

**30<sup>th</sup>**  
**Annual**  
**Report**  
**2012-2013**

***SANRHEA***  
***TECHNICAL TEXTILES LIMITED***



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# DET NORSKE VERITAS

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## MANAGEMENT SYSTEM CERTIFICATE

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Certificate No. 04204-2006-AQ-IND-RvA Rev.02

*This is to certify that*

**SANRHEA TECHNICAL TEXTILES LTD.**

*at*

Dr. Ambedkar Road, Near G E B, 382 721, KALOL, North Gujarat, Kalol 382 721, INDIA

*has been found to conform to the Quality Management System Standard:*

**ISO 9001:2008**

*This certificate is valid for the following scope:*

**MANUFACTURE AND SUPPLY OF INDUSTRIAL WOVEN FABRICS**

*Initial Certification date:*  
26 June 2012

*This Certificate is valid until:*  
25 June 2015

*The audit has been performed under the supervision of:*

**Neelakantan Gopalan**  
*Lead Auditor*

*Place and date of issue:*

Chennai, 28 June 2012

*for the Accredited Unit:*  
DET NORSKE VERITAS CERTIFICATION B.V.,  
THE NETHERLANDS



**Bhupalam Ajit**  
*Management Representative*

Lack of fulfilment of conditions as set out in the Certification Agreement & the annexure to this certificate may render this Certificate invalid.

**SANRHEA TECHNICAL TEXTILES LIMITED**

**ANNUAL REPORT 2012-2013**

**Board of Directors** : Shri Tushar Patel Managing Director  
Shri Vimal Ambani  
Shri Ishwarbhai Patel  
Shri Pavan Bakeri  
Shri Miten Mehta  
Shri G. Ravishankar Director (Technical)  
Note: Shri Pavan Bakeri has resigned from the Board with effect from 29/05/2012

**Company Secretary** : Shri Dhawal Jadhav

**Bankers** : United Bank of India

**Auditors** : Kantilal Patel & Co.  
Chartered Accountants  
(A Member of Polaris Intl., USA)  
202, Paritosh, Usmanpar, Ahmedabad - 380013

**Registered Office** : Parshwnath Chambers, 2nd Floor,  
Near New RBI Building, Income Tax,  
Ashram Road, Ahmedabad - 380 014.

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### NOTICE

NOTICE is hereby given that the 30<sup>th</sup> Annual General Meeting of the members of the Company will be held on 31/08/2013 at 10.00 a.m. at Parshwanath Chambers, 2nd Floor, near. New RBI Building, Income tax, Ashram Road, Ahmedabad-380 014 to transact the following business

#### ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Profits & Loss Account for the financial year ended on 31<sup>st</sup> March, 2013 and Balance Sheet as at that date and Report of the Board of Directors and Auditors thereon.
- (2) To appoint a Director in place of Mr. Vimal Ambani, who retires by rotation and being eligible, offers himself for Re-appointment.
- (3) To appoint Auditors of the Company to hold office from the conclusion of this Annual General meeting and to authorize the Board of Directors to fix their remuneration. In this context, to consider and if thought fit to pass with or without modifications following as an ordinary resolutions.

**“RESOLVED THAT** M/s. Kantilal Patel & Co., Chartered Accountants [Firm Registration No: 104744W] be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company.”

**On behalf of the Board**

**Date : 29/05/2013**

**Place : Ahmedabad**

**TUSHAR PATEL**

*MANAGING DIRECTOR*

#### Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. All valid proxies must be deposited at the Regd. Office of the company at least 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of Annual Report to the meeting.
4. Register of members and share transfer books of the company will remain closed from 29/08/2013 to 30/08/2013 (both days inclusive)
5. At this Annual General Meeting Mr. Vimal Ambani retires by rotation and being eligible offers himself for reappointment. As required under clause 49 of the listing Agreement with the Stock Exchanges, given below is the details of the above director to be appointed/reappointed as Director of the Company.

Shri Vimal Ramniklal Ambani is a bachelor in Electrical Engineering with specialization in VLSIC & an MBA from USA. He has a very rich & vast experience in the fields of marketing, production, finance, accounts & manpower management.

**On behalf of the Board**

**Date : 29/05/2013**

**Place : Ahmedabad**

**TUSHAR PATEL**

*MANAGING DIRECTOR*

**DIRECTOR'S REPORT**

**Dear Members:**

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2013.

**FINANCIAL RESULTS:**

	<b>2012-2013 (Rs.lacs)</b>	2011-2012 (Rs.lacs)
<b>Sales &amp; Other Income</b>	2900.08	2736.70
<b>Gross Profit/(Loss)</b>	227.27	258.28
<b>Less:</b> Depreciation	84.80	76.56
Finance Charges	114.03	106.86
Provision For Taxation	10.39	2.48
<b>Net Profit</b>	<b>18.05</b>	<b>72.38</b>
Balance of P&L Account B/F	143.94	71.56
Employees Benefits written Back	-	-
<b>Appropriation:</b>		
Transfer to General Reserve	-	-
<b>Balance of Profit/Loss Carried Forward</b>	<b>161.99</b>	<b>143.94</b>

**DIVIDENDS :**

Your directors have not proposed any dividend on Equity Shares of the company, for conservation of profit for future year.

**OPERATIONS :**

The year in concern has been one more inflicted by the fallouts of political instability primarily on account of scams related to the power and mining sector, which directly hit the business in the company's largest product segment – Conveyor Belting Fabrics. Unfortunately, due to this, the company could not achieve the higher targeted performance. During the year Sales and Other Income has increased from Rs. 2737 lacs to Rs.2900 lacs whereas the company has earned Gross Profit of Rs. 227 lacs against previous years G.P. of Rs. 258 lacs. After Depreciation of Rs. 85 lacs, Finance Charges Rs. 114 lacs, and provision for taxes of Rs. 10 lacs the company has earned Net Profit of Rs. 18 lacs. Your directors are , however, optimistic of achieving better results in the coming year and are confident of a continued growth both in the sales as well as the profit of the company.

**MANAGEMENT DISCUSSION AND ANAYSIS ON STRATEGY, OUTLOOK AND MARKET :**

Bearing in mind the experience with the local market and effects on it on account of external national economic and political circumstances, the company, though foreseeing a very strong long term future prospect in its product line, took a call on diversifying its sales into the offshore markets. The company in the year has exported its Conveyor Belting Fabric to Iran, UAE and is actively perusing sampling with customers in Russia, S. Arabia, and S. Africa.. The company has decided to establish at least 30% of its sales in the Conveyor Belting segment in the offshore markets.As regard to the sales of the company's Chafer Fabric to various tyre companies, the initial commercial supplies of fabric to both Apollo Tyres as well as BKT

## Annual Report 2012-2013

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Tyres have gone thru well and the company hopes to establish continuous volume supplies in the coming year. The company has also exported its first container of Chafer Fabric to Belarus. The company ultimately targets a minimum monthly presence of 25 - 30 tons in this segment. In the Square Woven Fabric segment, the company continues to be the principal vendor of Brake Diaphragm Fabrics to Megha Rubber Technologies Ltd which took over Sundaram Auto Components Ltd. Post takeover; the company sees a new surge in the company's business and sees a strong prospect of growth in volumes to this segment. The company further is continuing its efforts to further establish this product segment in the overseas markets. The company, in the year concerned participated in the Rubber Expo – Mumbai and got exposure to a lot of new customers. Active sampling is going on with new customers, both in India as well as in Sri Lanka and Turkey, in the square woven fabric segment as well as Chafer.

### **EXPANSION CUM DIVERSIFICATION :**

The Company hopes to see effects of the expansion completed last year in the coming year, as it has also been able to establish the required working capital limits with the bank, for this expansion.

### **DIRECTORS:**

Mr. Vimal Ambani, Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment

### **DIRECTORS' RESPONSIBILITY STATEMENT -SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 :**

The Board of Directors states :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had 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 and loss of the company for that period;
- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES :**

There is no employee of the Company drawing total remuneration in excess of limits prescribed by section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975. As amended by notification no.179 dated 31<sup>st</sup> march, 2011

### **CORPORATE GOVERNANCE :**

Your directors are pleased to inform you during the year provisions relating to the Corporate Governance as per listing Agreement have become applicable and have complied with the various requirements a report along with certificate is attached forming part of this report. The company has also laid down code of conduct for Board members and Senior management of the company.

### **FIXED DEPOSITS:**

Fixed Deposit from the shareholders as at the end of the accounting year aggregate to Rs. Nil. The company has adhered to rules and regulations as per Companies (Acceptance of Deposits) Rules and the Companies Act, 1956.

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

A statement showing the required particulars in accordance with the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 read with provisions of section 217(1) (e) of The Companies Act, 1956 is annexed forming part of this report.

**AUDITORS REPORT :**

The observations of the auditors are explained where ever necessary in appropriate notes to the Accounts and needs no further explanation. However, your directors wish to inform you that diminution in the value of investment is of short term nature and therefore, no provision has been made.

**AUDITORS:**

The auditors of the company M/s. Kantilal Patel & Co., Chartered Accountants [Firm Registration No: 104744W] retires and being eligible, offers themselves for reappointment.

**ACKNOWLEDGEMENT:**

Your Directors would like to express their appreciation for the support extended by Bankers and Government Officers. Your Directors also place on record their deep appreciation of the services rendered by the Officers, staff and workers of the company at all levels. Your Directors also acknowledge the continued invaluable support extended by you - our shareholders- and the confidence that you have placed in the company.

