However, during the year, the company has transferred fixed assets held for sale amounting to Rs. 24.91 Lacs to current assets.
- 2 a In our opinion and according to the information and explanations given to us, since, the company does not hold any inventories; the provisions of clause (2) (i), (ii) and (iii) are not applicable.
- 3 a According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not granted unsecured loans to parties covered in the register maintained u/s 301 of the Companies Act, 1956.
 - b The Company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - c According to information and explanations provided to us, the terms and conditions of the said unsecured loans are prima facie not prejudicial to the interest of the Company.
 - d According to information provided to us there is no stipulation of time schedule for repayment of principal and hence provision of clause 4(iii) (g) of the order is not applicable.
- 4 In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of inventory and fixed assets and for the sale of inventories. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- 5 A Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - B In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements 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 the prevailing market prices at the relevant time.

- 6 The Company has not accepted deposits from public within the meaning of section 58-A or Section 58-AA of the Companies Act, 1956.
- 7 In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 In our opinion and as per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products of the company. Hence, the provisions of clause 4 (viii) of the order are not applicable to the company.
- 9 According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted or accrued in the books of accounts in respect of undisputed statutory dues including provident fund, Income Tax, Service Tax and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities. As explained to us, the company did not have any dues on account of Employees State Insurance, Wealth Tax, Cess and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax and material statutory dues were in arrears, as at **31st March, 2013** for a period of more than six months from the date on which they become payable due.

According to the information and explanations given to us and the records of the company examined by us there are no dues of income tax, sales tax, Wealth tax, service tax, custom duty, and excise duty which have not been deposited on account of any dispute pending before any forum.

- 10 The Company does not have accumulated losses as at the end of financial year and has not incurred cash losses in the current financial year and immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- 12 In our opinion and according to the records of the Company, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities and hence the provisions of clause 4(xii) of the Order are not applicable to the Company.
- 13 The company is not a chit fund, nidhi, mutual benefit fund or a society and clause 12 of the order is not applicable. Therefore the provision of 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 the transactions and contracts of its trading or dealing in shares, securities, debentures and other investments and timely entries have been made therein. Further, such securities and investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956.
- 15 According to the information and explanations given to us, the Company has not given guarantee for loan taken by others from bank or financial institutions, the terms and conditions of which are prejudicial to the interest of company.

- 16 The Company did not have any term loans outstanding during the year.
- 17 According to the information and explanations given to us, and on the basis of an Overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- 18 According to the information and explanations given to us, during the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 During the year covered by our audit report, the company has not issued any Secured debentures. Hence the creation of security in respect of debenture is not applicable.
- 20 The Company has not raised any money by public issue during the year. However, the company has made preferential allotment of 99,00,000 equity shares in accordance with the SEBI (ICDR) Regulations, 2009.
- 21 Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit during the year.

For Ramanand & Associates
Chartered Accountants
FRN: 117776W

CA Ramanand Gupta
Partner
Membership No. 103975
Date : May 30, 2013
Place : Surat

BALANCE SHEET AS AT 31ST MARCH 2013

	Note	31st March 2013 (Rs)	31st March 2012 (Rs)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	21,63,10,000	1,17,31,000
Reserves and Surplus	4	9,64,22,955	14,81,34,374
		<u>31,27,32,955</u>	<u>15,98,65,374</u>
Non-Current Liabilities			
Long Term Borrowings	5	35,11,111	-
		<u>35,11,111</u>	<u>-</u>
Current liabilities			
Short-Term Borrowings	6	40,000	35,11,111
Other Current Liabilities	7	9,14,310	1,20,412
Short-Term Provisions	8	46,40,779	1,90,300
		<u>55,95,089</u>	<u>38,21,823</u>
TOTAL		<u>32,18,39,156</u>	<u>16,36,87,197</u>
ASSETS			
Non-Current Assets			
Fixed Assets held for sale		-	24,90,973
Non-Current Investments	9	-	82,149
Long Term Loans and Advances	10	31,36,82,147	72,08,197
		<u>31,36,82,147</u>	<u>97,81,319</u>
Current assets			
Current Investments	11	-	15,01,38,752
Cash and Cash Equivalents	12	35,54,515	37,49,214
Short Term Loans and Advances	13	20,99,672	16,124
Other Current Assets	14	25,02,822	1,787
		<u>81,57,009</u>	<u>15,39,05,878</u>
TOTAL		<u>32,18,39,156</u>	<u>16,36,87,197</u>

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report of even date

For RAMANAND & ASSOCIATES
Chartered Accountants
(FRN No: 117776W)