**For & On behalf of the Board**

**Date : 29/05/2013**  
**Place : Ahmedabad**

**TUSHAR PATEL**  
*MANAGING DIRECTOR*

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### ANNEXURE TO DIRECTORES REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Sec.217 (1) (e) of the Companies Act, 1956

#### A. CONSERVATION OF ENERGY:

- a) Measures taken : Energy Audit is regularly being carried out by the Professionals suggestions is implemented to conserve energy and reduce cost.
- b) Additional Investments and proposals, if any being implemented for reduction of energy consumption.

**NIL**

- c) Impact of the measures at (a) and (b) above and consequent impact on cost of production :  
Slowly and gradually cost of production is being reduced.
- d) Total energy consumption and energy consumption per unit of production :  
As per Form A annexed herewith.

**B. TECHNOLOGY ABSORPTION :** Details are provided in form 'B' annexed herewith.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) **Activities relating to exports initiative taken to increase exports, development of new export plans:**

The company is in process of tapping overseas market and enquiries are being generated for export of gray industrial fabrics.

- b) **Total Foreign Exchange Used and Earned:**

	(Rs.lacs)	
	<u>2012-2013</u>	<u>2011-2012</u>
(i) Foreign Exchange earned including indirect export:	US\$ 59751	US\$ 164228
British Pound	2679	-
Euro	63268	-
(ii) Foreign Exchange used:		
Euro	822	3212
US\$	840130	1094629
Swiss F.	451	160
British Pound	6882	3596
New Turkish Lira	-	1916
ECU	1307	510
Krona	7396	-
Ruble	5519	-
Thai Baht	20000	86555
CNY	834	-



**FORM A  
(Rule 21)**

**Form for Disclosure of Particulars with respect to conservation of energy.**

	<u>Current Year</u>	<u>Previous Year</u>
<b>A. Power and fuel consumption</b>		
<b>1 Electricity</b>		
<b>(a) Purchased</b>		
Unit (KWH in Lacs)	10.08	9.85
Total Amount (Rs)	66,05,042	59,00,349
Cost/Unit (Rs)	6.55	5.99
<b>(b) Own Generation Through Diesel Generator</b>		
Unit (KWH in Lacs)	<b>NIL</b>	<b>NIL</b>
Unit per ltr. Of Diesel	<b>N.A</b>	N.A
Total Amount	<b>N.A</b>	N.A
Cost/Unit(Rs.)	<b>N.A</b>	N.A
<b>2 Furnace Oil</b>	<b>NIL</b>	<b>NIL</b>
<b>3 Coal</b>	<b>NIL</b>	<b>NIL</b>
<b>4 Others/Internal Generation</b>	<b>NIL</b>	<b>NIL</b>
<b>B. Consumption Per unit of Production</b>		

	<u>Standards(if any)</u>	<u>Current Year</u>	<u>Previous Year</u>
<b>Product : Fabric</b>			
1. Electricity(KWH)/Fabric(Per Kg)	-	<b>0.93</b>	<b>0.98</b>
2. Coal	-	<b>NIL</b>	NIL
3. Furnace Oil	-	<b>NIL</b>	NIL
4. Others	-	<b>NIL</b>	NIL

**FORM – B**

**(a) Research and Development : Nil**

**(b) Technology absorption, adaptation and innovation:**

- i. Efforts in brief, made towards technology absorption, adaptation and innovation: The Company had status of ISO 9001. The company has complied requirements of new standards ISO 9001-2008 and has also get renewal of registration as per new norms.
- ii. Benefits derived as a result of above efforts : By implementation of ISO system the company had been able to effectively monitor activities at all levels and there is a positive impact on productivity of Company
- iii. Information regarding technology imported during the last 5 years

### CORPORATE GOVERNANCE REPORT 2012-13

(As required under Clause 49 of the Listing Agreements)

The Directors presents the Company's report on Corporate Governance.

The Board has adopted the principles of good corporate governance and it is committed to adopting the same in future. It is true that the compulsion may initiate steps for compliance however voluntary adoption may take the same at its true place. We have taken steps for the good corporate governance practice, which will lead to the ethics of integrity, transparency and accountability.

#### THE BOARD OF DIRECTORS

The Board consists of 5 Directors showing the fair combination of Executive, Non-Executive and Independent Directors. The directors are different in respect of the knowledge and expertise in the field. Some of the directors are professionals from different field; some are having the vast knowledge and experience of marketing/production.

#### Attendance at board Meetings:

**Date of Board Meetings:** 29/5/2012, 30/06/2012, 13/08/2012, 12/10/2012, 10/11/2012, 12/01/2013, 11/02/2013.

Name	Executive/ Non-Executive/ Independent	No. of other Directorship held	Board meetings attended	Membership in the committee of other companies	Chairmanship at the committee of other companies	Attended last AGM
Mr. Tushar Patel	Exe. Director( M.D )	—	07	0	0	Yes
Mr. Vimal Ambani	Non. Exe. Director	3	07	0	0	No
Mr. Pavan Bakeri*	Independent Director	5	00	0	0	No
Mr. Ishwarlal Patel	Non. Exe. Director	0	00	0	0	No
Mr. Miten Mehta	Independent Director	1	07	0	0	Yes
Mr. G Ravishankar	Non. Exe. Director	0	07	0	0	Yes
	Independent Director					

\*Mr. Pavan Bakeri as resigned from the Board with effect from 29/05/2012

As required by the law, the appointment(s) and remuneration(s) of any executive Director(s) requires the approval of shareholders; such approvals are for a period of not more than 5 years and when eligible, they can be re-appointed at the end of the term. One third of other Director retires every year and, when eligible, qualify for re-appointment.

#### AUDIT COMMITTEE:

##### Term of Reference:

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all non-executive and majority being the independent directors, collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct, sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports.

**Composition:**

The committee comprises Shri Miten Mehta as Chairman, and Shri Ishwarlal Patel and Shri G. Ravishankar all the independent directors of the company.

**Date of Meetings :** 29/05/2012, 13/08/2012, 12/10/2012, 11/02/2013.

**Meetings and attendance during the year:**

Sr. No.	Name of the Director	Status	No. of meetings attended
01	Miten Mehta	Chairman	04
02	Ishwarlal Patel	Member	00
03	G. Ravishankar	Member	04

**REMUNERATION COMMITTEE:**

The remuneration committee consists of 3 directors all being non-executive directors. The committee recommends the remuneration packages to the Managing/Executive Directors, to the senior officers, employees etc. It comprises of Shri G. Ravishankar, Chairman of the committee, Shri Miten Mehta and Shri Ishwarlal Patel, directors of the company. The committee did not meet at any time since there was no appointment or reappointment and fixation of remuneration of any directors during the year.

**SHARE TRANSFER AND SHAREHOLDER /INVESTOR GRIEVANCES COMMITTEE:**

All the matters relating to Shareholders were reviewed as well as considered by the Share transfer and shareholders/investors Grievances committee which was formed to comply with the corporate Governance requirements. This committee reviews, records, helps to expedite transfer of shares and helps in resolving any grievances of the investors.

**Composition:**

The committee comprises of Shri Miten Mehta, Chairman, and Shri Ishwarlal Patel, Shri G. Ravishankar and Shri Tushar Patel director of the company.

**Meetings and Attendance during the year:**

The company had a share transfer committee which was looking after issues relating to investors and shares related matter. In view of infrequent trading of shares in the stock market and negligible correspondence from the investors and shareholders, the Share Transfer committee met Six times in the year. All the members were present at all the meetings. The company is availing services of Shri Ashish Doshi, a Practising company secretary to advise the company for fulfillment of all the clauses of Listing Agreement and other related rules and laws and who also remained present at the meetings of the committee.

To expeditiously meet the requirements of transfer of shares, Shri Tushar Patel has been given authority to deal with and approve the cases on fortnightly basis and place the report the committee meeting.

**Complaints:**

During the year there was only one complaint which was redressed immediately from the date of receipt. Moreover all correspondence of the shareholders of the general enquiry in nature and intimations for change of address were immediately dealt with and were satisfactorily replied spontaneously. As on date there is no pending complaint.

**SHAREHOLDER INFORMATION & RELATIONS**

The main source of information for shareholders is the Annual Report which includes, inter-alia, the reports of the Directors and the Auditors, Audited Accounts, etc. Shareholders are intimated through print media of quarterly financial results within time periods stipulated from time to time by the stock exchanges.

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### General Body Meetings:

The last 3 Annual General Meetings were held as follows.

Date	Time	Place
30 <sup>th</sup> September, 2010	10.00 a.m	Parshwanath Chambers, 2 <sup>nd</sup> floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
30 <sup>th</sup> September, 2011	10.00 a.m	Parshwanath Chambers, 2 <sup>nd</sup> floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
1 <sup>st</sup> September, 2012	10.00 a.m	Parshwanath Chambers, 2 <sup>nd</sup> floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009

The next AGM shall be held at the Registered Office of the company at Parshwanath Chambers, 2<sup>nd</sup> floor, Ashram Road, Ahmedabad-380 014 at 10.00 a.m. on 31<sup>st</sup> day of August, 2013. The Book Closure date will also be as mentioned in the notice.

### Means of communications:

The company keeps shareholders informed via advertisements in appropriate newspapers of relevant dates and items requiring notice. The company is having in-house computerized share department. The Company has appointed M/S Link Intime India Pvt. Ltd as their common agency to act as Registrar for Physical as well as dematerialization of shares.

The general address for correspondence for Shareholders is Regd. Office of the company mentioned elsewhere in this Annual report. However, correspondence may also be done at the Plant of the company situated at Dr. Ambedkar Road, Kalol (N.G.)-382721.

The company regularly publishes quarterly financial results etc. in English (either in Western-Times or any other newspaper) and relevant vernacular print media in vernacular language (either in Western Times or any other news paper), The Company had always held Annul General Meetings within the time limit prescribed by the law or regulatory framework.

### DISCLOSURES:

There have been no transactions of a material nature of the Company with its promoters, directors, or the management, their subsidiaries or relatives etc. except for transactions of a routine nature as disclosed in the notes on accounts, and accordingly no potential conflict with the interest of the company. There has been no instance of non-compliance by the company nor any strictures or penalties imposed by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.

The company has adopted all mandatory requirements (except where not relevant or applicable) of the Clause 49 of the listing agreement. Of non-mandatory requirements suggestions, we have adopted those relating to Remuneration Committee. We have not adopted suggestions relating to a postal ballot system (except where compulsory under the Companies Act) nor of sending six monthly information to each shareholder household.

### CODE OF CONDUCT:

The company has laid down code of conduct for Directors and Senior Management Executives and all board members and designated senior level management personnel have affirmed compliance with the code of conduct. A certificate to the effect by Managing Director is attached forming part of this report.

### Non Mandatory Requirements:

Of non-mandatory requirements suggestions, we have adopted those relating to remuneration Committee. We have not adopted suggestions relating to postal ballot system (except where compulsory under the Companies Act) nor of sending six monthly information to each shareholder household.

**GENERAL SHAREHOLDERS INFORMATION:**

**A) Annual General Meeting:**

Day and date : Saturday, 31<sup>st</sup> August, 2013  
 Time : 10.00 a.m.  
 Venue : Parshwanath Chambers, 2<sup>nd</sup> floor, Nr. New RBI, Income Tax, Ashram Road, Ahmedabad-380 014

**B) Financial Calendar for 2013-2014:**

First Quarter : On or before 14<sup>th</sup> August, 2013  
 Second Quarter : On or before 14<sup>th</sup> November, 2013  
 Third Quarter : On or before 14<sup>th</sup> February, 2014  
 Fourth Quarter : On or before 30<sup>th</sup> May 2014  
 Annual general Meeting for The year 2013-14: By end of September 2014

**C) Book Closure** : 29<sup>th</sup> August, 2013 to 30<sup>th</sup> August 2013 (Both days inclusive)

**D) Listing of Shares and Securities** : The company's Shares are presently listed at Bombay Stock Exchange Ltd., Ahmedabad stock Exchanges Ltd., Security code No. are 531510 (ASE) and 514280 (BSE) and ISIN No. INE589J01015.

**E) Market price Date** : The company's shares are trade in once last two year with market price of High -1.03, Low-0.99

**F) Share transfer System and investor correspondence** : In terms of SEBI cir. No. DNCC/FITTC/CIR15/2002 dated 27/7/2002, the company has assigned all work related to Share registry in terms of both physical and electronic system to Link Intime India Pvt. Ltd, Ahmedabad by entering into agreement with the said R & t Agent to that effect. Therefore shareholders are requested to send documents or correspondence relating to Transfer/Demat/Remat activities to R & T Agent at their address mentioned as under.

Link Intime India Pvt. Ltd.  
 Unit No 303, 3<sup>rd</sup> Floor Shoppers Plaza V, Opp Municipal Market, Behind Shoppers Plaza II, Off C G Road, Ahmedabad-380009

**G) Distribution of shareholding**

Nominal value of Shares	Share holders	%	Total Amount of Shares (F.V.)	%
1 to 500	2479	87.1966	392950	13.0983
501 to 1000	178	6.2610	153450	5.1150
1001 to 2000	93	3.2712	141150	4.7050
2001 to 3000	20	0.7035	50150	1.6717
3001 to 4000	12	0.4221	42300	1.4100
4001 to 5000	2	0.0703	9100	0.3033
5001 to 10000	19	0.6683	140250	4.6750
10001 and above	40	1.4070	2070650	69.0217
	2843	100.00	30000000	100.0000

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### MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis form a part of the Annual Report.

The above represents the company's philosophy on corporate governance. Auditors' Certification as required forms a part of this Annual Report.

For, Sanrhea Technical Textiles Ltd.

Place : Ahmedabad  
Date : 29/05/2013

**Tushar Patel**  
*CEO & Managing Director*

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### DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

Pursuant to provisions of amended provisions of clause 49 of Listing Agreement with the stock Exchanges regarding corporate Governance, I hereby confirm that all board members and senior Management Personnel of Sanrhea Technical Textiles Limited have affirmed the compliance of Code of business Conduct and ethics for the year ended on 31<sup>st</sup> March, 2013

For, Sanrhea Technical Textiles Ltd.

Place : Ahmedabad  
Date : 29/05/2013

**Tushar Patel**  
*CEO & Managing Director*

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### CERTIFICATE

To,  
**The Members of  
Sanrhea Technical Textiles Limited**

We have examined the compliance of conditions of Corporate Governance by **SANRHEA TECHNICAL TEXTILES LIMITED**, for the year ended on **31<sup>st</sup> March 2013**, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance 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 to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **KANTILAL PATEL & CO.,**  
*Chartered Accountants*  
Firm Regn. No. 104744W

**[Mayank S. Shah]**  
*Partner*

Place : Ahmedabad  
Date : May 29, 2013

Membership No.: 44922

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY:  
CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY:**

I, Tushar Patel, Managing director of Sanrhea Technical Textiles Limited hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year and to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by Sanrhea Technical Textiles Limited during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls and financial reporting in Sanrhea Technical Textiles Limited and we have evaluated effectiveness of internal control systems of the company pertaining financial reporting. We have disclosed to the Auditors and to the Audit committee, deficiencies in the design and operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit committee :
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system.
- (e) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct).
- (f) We further declare that all Board members and designated senior management have affirmed compliance with the code of conduct for the current year.

For, Sanrhea Technical Textiles Ltd.

Place : Ahmedabad

Date : 29/05/2013

**Tushar Patel**  
CEO & Managing Director

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
Sanrhea Technical Textiles Ltd.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Sanrhea Technical Textiles Ltd.**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's 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. 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 have 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 and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**Basis for qualified opinion**

**The Company has made long term investment in quoted equity shares for which market value/book value is not available. In accordance with the Accounting Standard referred to in Sub Section (3C) of section 211 of the Companies Act 1956 ("the Act") , where there is decline other than temporary, in the carrying amount of long term investments, the resultant deduction in the carrying amount require provision to statement of Profit and Loss. In our opinion amount of ₹3.89 Lacs for diminution in value of long term quoted investments requires provision of identical amount (Refer note no. 24.3).**

**We further report that had the observations made by us in above paragraph been considered, the profit for the year would have been ₹24.55 Lacs as against the reported figure of ₹28.45 Lacs , non-current Investments would have been ₹8.47Lacs (as against the reported figure of ₹12.36 Lacs).**

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us **except for the effects of the matter described in the Basis for Qualified Opinion paragraph**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (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 statement Profit and Loss, of the **profit** for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's report) (Amendment) order, 2004 (together with "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. the 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 subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors 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 sub-section (1) of section 274 of the Companies Act, 1956.

For **KANTILAL PATEL & CO.,**  
*Chartered Accountants*  
Firm Regn. No. 104744W

**[Mayank S. Shah]**  
*Partner*

Place : Ahmedabad  
Date : May 29, 2013

Membership No.: 44922

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements of our report of even date**

- (i) In respect of its Fixed Assets :
  - [a] The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - [b] As explained to us, the said fixed assets have been physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - [c] The company has not disposed off substantial part of fixed assets during the year.
- (ii) In respect of its Inventories:
  - [a] As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - [b] In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

## Annual Report 2012-2013

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- [c] The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on such physical verification of inventory as compared to the book records.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
- [a] The company has not granted loans to any party hence paragraphs 4(iii) (a),(b),(c) and (d) of Company (Auditors' Report) order 2003 are not applicable to Company.
- [b] The company has taken unsecured loans from five Parties. The maximum amount involved during the year was ₹ 190.90 lacs and year-end balance of loans taken from such parties is ₹ 179.69 Lacs.
- [c] In our opinion the rate of interest, wherever applicable and other terms and conditions of such loans are not *prima facie* prejudicial to the interest of the company.
- [d] In respect of loan taken by the company, the interest payments, wherever applicable, are regular and the principal amount is repayable on demand.
- (iv) 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 the nature of its business for the purchases of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956:
- [a] In our opinion and according to the information and explanations given to us, 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] According to the information and explanations given to us, transaction made in pursuance of contracts or arrangements entered in the register maintained under 301 of the Companies Act, 1956 and aggregating during the year to Rupees five lakhs or more in respect of any party, have been made at the prices which are *prime facie* reasonable having regard to prevailing market prices at the relevant.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58 A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public.
- Also the company has accepted fixed deposit from promoters by way of unsecured loans pursuant to agreement with nationalized bank for loans so long as such loans are outstanding is not considered as acceptance of deposit from the public falling within the purview of section 58A of the Companies Act, 1956 and the rules framed there under.
- We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The company has no internal audit system during the year.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by Central Government for the maintenance of cost records under Section 209 [1][d] of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) In respect of statutory dues:
- [a] According to the records of the company, undisputed statutory dues including, provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth

tax, service tax, custom duty, excise duty, cess and other material statutory dues except provident fund, employees state insurance and income tax, have generally been regularly deposited with the appropriate authorities.