On behalf of the Board

CA RAMANAND GUPTA
Partner
Membership No: 103975

Managing Director

Director

Place : Surat

Date : 30th May, 2013

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2013

	Note	2012-13 (Rs)	2011-12 (Rs)
Income			
Revenue from Operations	15	2,22,24,490	-
Other Income	16	1,66,00,515	1,20,39,174
Total Revenue		<u>3,88,25,005</u>	<u>1,20,39,174</u>
Expense			
Operational Expenses	17	2,18,77,551	-
Employees Benefit Expenses	18	4,18,040	5,87,000
Other Expenses	19	48,23,357	18,99,986
Total Expenditure		<u>2,71,18,948</u>	<u>24,86,986</u>
Profit/(Loss) Before Tax	(I - II)	<u>1,17,06,057</u>	<u>95,52,188</u>
Tax expense			
Current Tax		34,24,466	24,744
Less Mat Credit (where applicable)		-	24,744
Tax expense relating to prior years		-	60,270
Profit for the year		<u>82,81,590</u>	<u>94,42,430</u>
Earnings per share (of Rs10/- each)			
Computed on the basis of total profit from continuing operations			
Basic		0.80	8.05
Diluted		0.80	8.05

The accompanying notes 1 to 25 are an integral part of the Financial Statements
In terms of our report of even date

For RAMANAND & ASSOCIATES
Chartered Accountants
(FRN No: 117776W)

On behalf of the Board

CA RAMANAND GUPTA
Partner
Membership No: 103975

Managing Director

Director

Place : Surat
Date : 30th May, 2013

Company Secretary

Cash Flow Statement for the year ended 31st March 2013

Particulars	2012-2013 (Rs.)	2011-2012 (Rs.)
A Cash Flow from Operating Activities :		
Net Profit before tax Prior Period and Extraordinary Items :	1,17,06,057	95,52,188
Adjustments for :		
Dividend Income	(10,76,330)	(1,05,83,599)
Net Gain / (Loss) on sale of investments	(3,34,010)	(14,55,575)
Income Tax Refund	(5,346)	-
Adjustments to the carrying amount of investments	-	3,24,570
Depository Charges	32,585	-
Listing Fees	2,07,866	-
Registration Expenses	1,25,584	-
Loss on Sale of Mutual Funds	1,08,862	-
Operating Profit before Changes in Operating Assets	1,07,65,267	(21,62,416)
Adjustments for net change in :		
Short Term Loans and Advances	(1,20,876)	22,29,710
Long Term Loans and Advances	(30,77,71646)	(1,75,512)
Other Current Assets	(10,062)	(1,787)
Other Current Liabilities	7,93,898	(2,021)
Short Term Provisions	(1,90,300)	(7,99,187)
Cash Flow before Prior Period and Extraordinary Items	(29,65,33,718)	(9,11,213)
Net Income tax Paid and Refunds	(19,57,326)	(1,09,758)
Net Cash Flow from Operating Activities ———(A)	(29,84,91,044)	(10,20,971)
B Cash Flow from Investing Activities :		
Current Investments not considered as Cash & Cash Equivalents	(10,70,258)	(14,66,75,640)
Proceeds from sale of Current Investments	15,11,20,067	14,57,09,445
Proceeds from sale of Long Term Investments	3,96,241	14,27,823
Dividend Income	10,76,330	41,25,009
Net Cash Flow from Investing Activities ———(B)	15,15,22,380	45,86,637

Cash Flow Statement for the year ended 31st March 2013 (contd.)

Particulars	2012-2013 (Rs.)	2011-2012 (Rs.)
C Cash Flow from Financing Activities :		
Repayment of Short Term Borrowings	-	(7,87,250)
Issue of Share Capital	9,90,00,000	-
Securities Premium	4,95,00,000	-
Issue Expenses	(17,66,035)	-
Short Term Borrowings	40,000	-
Net Cash Flow from Financing Activities —————(C)	14,67,73,965	(7,87,250)
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	(1,94,699)	27,78,416
Cash & Cash Equivalents at the beginning of the period	37,49,214	9,70,798
Cash & Cash Equivalents at the end of the period	35,54,515	37,49,214
Cash in Hand	2,93,800	59,764
Balances with Banks	32,60,715	36,89,450
Total	35,54,515	37,49,214

For RAMANAND & ASSOCIATES
Chartered Accountants
(FRN No: 117776W)

CA RAMANAND GUPTA
Partner
Membership No: 103975

Place : Surat
Date : 30th May, 2013

For and On behalf of the Board

Managing Director **Director**

Company Secretary

Notes to Financial Statements:

1. General Information:

The company is engaged in the activity of investments in shares and securities and commenced the activities of construction and infrastructure in the financial year under review.