- [b] According to the information and explanations given to us, no undisputed amount payable in respect of aforesaid statutory dues were outstanding as at 31<sup>st</sup> March, 2013 for the period of more than six months from the date they become payable except payment of income tax of ₹2.33 lakhs which remains outstanding for a period of more than six months from the date it became payable.
- [c] According to the information and explanations given to us, there are no dues of sales tax/ income tax/custom duty/ wealth tax/ service tax excise duty/ cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred any cash loss in the current financial year or for immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to banks. The company has not obtained any borrowing from financial institution or by way of debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- (xiii) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the termloans raised during the year were *prima facie* been used for the purpose for which they were raised. The term loans outstanding at the beginning of the year were applied for the purpose for which they were obtained.
- (xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, funds raised on short-term basis have not been used for long term investments.
- (xvi) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
- (xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that paragraphs;
- 4(xiii) provisions of any special statute applicable to chit fund,
- 4(xiv) dealing or trading in shares, securities, debentures and other investments
- of Company (Auditors' Report) Order, 2003 are not applicable to the company.

For **KANTILAL PATEL & CO.,**  
*Chartered Accountants*  
Firm Regn. No. 104744W

**[Mayank S. Shah]**  
*Partner*

Place : Ahmedabad  
Date : May 29, 2013

Membership No.: 44922

# Annual Report 2012-2013

## BALANCE SHEET AS AT 31 MARCH 2013

	Notes	As at 31 March, 2013	As at 31 March, 2012
<b>Equity and liabilities</b>			
Shareholder's funds			
Share Capital	2	30,000,000	30,000,000
Reserves and Surplus	3	16,199,372	14,393,899
Sub Total ::		<b>46,199,372</b>	<b>44,393,899</b>
<b>Deferred Government Grant</b>			
		962,872	1,189,273
<b>Non-current liabilities</b>			
Long-term borrowings	4	24,064,308	24,072,660
Long-term provisions	5	2,990,767	2,362,088
Sub Total ::		<b>27,055,075</b>	<b>26,434,748</b>
<b>Current Liabilities</b>			
Short-term borrowings	6	69,798,760	62,044,912
Trade payables	7	29,292,666	21,695,513
Other current liabilities	8	7,822,937	7,126,437
Short-term provisions	5	1,372,119	1,917,713
Sub Total ::		<b>108,286,482</b>	<b>92,784,575</b>
<b>TOTAL</b>		<b>182,503,801</b>	<b>164,802,495</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	39,139,961	43,431,433
Intangible assets		112,701	27,176
Capital work-in-progress	0	0	
Non-current investments	10	1,236,382	1,236,382
Deferred tax assets (net)	11	0	0
Long-term loans and advances	12	5,348,776	5,821,952
Other non-current assets	'13.2	870,000	870,000
Sub Total ::		<b>46,707,820</b>	<b>51,386,943</b>
<b>Current assets</b>			
Inventories	14	53,023,209	24,080,202
Trade receivables	'13.1	75,648,122	83,171,226
Cash and bank balances	15	336,342	281,020
Short-term loans and advances	12	6,619,942	5,619,588
Other current assets	'13.2	168,366	263,516
Sub Total ::		<b>135,795,981</b>	<b>113,415,552</b>
<b>TOTAL</b>		<b>182,503,801</b>	<b>164,802,495</b>
Summary of significant accounting policies	1		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date		FOR & ON BEHALF OF BOARD OF DIRECTORS	
For, <b>KANTILAL PATEL &amp; CO.,</b>		Sd/-	
<i>CHARTERED ACCOUNTANTS</i>		Tushar Patel <i>Managing Director</i>	
Firm Registration No: 104744W			
<b>Mayank S. Shah</b>		Sd/-	
<i>PARTNER</i>		Miten Mehta <i>Director</i>	
Membership No.: 44922			
Place : Ahmedabad		Sd/-	
Date : 29/05/2013		Dhawal Jadhav <i>Company Secretary</i>	

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	Year Ended 31 March, 2013	Year Ended 31 March, 2012
<b>Income</b>			
Revenue from operations (gross)	16	325,165,328	298,009,029
Less: excise duty		35,546,900	26,977,852
Revenue from operations (net)		<b>289,618,428</b>	<b>271,031,177</b>
Other Income	17	389,377	2,638,580
<b>Total revenue (I)</b>		<b>290,007,805</b>	<b>273,669,757</b>
<b>Expenses</b>			
Cost of raw material and components consumed	18	229,036,038	198,977,042
(Increase)/ decrease in inventories of finished goods, work-in-progress	19	(18,495,223)	312,757
Employee benefits expense	20	22,494,344	18,280,490
Other expenses	21	34,245,225	30,270,936
<b>Total (II)</b>		<b>267,280,384</b>	<b>247,841,225</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>22,727,421</b>	<b>25,828,532</b>
Depreciation and amortization expenses	22	8,479,707	7,656,375
Finance costs	23	11,402,830	10,686,210
<b>Profit before tax</b>		<b>2,844,884</b>	<b>7,485,947</b>
<b>Tax expenses</b>			
- Current Tax		1,039,411	1,517,000
Less : MAT Credit Entitlement		0	1,384,900
		1,039,411	132,100
- Deferred Tax		0	0
- Excess/( Short) Provision of Tax Written Back		0	115,819
<b>Total tax expenses</b>		<b>1,039,411</b>	<b>247,919</b>
<b>Profit for the year</b>		<b>1,805,473</b>	<b>7,238,028</b>
<b>Earnings per equity share [nominal value of share ₹10 (31 March 2012: ₹10)]</b>	25.5	0.60	2.41

Basic & Diluted

Computed on the basis of profit for the year

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For, **KANTILAL PATEL & CO.,**

CHARTERED ACCOUNTANTS

Firm Registration No: 104744W

**Mayank S. Shah**

PARTNER

Membership No.: 44922

Place : Ahmedabad

Date : 29/05/2013

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-

Tushar Patel *Managing Director*

Sd/-

Miten Mehta *Director*

Sd/-

Dhawal Jadhav *Company Secretary*

# Annual Report 2012-2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

	31 March, 2013 ₹	31 March, 2012 ₹
<b>Cash flow from operating activities</b>		
Profit before tax for the year	2,844,884	7,485,947
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization expenses	8,479,707	7,656,375
Impairment/other write off on tangible/intangible assets	0	126,549
Profit on sale of fixed assets	0	-68,286
Interest expense	11,402,830	10,686,210
Interest income	(200,795)	(1,332,878)
Dividend income	(17,500)	(17,500)
Operating profit before working capital changes	<b>22,509,126</b>	<b>24,536,417</b>
Movements in working capital :		
Increase/(decrease) in trade payables	7,597,153	6,314,062
Increase / (decrease) in long-term provisions	628,679	396,232
Increase / (decrease) in short-term provisions	271,288	-137,115
Increase/(decrease) in other current liabilities	1,047,580	48,601
Increase/ (decrease) in other long-term liabilities	(243,389)	532,783
Decrease/(increase) in trade receivables	7,523,104	(14,187,328)
Decrease/(increase) in inventories	(28,943,007)	(8,953,224)
Decrease / (increase) in long-term loans and advances	(3,443)	(1,916)
Decrease / (increase) in short-term loans and advances	(1,000,354)	859,311
Decrease/(increase) in other current assets	139,395	149,698
Decrease / (increase) in other non-current assets	0	0
Cash generated from operations	<b>9,526,132</b>	<b>9,557,521</b>
Direct taxes paid (net of refunds)	(1,379,674)	(1,093,665)
<b>Net cash flow from operating activities (A)</b>	<b><u>8,146,458</u></b>	<b><u>8,463,856</u></b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets and capital advances	(4,500,161)	(10,460,714)
Proceeds from sale of fixed assets	0	115,000
Interest received	156,550	1,264,486
Dividends received	17,500	17,500
<b>Net cash flow used in investing activities (B)</b>	<b><u>(4,326,111)</u></b>	<b><u>(9,063,728)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	8,577,434	6,310,915
Repayment of long-term borrowings	(8,585,786)	(3,987,773)
Proceeds from short-term borrowings	7,753,848	8,886,593
Interest paid	(11,510,521)	(10,631,730)
<b>Net cash flow from in financing activities (C)</b>	<b><u>(3,765,025)</u></b>	<b><u>578,005</u></b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	55,322	(21,867)
Cash and cash equivalents at the beginning of the year	281,020	302,887
<b>Cash and cash equivalents at the end of the year</b>	<b><u>336,342</u></b>	<b><u>281,020</u></b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	176,785	131,709
With banks- on current account	159,557	149,311
<b>Total cash and cash equivalents (note 15)</b>	<b><u>336,342</u></b>	<b><u>281,020</u></b>

Summary of significant accounting policies 1

As per our report of even date	FOR & ON BEHALF OF BOARD OF DIRECTORS	
For, <b>KANTILAL PATEL &amp; CO.,</b>	Sd/-	
<i>CHARTERED ACCOUNTANTS</i>	Tushar Patel	<i>Managing Director</i>
Firm Registration No: 104744W		
<b>Mayank S. Shah</b>	Sd/-	
<i>PARTNER</i>	Miten Mehta	<i>Director</i>
Membership No.: 44922		
Place : Ahmedabad	Sd/-	
Date : 29/05/2013	Dhawal Jadhav	<i>Company Secretary</i>

**Corporate information :**

SANRHEA TECHNIAL TEXTILES LIMITED is public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay, Vadodara, Rajkot & Ahmedabad stock exchanges in India. The company is engaged in the Manufacturing of Industrial Fabrics like Conveyor Belting fabrics, Chafer fabrics for Tyres , Diaphragm fabrics for Auto industries, Liners etc. The company caters to both domestic and international markets.

**1. Significant Accounting Policies**

**a) Accounting Convention:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

**b) Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are know/materialised.

**c) Revenue Recognition:**

- (i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contracted obligation have been satisfied, the property in goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.
- (ii) The value of sales is inclusive of excise duty. Conversion charges are accounted on the basis of dispatch of material.
- (iii) Dividend Income from Investment is accounted for when the right to receive dividend is established
- (iv) Interest Income is recognised on time proportion basis taking in to account the amount outstanding and the rate of interest applicable.

**d) Fixed Assets, Depreciation & Expenditure during construction period**

- i) Fixed Assets are stated at cost of acquisition and installation net of modvat/cenvat availed, less accumulated depreciation and impairment loss, if any.Preoperative expenses incurred during the period of construction are added to the cost of fixed assets.At each balance sheet date, the company assesses whether there is any indication that any assets may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the assets exceeds the recoverable amount, an impairment loss is recognized in the accounts to the extent the carrying amount exceeds, the recoverable amount.

### ii) **Depreciation**

- a) Depreciation on all tangible assets has been calculated on written down value method for furniture, fixtures, electrical installation (plant & machineries) and vehicles and on straight-line method for plant and machinery, Computers, Office Equipments and building at the rates and in the manner specified in schedule XIV of the Companies Act, 1956 (as amended).
- b) Computer software costs capitalised are amortised using Straight Line Method over estimated useful life of 5 to 10 years , as estimated at the time of capitalisation.

### iii) **Assets taken on Finance lease after 1-4-2011**

Finance leases, which transfer substantially all risks and rewards incident to ownership of an asset to the company, are capitalized at the inception of lease term as leased assets, at lower of the fair value and the present value of the minimum lease payment. Lease payments are apportioned between finance charge and the reduction of the outstanding liability, based on the implicit rate of return. Initial direct costs such as commission and legal fees are capitalized. Such leased assets are depreciated on written down value Method at the rates prescribed in schedule XIV of the Companies Act, 1956.

### e) **Investments:**

Non- current investments are stated at cost plus incidental cost of purchases of investments. Provision for diminution in value of Noncurrent investments is made only if such a decline is other than temporary, in the opinion of the management.

### f) **Valuation of Inventories:**

- (i) Raw Materials, stores and spare parts are valued at lower of cost and net realizable value. Cost of inventory is generally ascertained on first in first out basis.
- (ii) Finished goods are valued at cost or net realizable value, whichever is less. Cost comprises, cost of raw material, labour and appropriate overheads based on absorption costing.

### g) **Employee Benefits:**

#### (a) **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, leave encashment etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

#### (b) **Post-Employment Benefits:**

##### (i) **Defined Contribution Plans:**

State Governed Provident Fund Schme and Employees State Insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related services.

##### (ii) **Defined Benefit Plans:**

The employee's gratuity fund scheme is company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.



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The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefits plans are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(c) **Long term employee benefits:**

The obligation for long term employee benefits is considered not applicable to the Company as the compensated absence is treated as short term employee benefit.

h) **Accounting for Government Grants:**

- i) Grant in the form of revenue subsidy is treated as revenue receipt and credited to respective expenses account.
- ii) Grant towards specific fixed assets is presented by credit to deferred Government grant and amortised over the period of useful life of specific fixed assets.

i) **Excise Duty:**

Excise duty has been accounted on the basis of both, payment made in respect of goods cleared as also provision made for goods lying in stock at the year end.

j) **Borrowing Cost:**

Interest and other borrowings cost whether on specific or general borrowings relating to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

k) **Transactions in Foreign Currency:**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities remaining unsettled at the end of the year are translated at the year-end rates. The resultant gain or loss is adjusted to the statement of profit and loss.

l) **Taxes on income:**

Income-tax expense comprises current tax and deferred tax charge or release. Deferred tax is recognized on timing difference; being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. The deferred tax charge or credit is recognized using current tax rates. Where there is an un-absorbed depreciation or carry forward loss, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization. MAT credit is recognized as an asset only when there is convincing evidence that the Company will pay normal income tax within the specified period. The asset shall be reviewed at each Balance Sheet date.

m) **Treatment on Provision and contingent liabilities & contingent assets:**

Provisions are recognized when the company has present legal or constructive obligation as a result of past event for which it is probable that outflow of economic benefit will be required to

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settle the obligation and a reliable estimate can be made for the amount of the obligation. Contingent Liabilities are disclosed by way of notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

n) **Contingencies and events occurring after the balance sheet date:**

All contingencies and events occurring after the balance sheet date which have a material effect on the financial position of the company are considered for preparing the financial statements.

o) **Earnings Per Share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

p) **Cash and cash equivalents :**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) **Measurement of EBITDA:**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	31 March, 2013	31 March, 2012
	₹	₹
<b>2 Share capital</b>		
<b>Authorized shares</b>		
5000000 (31 March 2011: 5000000) equity shares of 10/- each	50,000,000	50,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
3000000 (31 March 2011: 3000000) equity shares of ₹10/- each	30,000,000	30,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>30,000,000</b>	<b>30,000,000</b>

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

Equity shares	31 March 2013		31 March 2012	
	Nos	Amount/Rs	Nos	Amount/Rs
At the beginning of the period	3000000	30000000	3000000	30,000,000
<b>Outstanding at the end of the period</b>	<b>3,000,000</b>	<b>30,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>

b. **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31-3-13, the amount of per Share Dividend recognised as distribution to equity Shareholders was Rs. Nil ( PY. Nil)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Details of shareholders holding more than 5% shares in the company**

	31 March 2013		31 March 2012	
	Nos	% holding in the class	Nos	% holding in the class
Equity shares of ₹10/- each fully paid				
Tushar Patel	757,200	25.24%	757,200	25.24%
Tejal Patel	265,800	8.86%	265,800	8.86%
Mahendra Credit & Inv. Co.P.Ltd	165,750	5.53%	165,750	5.53%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. The Company has not issued any bonus shares or shares for consideration other than cash or bought back equity shares during the year or for the period of five years immediately preceding the date of Balance Sheet.

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### 3 Reserves and surplus

	31 March 2013 ₹	31 March 2012 ₹
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	14,393,899	7,155,871
Profit for the year	1,805,473	7,238,028
<b>Total reserves and surplus</b>	<b>16,199,372</b>	<b>14,393,899</b>

### 4 Long-term borrowings

	Non-current portion		Current maturities	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
<b>Term loans</b>				
Indian rupee loan from banks (secured)	203,461	2,666,153	2,448,000	2,959,639
<b>Other loans and advances</b>				
Finance lease obligation (secured) (refer Note No. 25.4a)	5,229,764	7,310,074	2,492,844	2,352,668
Intercorporate Borrowings (unsecured) (refer Note No. 25.3)	11,959,947	12,989,461	871,520	743,446
Deposits (unsecured) (refer note 24.2)				
Deposits from shareholders	6,671,136	1,106,972	0	0
	<b>24,064,308</b>	<b>24,072,660</b>	<b>5,812,364</b>	<b>6,055,753</b>
<b>The above amount includes</b>				
Amount disclosed under the head "other current liabilities" (note 8)	0	0	5,812,364	6,055,753
<b>Net amount</b>	<b>24,064,308</b>	<b>24,072,660</b>	<b>0</b>	<b>0</b>

- a** Term loan- 2 from a nationalised Bank was taken during the financial year 2011-12 and carries interest @ 14.25 % p.a. The loan is repayable in 13 monthly installments of ₹Rs.2.04 lacs plus interest. The loan is secured by hypothecation of new & existing plant & machineries except twister machines of the company. Further, the loan has been guaranteed by a group company & personal guarantee of the Managing Director of the company
- b** Finance lease obligation is secured by hypothecation of vehicles taken on lease.

## Sanrhea Technical Textiles Limited

### 5 Provisions

	Long-term		Short-term	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
<b>Provision for employee benefits</b>				
Provision for gratuity (note no 1-g & 25.1 )	2,990,767	2,362,088	270,702	297,119
Provision for Compensated Absences	0	0	546,957	249,252
	<b>2,990,767</b>	<b>2,362,088</b>	<b>817,659</b>	<b>546,371</b>
<b>Other provisions</b>				
Provision for Incometax (Net)	0	0	554,460	1,371,342
	<b>0</b>	<b>0</b>	<b>554,460</b>	<b>1,371,342</b>
	<b>2,990,767</b>	<b>2,362,088</b>	<b>1,372,119</b>	<b>1,917,713</b>

### 6 Short-term borrowings

	31 March 2013	31 March 2012
	₹	₹
Cash credit from banks (secured)	65,298,760	57,544,912
Intercompany Borrowings (unsecured)	4,500,000	4,500,000
	<b>69,798,760</b>	<b>62,044,912</b>

Cash credit from banks are secured against

- a Indian rupee Working Capital loan from a nationalised bank carries interest @ 14.25 % p.a. The loan is secured by hypothecation of Stock, Book Debts, Plant & Machineries , a group company guarantee & guaranteed by Managing Director of the company
- b Indian rupee Working Capital loan from Co operative bank carries interest @ 13.00 % p.a. The loan is secured by hypothecation of Twister machines.