The registered office of the company is situated at Ajanta Shopping Centre, Ring Road, Shop No. 507, Nondh No. 2885D, 1A Pai Plot 201, 5th Floor, Surat – 395002.

In the Fiscal, 2012-13, M/s Mahadhan Vincom Private Limited, Mr. Bishnu Dutt Goenka, Mrs. Bina Agarwal & Mr. Santosh Sharma have assumed the control of Company in accordance with SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.

2. Significant Accounting Policies :

2.1 Basis of preparation of Financial Statements :

The Financial Statements have been prepared in accordance with the generally accepted accounting principles ('GAAP') applicable in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C), Companies (Accounting Standard) Rules, 2006, as amended from time to time and the other relevant provisions of the Companies Act, 1956.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI of the Companies Act, 1956.

2.2 Use of Estimates :

The preparation of Financial Statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized. Management believes that the estimates used in preparation of financial statements are prudent and reasonable.

2.3 Cash Flow Statement :

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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

2.4 Tangible Assets :

Tangible Assets are stated at cost (or revalued amount as the case may be) less accumulated depreciation and accumulated impairment losses if any. Cost Comprises purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Gain or loss arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on fixed assets is provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life. Depreciation of asset sold / discarded during the period is proportionately charged. Individual low cost assets (acquired for less than Rs 5000/-) are depreciated within a year of acquisition. Intangible assets are amortized over their estimated useful life on a straight line basis.

2.5 Borrowing Costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

2.6 Impairment of assets :

As on Balance Sheet date, the Company reviews the carrying amount of Fixed Assets to determine whether there are any indications that those assets have suffered "Impairment Loss". Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

2.7 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 is accounted on cash basis.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Employee Benefits :

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

2.9 Foreign Exchange Transactions :

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions.

Foreign Exchange monetary items in the Balance Sheet are translated at the year-end rates. Exchange differences on settlement / conversion are adjusted to Profit and Loss Account.

2.10 Tax Expense :

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income".

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if

there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred Tax represents the tax effect of timing differences between taxable income and accounting income for the reporting period and is capable of reversal in one or more subsequent periods. Deferred tax are quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet Date.

Deferred Tax Assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset on unabsorbed depreciation and carry forward of losses are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.11 Contingent Liabilities and Provisions :

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for

- a. Possible obligation which will be confirmed only by future events not wholly within the control of the company or
- b. Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.12 Earnings Per Share :

In determining the Earnings Per share, the company considers the net profit after tax including any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

2.13 Segment Reporting :

The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.

Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses, which relate to the company as a whole and are not allocable to segments, are included under unallocated corporate expenses.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

3. Equity Share Capital:

Particulars	As on 31-03-2013	As on 31-03-2012
A Share Capital		
<u>Authorised Capital</u>		
2,20,00,000 Nos. Equity Shares of Rs. 10/- each (Previous Year:- 20,00,000 Nos. Equity Shares of Rs. 10/- each)	22,00,00,000	2,00,00,000
<u>Issued, Subscribed & Paid up Share Capital</u>		
2,16,31,000 Equity Shares of Rs. 10/- each Fully Paid. (Previous Year 11,73,100 Equity Shares of Rs. 10/- each)	21,63,10,000	1,17,31,000
Total Rs.	21,63,10,000	1,17,31,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As on 31-03-2013		As on 31-03-2012	
	Numbers	Rupees	Numbers	Rupees
Equity Shares				
At the Beginning of the year	11,73,100	1,17,31,000	11,73,100	1,17,31,000
Less : Cancelled during the year	-	-	-	-
Add : Issue of Bonus Shares of Rs. 10 each during the year	1,05,57,900	10,55,79,000	-	-
Add : Issue of fresh equity shares of Rs.10 each during the year	99,00,000	9,90,00,000	-	-
Outstanding at the end of the year	2,16,31,000	21,63,10,000	11,73,100	1,17,31,000

b. Details of Shareholders holding more than 5% shares in the company

Particulars	As on 31-03-2013	As on 31-03-2013	As on 31-03-2012	As on 31-03-2012
	Numbers	% of holding	Numbers	% of holding
1 Mr. Nitan Ramprakash Chhatwal	13,50,000	6.24%	-	-
2 Mr. Rajen P Shah	-	-	5,68,415	48.45%
3 Rajen P Shah HUF	-	-	1,69,938	14.49%
4 Mrs. Mita R Shah	-	-	72,488	6.18%