### 7 Trade Payables :

	31 March 2013	31 March 2012
	₹	₹
Trade payables (refer note 24.5 for details of dues to micro and small enterprises)	<b>29,292,666</b>	<b>21,695,513</b>

### 8 Other current liabilities

Current maturities of long-term borrowings (note 4)	5,812,364	6,055,753
Interest accrued but not due on borrowings	195,167	302,858
Interest accrued and due on borrowings	0	0
Others		
Statutory Dues payable	1,743,758	678,813
Others Payable	71,648	89,013
	<b>7,822,937</b>	<b>7,126,437</b>

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### 9 FIXED ASSETS : (Refer Note 1-d)

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK			
	Opening Balance as on 01/04/2012 Rs.	Additions Rs.	Deletion Rs.	Deduction/ Adjustments Rs.	Closing Balance As on 31/03/2013 Rs.	Upto 31/03/2012 Rs.	For the Year Rs.	Deletion Rs.	Deduction/ Adjustments Rs.	Upto 31/03/2013 Rs.	As on 31/03/2013 Rs.	As on 31/03/2012 Rs.
<b>A. TANGIBLE ASSETS</b>												
1. Building ( On Leased Land) (refer note 25-4c)	5,270,417	-	-	-	5,270,417	954,932	148,862	-	-	1,103,794	4,166,623	4,315,485
2. Furniture & Fixtures	819,320	-	-	-	819,320	401,790	75,573	-	-	477,363	341,957	417,530
3. Vehicles	3,678,122	-	-	-	3,678,122	3,201,437	123,414	-	-	3,324,851	353,271	476,685
4. Plant & Machinery	78,017,075	3,704,773	-	-	81,721,848	51,052,072	5,321,568	-	-	56,373,640	25,348,208	26,965,003
5. Computers	663,627	81,303	-	-	744,930	302,299	101,897	-	-	404,196	340,734	361,328
6. Office Equipment	568,850	35,500	-	-	604,350	323,159	27,582	-	-	350,741	253,609	245,691
<b>Total</b>	<b>89,017,411</b>	<b>3,821,576</b>	<b>-</b>	<b>-</b>	<b>92,838,987</b>	<b>56,235,689</b>	<b>5,798,896</b>	<b>-</b>	<b>-</b>	<b>62,034,585</b>	<b>30,804,402</b>	<b>32,781,722</b>
<b>Leased Assets :</b>												
7. Vehicles	13,744,429	564,945	-	-	14,309,374	3,094,718	2,879,097	-	-	5,973,815	8,335,559	10,649,711
<b>B. INTANGIBLE ASSETS</b>												
1. Software	43,536	113,640	-	-	157,176	16,360	28,115	-	-	44,475	112,701	27,176
<b>Total</b>	<b>102,805,376</b>	<b>4,500,161</b>	<b>-</b>	<b>-</b>	<b>107,305,537</b>	<b>59,346,767</b>	<b>8,706,108</b>	<b>-</b>	<b>-</b>	<b>68,052,875</b>	<b>39,252,662</b>	<b>43,458,609</b>
Previous Year	89,016,362	14,623,653	834,639	-	102,805,376	52,125,366	7,882,776	661,375	-	59,346,767	43,458,609	-

NOTE : Fixed Assets - Vehicles include vehicles amounting to Rs. 1,43,09,374 (P.Y. Rs. 1,37,44,429) which held in the name of Director/ officer of the Company.

### 10 Non-current investments (refer note 1-e)

	Face Value (Rs.)	Qty. as on 31/03/13	Qty. as on 31/03/12	As on 31/03/13 (Rs.)	As on 31/03/12 (Rs.)
<b>a) QUOTED EQUITY SHARES</b> (Fully Paid-up)					
Fusion Polymers Ltd.	10	3,000	3,000	92,685	92,685
XLO Machines Ltd.	10	1,900	1,900	42,012	42,012
Veekay Fibres Ltd.	10	4,000	4,000	253,260	253,260
Kinetic Lease Finance Ltd.	10	33	33	1,500	1,500
<b>Sub Total (1)</b>				<b>389,457</b>	<b>389,457</b>
<b>b) UNQUOTED EQUITY SHARES</b> (Fully Paid-up)					
Sardar Vallabhbai Sahkari Bank Ltd.	25	7,169	7,169	179,225	179,225
Avantika Investments Pvt.Ltd.	100	1,460	1,460	649,700	649,700
Reliance Enterprises Ltd.	10	998	998	18,000	18,000
<b>Sub Total (2)</b>				<b>846,925</b>	<b>846,925</b>
<b>Total [1] + [2]</b>				<b>1,236,382</b>	<b>1,236,382</b>
<b>a) Aggregate value of Quoted Investments</b>					
Cost Price				389,457	389,457
Market Price ( Not Available)				₹—	₹—
<b>b) Aggregate value of Unquoted Investments:</b>					
Cost Price				846,925	846,925

## Sanrhea Technical Textiles Limited

### 11 Deferred tax assets (net)

	31 March 2013	31 March 2012
	₹	₹
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	803,851	1,680,627
<b>Gross deferred tax liability</b>	<b>803,851</b>	<b>1,680,627</b>
<b>Deferred tax asset</b>		
Unabsorbed Depreciation (Recognised to the extent of deferred tax liability)	803,851	1,680,627
<b>Gross deferred tax asset</b>	<b>803,851</b>	<b>1,680,627</b>
<b>Net deferred tax asset</b>	<b>0</b>	<b>0</b>

### 12 Loans and advances

	Non-current		Current	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
<b>Security deposit</b>				
Unsecured, considered good	1,172,986	1,174,802	39,600	0
<b>(A)</b>	<b>1,172,986</b>	<b>1,174,802</b>	<b>39,600</b>	<b>0</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	354,050	354,050	2,881,678	1,297,806
<b>(B)</b>	<b>354,050</b>	<b>354,050</b>	<b>2,881,678</b>	<b>1,297,806</b>
<b>Other loans and advances</b>				
MAT Credit Entitelment	3,400,491	3,877,110	0	0
Advance income-tax (net of provision for taxation)	407,074	407,074	0	0
Prepaid expenses	14,175	8,916	444,926	386,223
Balances with statutory/ government authorities	0	0	3,253,738	3,935,559
<b>(C)</b>	<b>3,821,740</b>	<b>4,293,100</b>	<b>3,698,664</b>	<b>4,321,782</b>
<b>Total (A+ B + C)</b>	<b>5,348,776</b>	<b>5,821,952</b>	<b>6,619,942</b>	<b>5,619,588</b>

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### 13 Trade receivables and other assets

#### 13.1 Trade receivables (refer note no 25.3)

	Non-current		Current	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	0	0	266,724	48,368
<b>(A)</b>	<b>0</b>	<b>0</b>	<b>266,724</b>	<b>48,368</b>
Other receivables				
Unsecured, considered good	0	0	75,381,398	83,122,858
<b>(B)</b>	<b>0</b>	<b>0</b>	<b>75,381,398</b>	<b>83,122,858</b>
<b>Total (A + B)</b>	<b>0</b>	<b>0</b>	<b>75,648,122</b>	<b>83,171,226</b>

#### 13.2 Other assets

	Non-current		Current	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (note 15)	870,000	870,000	0	0
<b>(A)</b>	<b>870,000</b>	<b>870,000</b>	<b>0</b>	<b>0</b>
Others				
Interest accrued on fixed deposits	0	0	128,406	84,161
Interest Subsidy Receivable	0	0	39,960	179,355
<b>(B)</b>	<b>0</b>	<b>0</b>	<b>168,366</b>	<b>263,516</b>
<b>Total (A + B)</b>	<b>870,000</b>	<b>870,000</b>	<b>168,366</b>	<b>263,516</b>

### 14 Inventories (valued at lower of cost or net realizable value)

	31 March 2013 ₹	31 March 2012 ₹
Raw materials and chemicals (includes in transit Rs.253350 (31 March 2012: ₹Nil)) (refer note 18)	25,002,560	14,682,181
Work-in-progress (refer note 19)	15,465,080	6,431,850
Finished goods (refer note 19)	11,814,065	2,352,072
Stores and spares	741,504	614,099
	<b>53,023,209</b>	<b>24,080,202</b>



## Sanrhea Technical Textiles Limited

### 15 Cash and bank balances

	Non-current		Current	
	31 March, 2013	31 March, 2012	31 March, 2013	31 March, 2012
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	0	0	159,557	149,311
Cash on hand	0	0	176,785	131,709
	0	0	<b>336,342</b>	<b>281,020</b>
Other bank balances				
Margin money deposit	870,000	870,000	0	0
	<b>870,000</b>	<b>870,000</b>	<b>0</b>	<b>0</b>
Amount disclosed under non-current assets (note 13.2)				
	870,000	870,000	0	0
	<b>0</b>	<b>0</b>	<b>336,342</b>	<b>281,020</b>

#### Margin money deposits given as security

Margin money deposits with a carrying amount of ₹Rs.870000 (31 March 2012: ₹Rs.870000) are subject to first charge to secure the company's Bank Gurantee loans.

### 16 Revenue from operations

	31 March 2013 ₹	31 March 2012 ₹
<b>Revenue from operations (refer note no. 1-C)</b>		
Sale of products		
Finished goods	320,525,416	290,863,451
Traded goods	3,454,508	75,920
Sale of services - Conversion charges	856,083	6,690,470
Other operating revenue		
Scrap sales	329,321	379,188
<b>Revenue from operations (gross)</b>	<b>325,165,328</b>	<b>298,009,029</b>
Less: Excise duty #	35,546,900	26,977,852
<b>Revenue from operations (net)</b>	<b>289,618,428</b>	<b>271,031,177</b>

# Excise duty on sales amounting to ₹Rs. 35546900 (31 March 2012: ₹Rs. 26977852/-) has been reduced from sales in statement of profit & loss and excise duty on (increase) /decrease in stock amounting to ₹Rs. 1040853 (31 March 2012: ₹Rs. 174810) has been considered as (income)/expense in note 21 of financial statements.

#### Details of products sold

	31 March 2013 ₹	31 March 2012 ₹
<b>Finished goods sold</b>		
Fabrics	320,525,416	290,863,451
	<b>320,525,416</b>	<b>290,863,451</b>

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<b>Traded goods sold</b>		
	31 March 2013	31 March 2012
	₹	₹
<b>Yarn</b>	3,454,508	75,920
	<b>3,454,508</b>	<b>75,920</b>
	<b>323,979,924</b>	<b>290,939,371</b>
<b>Details of services rendered</b>		
Conversion Charges	856,083	6,690,470
	<b>856,083</b>	<b>6,690,470</b>
<b>17 Other income</b>		
	31 March 2013	31 March 2012
	₹	₹
<b>Interest income on</b>		
Bank deposits	80,476	63,076
Security deposit	120,319	151,982
Income Tax Refund	0	1,117,820
<b>Dividend income on</b>		
Long-term investments	17,500	17,500
Net gain on sale of assets	0	68,286
Miscellaneous Income	171,082	0
Exchange Variation	0	1,219,916
	<b>389,377</b>	<b>2,638,580</b>
<b>18 Cost of raw material and chemicals consumed ( also refer Note No. 24.7)</b>		
	31 March 2013	31 March 2012
	₹	₹
Inventory at the beginning of the year	14,682,181	5,397,420
Add: Purchases	239,356,417	208,261,803
	254,038,598	213,659,223
Less: inventory at the end of the year	25,002,560	14,682,181
Cost of raw material and chemicals consumed	<b>229,036,038</b>	<b>198,977,042</b>
<b>Details of raw material and chemicals consumed</b>		
	31 March 2013	31 March 2012
	₹	₹
Yarn	200,119,289	172,808,519
Dipping Material		
- V P Latex	23,192,100	21,208,088
- Others	5,724,649	4,960,435
	<b>229,036,038</b>	<b>198,977,042</b>

## Sanrhea Technical Textiles Limited

### Details of inventory

	31 March 2013	31 March 2012
	₹	₹
<b>Raw materials and chemicals</b>		
Yarn	22,757,337	13,810,736
V P Latex	1,355,482	465,942
Others	889,741	405,503
	<b>25,002,560</b>	<b>14,682,181</b>

### 19 (Increase)/decrease in inventories

	31 March 2013	31 March 2012	(Increase) / decrease
	₹	₹	₹
<b>Inventories at the end of the year</b>			
Work-in-progress	15,465,080	6,431,850	9,033,230
Finished goods	11,814,065	2,352,072	9,461,993
	<b>27,279,145</b>	<b>8,783,922</b>	<b>18,495,223</b>
<b>Inventories at the beginning of the year</b>			31 March 2012
Work-in-progress	6,431,850	8,197,942	(1,766,092)
Finished goods	2,352,072	898,737	1,453,335
	<b>8,783,922</b>	<b>9,096,679</b>	<b>(312,757)</b>
	<b>(18,495,223)</b>	<b>312,757</b>	
<b>Work-in-progress</b>			
Yarn		6,233,972	4,078,420
Industrial Fabrics		9,231,108	2,353,430
		<b>15,465,080</b>	<b>6,431,850</b>
<b>Finished goods</b>			
Industrial Fabrics		11,814,065	2,352,072
		<b>11,814,065</b>	<b>2,352,072</b>

### 20 Employee benefit expense

	31 March 2013	31 March 2012
	₹	₹
Salaries, wages and bonus	20,325,229	16,134,161
Contribution to provident fund, ESI etc	1,397,149	1,510,767
Gratuity expense (note 25.1)	765,537	589,542
Staff welfare expenses	6,429	46,020
	<b>22,494,344</b>	<b>18,280,490</b>

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### 21 Other expenses

	31 March 2013	31 March 2012
	₹	₹
Consumption of stores and spares ( also refer Note No. 24.8)	4,794,928	3,625,183
(Increase)/decrease of excise duty on inventory	1,040,853	174,810
Exchange Variation	89,113	0
Power and fuel	9,848,543	8,384,731
Weaving & Other job work charges	1,970,577	957,089
Freight and forwarding charges	6,815,680	7,367,908
Rent (refer Note no. 25.3)	562,337	1,014,587
Rates and taxes	32,001	36,430
Insurance	293,328	297,200
Repairs and maintenance		
Plant and machinery	642,020	670,436
Buildings	890,788	435,966
Travelling and conveyance	3,890,341	3,249,269
Payment to auditor (Refer details below)	195,550	288,750
Fixed assets written off	0	126,549
Miscellaneous expenses	3,179,166	3,642,028
	<b>34,245,225</b>	<b>30,270,936</b>

### Payment to auditor

	31 March 2013	31 March 2012
	₹	₹
<b>As auditor:</b>		
Audit fee	95,000	95,000
Tax audit fee	35,000	35,000
Limited review	15,000	30,000
<b>In other capacity:</b>		
Taxation matters	22,000	108,000
Other services	20,000	7,000
Reimbursement of expenses	8,550	13,750
	<b>195,550</b>	<b>288,750</b>

### 22 Depreciation and amortization expense

	31 March 2013	31 March 2012
	₹	₹
Depreciation of tangible assets	8,677,993	7,880,708
Amortization of intangible assets	28,115	2,068
	<b>8,706,108</b>	<b>7,882,776</b>
Less: Withdrawn from Deferred Government Grant	226,401	226,401
	<b>8,479,707</b>	<b>7,656,375</b>

**23 Finance costs**

	31 March 2013	31 March 2012
	₹	₹
Bank Interest	8,737,043	8,261,348
Bank charges	708,121	640,493
Finance Charges	881,054	753,811
Other Interest	1,076,612	1,030,558
	<b>11,402,830</b>	<b>10,686,210</b>

**24. Additional information to the Financial Statements**

24.1 Contingent Liabilities in respect of:	As at	As at
	31-03-2013	31-03-2012
	Rupees	Rupees

Disputed demands of Income tax in respect of earlier years for which appeals have been preferred before higher authorities.	0	0
---	---	---

Note: A future cash outflow in respect of above depends on ultimate settlement/conclusions with the relevant authorities.

24.2 The Company has accepted fixed deposit from promoters/shareholders by way of unsecured loans pursuant to requirement of nationalized bank of disbursing secured loans, so long as such loans are outstanding. Such fixed deposit falls under the purview of exempted borrowings under section 58A of the Companies Act, 1956 and the rules framed there under.

24.3 No provision for diminution of Rs. 3,89,457/- in value of long term quoted investments has been made individually since in the opinion of the management such diminution is of temporary nature and do not represent a permanent fall in the value of individual investment.

24.4 (a) The balances of Trade Receivables/ Trade Payables are subject to confirmation. Adjustments, if any will be made in accounts on subsequent confirmation/reconciliation.

(b) Trade Receivables over six months old amounting Rs. 2,66,724/- (P.Y. Rs. 48,368/-) are being pursued by the Company. In the opinion of the management they are considered good and fully recoverable.

24.5 Based on the information available with the Company, there are no suppliers who are registered under Micro, Small & Medium Enterprises Development Act, 2006 as at 31<sup>st</sup> March , 2013. Hence, the disclosure relating to amounts unpaid as at the year ended together with interest paid/ payable under this act have not been given. This is relied upon by auditors.