- c. The Company issued 1,05,57,900 Shares as bonus shares by way of capitalization of free reserves during the Financial Year 2012-13.
- d. Out of the above, 1,73,100 Shares were allotted in the last five years pursuant to the schemes of amalgamation without being payments received in cash.
- e. During the financial year 2012-2013, the company made preferential allotment of 99,00,000 Nos. shares at a price of Rs. 15/- per Share.
- f. **Rights, preference and restrictions attached to the ordinary shares.**
The ordinary shares of the company, having par value of Rs. 10/- per share, rank parri passu in all respects including voting rights and entitlement to dividend.

4. Reserves and Surplus :

(Amount in Rs)

Particulars	As on 31-03-2013	As on 31-03-2012
1 Capital Reserve		
Balance at the beginning of the year	87,67,750	87,67,750
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Balance at the end of the year	87,67,750	87,67,750
2 Securities Premium Reserve		
Balance at the beginning of the year	-	-
Add :- Securities Premium On Shares issued during the year	4,95,00,000	-
Less :- Utilised For Writing off Preliminary Expenses	14,00,000	-
Premium on Redemption Of Debentures For Issuing Bonus Shares	-	-
Balance at the end of the year	4,81,00,000	-
3 General Reserve		
Opening balance	1,53,23,877	1,53,23,877
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year for :		
Issuing bonus shares	-	-
Others	-	-
Balance at the end of the year	1,53,23,877	1,53,23,877
4 Profit & Loss Account		
Balance at the beginning of the year	12,40,42,747	11,46,00,317
Add:- Net Profit as per Profit & Loss Account	82,81,590	94,42,430
Less:- Bonus shares Issued	10,55,79,000	-
Less:- Proposed Dividend	21,63,100	-
Less : Dividend Distribution Tax	3,50,909	-
Balance at the end of the year	2,42,31,328	12,40,42,747
Total Reserves and Surplus	9,64,22,955	14,81,34,374

5. Long Term Borrowings : (Amount in Rs)

Particulars	As on	As on	As on	As on
	31-03-2013	31-03-2013	31-03-2012	31-03-2012
	Non Current	Current	Non Current	Current
Unsecured Loans				
Other Loans and Advances	35,11,111	-	-	-
Total Long Term Borrowings Rs.	35,11,111	-	-	-

6. Short Term Borrowings :

Particulars	As on	As on
	31-03-2013	31-03-2012
Unsecured Short Term Borrowings		
Loans and advances from related parties	40,000	35,11,111
Total Short Term Borrowings Rs.	40,000	35,11,111

7. Other current Liabilities

Other Payable

Salary Payable	35,000	-
Audit Fees Payable	30,000	1,19,978
TDS Payable	8,49,310	434
Total Other Current Liabilities Rs.	9,14,310	1,20,412

8. Short Term Provisions :

Provision for Employee benefits – Gratuity	-	1,90,300
Provision for Tax	21,26,770	-
Provision for proposed equity dividend	21,63,100	-
Provision for tax on proposed dividends	350,909	-
Total Short Term Provisions Rs.	46,40,779	1,90,300

9. Non Current Investments

Non Current Investments – Other Investments	-	
Investment in Equity Instruments	-	82,149
Total	-	82,149
Less : Provision for diminution in the value of Investments	-	-
Total Non - Current Investments	-	82,149

(Amount in Rs)

Particulars	As on 31-03-2013	As on 31-03-2012
10. Long Term Loans and Advances :		
Secured Considered Good		
Capital Advances	5,40,00,000	-
Unsecured Considered Good unless otherwise stated		
Advance Income Tax	2,00,256	2,00,256
MAT Credit Entitlement	57,10,245	70,07,941
Other Loans and advances	25,37,71,646	-
Total Long Term Loans and Advances	31,36,82,147	72,08,197
11. Current Investments :		
Current Investments – Other Investments		
Investment in Mutual Funds - Quoted	-	150,138,752
Total Current Investments	-	150,138,752
12. Cash and Cash Equivalents :		
Balances with Banks	32,60,715	36,89,450
Cash on hand	2,93,800	59,764
Total Cash and Cash Equivalents	35,54,515	37,49,214
13. Short Term Loans and Advances :		
Unsecured considered good unless otherwise stated		
Loans and Advances to related Parties (Unsecured Considered Good)	-	9,124
Security Deposits (Unsecured Considered Good)	1,37,000	7,000
Balances with Revenue Authorities	19,62,672	-
Total Short Term Loans and Advances	20,99,672	16,124
14. Other Current Assets :		
Current Assets held for sale	24,90,973	-
Other Advances	11,849	1,787
Total Other Current Assets	25,02,822	1,787
During the Financial Year, the company has considered fixed assets worth of Rs. 24,90,973/- as 'Fixed Assets held for Sale and classified the same under Other Current Assets.		
15. Revenue from Operations :		
Operating Revenue	2,22,24,490	-
Total Revenue From Operations	2,22,24,490	-

Particulars	(Amount in Rs)	
	For the Year 31-03-2013	For the Year 31-03-2012
16. Other Income :		
Interest Income	1,51,81,828	-
Dividend Income from Mutual Funds	10,70,261	1,05,72,229
Dividend Income from Listed Equity Shares	6,070	11,370
Net gain on Sale of Current Investments	19,918	80,078
Net gain on Sale of Long Term Investments	3,14,092	13,75,498
Other Non-Operating Income	8,346	-
Total Other Income	1,66,00,515	1,20,39,174
17. Operational Expenses :		
Operational Expenses	2,18,77,551	-
Total Operational Expenses	2,18,77,551	-
18. Employee Benefit Expenses :		
Salaries, Wages & Incentives	4,18,040	5,87,000
Total Of Employee Cost	4,18,040	5,87,000
19. Other Expenses :		
Advertisement Expenses	60,948	200,604
Listing Expenses	2,07,866	-
Loss on sale of Current Investments	1,08,862	-
Miscellaneous expenses	98,082	239,793
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - Statutory Audit	30,000	32,000
For taxation matters	-	70,000
For other services	22,472	17,978
Printing and stationery	11,322	1,576
Professional and Legal Fees	38,85,723	10,13,105
Bank Charges	11,864	-
Postage and Stamps	48,678	-
Registrar Expenses	1,25,584	-
Reduction in the carrying amount of Long term investments	-	3,24,570
Travelling and Conveyance	2,11,956	360
Total other Expenses	48,23,357	18,99,986

20. Impairment of Assets :

Assets of the Company are being tested for impairment. Considering the internal and external sources of information, there was no indication of potential impairment loss, and hence estimation of recoverable amount does not arise.

21. Payment to Auditors :

Particulars	Year Ending March 31, 2013	Year Ending March 31, 2012
As Statutory Auditor	30,000	32,000
For Taxation Matters	-	70,000
For Other Services	22,472	17,978
Total	52,472	1,19,978

22. Related Party Transactions :**A. Related parties and their relationship:**

Nature of Relationship	Name of the Related Party
Enterprises that directly or indirectly through one or more intermediaries, control, or are controlled by or are under common control with the reporting enterprises	
Key Management personnel	Mr. Suresh Kumar Agarwal Mrs. Bina Agarwal Mr. Manish Kumar Patni Mr. Dipan Patel Jesinghbai

B. Transactions with Related Parties (other than those advances given for business purposes)

Transaction	Related Party	Year Ending March 31, 2013	Year Ending March 31, 2012
Remuneration	Mr. Manish Kumar Patni	1,75,000	-
	Mrs. Mita R Shah	-	1,80,000
Director's sitting Fees	Mr. Rajen P Shah	-	2,000
	Mrs. Mita R Shah	-	2,000
	Mr. Yatish Parekh	-	2,000
	Mr. Ketan M Jhaveri	-	2,000
Year End Balances:			
Loan from director	Mr. Manish Kumar Patni	40,000	-

23. Earnings Per Share as per Accounting Standard 20 :

Profit / (Loss) after Tax	82,81,590	94,42,431
Weighted Average number of Equity Shares used as denominator for calculating EPS	1,02,94,242	11,73,100
Basic Earnings Per Share of Rs.10/- each	Rs. 0.80	Rs. 8.05
Potentially dilutive shares	Nil	Nil
Diluted Earnings per share	Rs. 0.80	Rs. 8.05

24. Contingent Liabilities : Nil (Previous Year Rs. Nil)

25. Previous Year Figures :

The financial statements for the year ended March 31, 2013 have been prepared as per Revised Schedule VI. The figures for the previous year have been regrouped, reclassified or rearranged to meet the recognition and measurement principles followed for preparation of financial statements.

For RAMANAND & ASSOCIATES
Chartered Accountants
(FRN No: 117776W)

CA RAMANAND GUPTA
Partner
Membership No: 103975

Place : Surat
Date : 30th May, 2013

For Surabhi Chemicals and Investments Limited

Managing Director

Director

Company Secretary