**24.6 Remuneration to key managerial personnel**

	2012-13	2011-12
	Rupees	Rupees
Mr. Tushar Patel, Managing director Salary & bonus	12,99,960	12,82,467
Contribution to PF	1,44,000	1,44,000
Perquisites	1,628	1,817
<b>Total</b>	<b>14,45,588</b>	<b>14,28,284</b>

**24.7 Value of Raw material consumed:**

	2012-13		2011-12	
	In Rs.	% of total Consumption	In Rs.	% of total Consumption
(a) Imported	16,37,00,752	71.12	11,73,75,560	58.99
(b) Indigenous	6,64,59,363	28.88	8,16,01,482	41.01
	<b>23,01,60,115</b>	<b>100.00</b>	<b>19,89,77,042</b>	<b>100.00</b>

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### 24.8 Value of Stores & Spares consumed

	2012-13		2011-12	
	In Rs.	% of total Consumption	In Rs.	% of total Consumption
(a) Imported	6,37,497	13.30	0.00	0.00
(b) Indigenous	41,57,431	86.70	36,25,183	100.00
	47,94,928	100.00	36,25,183	100.00

### 24.9 Value of Imports on CIF basis and Expenditure In Foreign Currency.

	2012-13 ( in Rs.)	2011-12 ( in Rs.)
(a) Value of Imports (Raw Material/Parts)	15,99,92,166	11,34,58,662
(b) Expenditure in Foreign Currency	10,42,573	12,08,283
(c) Earning in Foreign Currency Value - Exports of Fabrics (FOB Value)	83,80,758	80,42,585

## 25 Disclosure under accounting standard

### 25.1 Disclosure as per Accounting Standard (Revised) Employee Benefits 15:

#### (i) Defined Contribution Plans:

Amount of Rs. 12,93,644/- (P.Y. Rs. 14,27,570/-) is recognized as expenses and included in "Employee's expenses" (Note 20 ) in the Statement of Profit & Loss.

#### (ii) Defined Benefit Plan :

##### GRATUITY BENEFIT – Unfunded

	Defined benefit Obligation 31-03-13	Defined benefit Obligation 31-03-12
a) The amounts recognized in Balance Sheets are as follows:		
Present Value of funded Obligation		
Fair Value of plan assets	-	-
Present value of unfunded obligations	3,261,469	2,659,207
Unrecognized past service cost	-	-
Net liability	3,261,469	2,659,207
Amount in the balance sheet:		
Liabilities	3,261,469	2,659,207
Assets	-	-
Net Liability	3,261,469	2,659,207
b) The amounts recognized in the statement of profit and loss are as follows:		
Current Service Cost	247,520	284,183
Interest on Obligation	232,681	185,100
Expected return on plan assets	-	-
Net Actuarial Losses (Gains) recognized in year	285,336	120,259
Past service cost		
Losses (gains) on curtailments and settlement	-	-
Tax included in 'Employee benefit expense'	765,537	589,542
Actual return on plan assets	-	-

## Sanrhea Technical Textiles Limited

	<b>Defined benefit Obligation 31-03-13</b>	Defined benefit Obligation 31-03-12
c) The changes in the present value of defined benefit obligation represent reconciliation of opening and closing balance thereof as follows:		
Opening defined benefit Obligation	2,659,207	2,208,827
Service Cost	247,520	284,183
Interest Cost	232,681	185,100
Actuarial Losses (Gains)	285,336	120,259
Losses (Gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits Paid	(163,275)	(139,162)
Closing defined benefit obligation	3,261,469	2,659,207
d) Principal actuarial assumptions at the balance sheet date (expressed as weighed averages):		
Discount rate	8.25%	8.75%
Expected Return on Plan assets	0.00%	0.00%
Proportion of employees opting for early retirement	-	-
Annual increase in salary costs	6.00%	6.00%
Attrition Rate	2.00%	2.00%
		@ younger age 1.00%
		@ older age
e) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.		
Amount for the current period are as follows:		
Defined benefit obligation	3,261,469	2,659,207
Plan assets	-	-
Surplus(deficit)	(3,261,469)	(2,659,207)
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-
f) Movement in net liability recognized in balance sheet:		
Net opening liability	2,659,207	2,208,827
P&L Charge	765,537	589,542
Benefits paid	(163,275)	(139,162)
Closing net liability	3,261,469	2,659,207

Notes : The company provides retirement benefits in the form of Provident Fund, Gratuity and Leave Encashment. Provident fund contributions made to " Government Administrated provident Fund" are treated as defined contribution plan since the company has no further obligations beyond its monthly contributions. Gratuity is treated as defined benefit plan and remains unfunded.

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### 25.2 Segment information as per Accounting Standard 17:

Segment reporting as defined in Accounting Standard 17 is not applicable since the entire operation of the Company relates to only one segment i.e. Industrial fabrics. Similarly, revenue of international segment does not exceed 10 % of the total revenue and hence there is also no reportable geographical segment.

### 25.3 Related Party Transaction as per Accounting Standard 18:

- A) Name of related party & description of relationship with whom transactions taken place:
- a. Key Management Personnel:
    1. T.M. Patel
  - b. Relatives of key Management person:
    1. M.A. Patel
    2. Tejal T. Patel
    3. M.A. Patel HUF
  - c. Enterprises owned or significantly influenced by key management personnel or their relatives:
    1. Mahendra Credit & Investments Co.P.Ltd.
    2. Avantika Investments Pvt.Ltd.
    3. Tejal Trading Pvt.Ltd.
    4. Exel Chemicals (India) Pvt.Ltd. ( up to 30-6-2012)

B) Disclosure of Material Transactions with Related Parties :

No	Nature of Transactions	Key Management Personnel:	Relatives of Key Management person:	Enterprises owned or significantly influenced by key management personnel or their relatives:	Total
<b>1</b>	<b>Rent paid</b>				
a)	Tejal Trading P. Ltd.	— (—)	— (—)	1,41,750 (5,94,000)	1,41,750 (5,94,000)
<b>2</b>	<b>Interest Paid</b>				
a)	Mahendra credit & Investment co.P.Ltd	— (—)	— (—)	— -4,438	— -4,438
b)	Exel Chemicals(India) P. Ltd.	— (—)	— (—)	2,163 -96,377	2,163 -96,377
<b>3</b>	<b>Commission Paid</b>				
	Tejal Trading Pvt. Ltd.	— (—)	— (—)	— -20,200	— -20,200
<b>4</b>	<b>Purchase</b>				
a)	Mahendra credit & investment co.P.Ltd	— (—)	— (—)	51,045 -51,975	51,045 -51,975
b)	Exel Chemicals (India) Pvt. Ltd.	— (—)	— (—)	2,58,79,014 (5,41,80,483)	2,58,79,014 (5,41,80,483)
<b>5</b>	<b>Sales</b>				
a)	Exel Chemicals (India) Pvt. Ltd.	— (—)	— (—)	28,42,507 (—)	28,42,507 (—)
<b>6</b>	<b>Purchase of Fixed Assets</b>				
a)	Tejal Trading Pvt. Ltd.	— (—)	— (—)	26,25,000 (—)	26,25,000 (—)



## Sanrhea Technical Textiles Limited

No	Nature of Transactions	Key Management Personnel:	Relatives of Key Management person:	Enterprises owned or significantly influenced by key management personnel or their relatives:	Total
<b>7</b>	<b>Loan Taken</b>				
a)	M.A.Patel- HUF	—	52,50,000	—	52,50,000
		(—)	(3,37,050)	(—)	(3,37,050)
b)	Tushar Patel	20,50,000	—	—	20,50,000
		(9,40,766)	(—)	(—)	(9,40,766)
c)	Tejal Patel	—	801211	—	801211
		(-)	(—)	(-)	(—)
d)	Avantika Inv.P. ltd.	—	—	—	—
		(—)	(—)	(3,00,000)	(3,00,000)
	<b>Loan Repaid</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	92,993	92,993
		(—)	(—)	(11,36,033)	(11,36,033)
b)	M.A.Patel- HUF	—	8,35,492	—	8,35,492
		(—)	(41,59,403)	(—)	(41,59,403)
c)	Tushar Patel	12,64,913	—	—	12,64,913
		(6,02,429)	(—)	(—)	(6,02,429)
d)	Tejal T. Patel	—	4,36,641	—	4,36,641
		(-)	(5,03,757)	(-)	(5,03,757)
e)	Avantika Inv.P. ltd.	—	—	65,000	65,000
		(—)	(—)	(1,48,838)	(1,48,838)
<b>8</b>	<b>Balances with Related Parties as on 31-3-2013 for</b>				
	<b>(i) Loan Taken</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	95,92,244	95,92,244
		(—)	(—)	(96,85,237)	(96,85,237)
b)	M. A. Patel HUF	—	51,11,900	—	51,11,900
		(—)	(6,97,392)	(—)	(6,97,392)
c)	Tushar Patel	11,23,423	—	—	11,23,423
		(3,38,337)	(—)	(—)	(3,38,337)
d)	Tejal Patel	—	4,35,813	—	4,35,813
		(-)	-71,243	(-)	-71,243
e)	Avantika Inv.P. ltd.	—	—	17,05,362	17,05,362
		(—)	(—)	(17,70,362)	(17,70,362)
	<b>(ii) Trade Payables</b>	—	—	51,045	51,045
a)	Mahendra Credit & Investments Co.P.Ltd..	(—)	(—)	-51,975	-51,975
	<b>(ii) Against corporate Guarantee Taken</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	20,00,000	20,00,000
		(—)	(—)	(20,00,000)	(20,00,000)
b)	Tushar Patel	6,78,80,103	—	—	6,78,80,103
		(6,08,07,852)	(—)	(—)	(6,08,07,852)

Note :

- a) Loan taken from Key Management person, relatives of key Management persons and enterprises owned or significantly influenced by key management personnel or their relatives are interest free. Interest bearing loan taken from enterprises owned by Key management personnel do not stipulate any repayment schedule.
- b) Payment to Key Management personnel in form of Managing Director's remuneration is shown in Note No. 24.6
- c) Figures in brackets relate to previous year

## Annual Report 2012-2013

### 25.4 Disclosure as per Accounting Standard 19: Lease

#### (4a) Finance lease: company as lessee

The company has finance leases and hire purchase contracts for various vehicles. These leases involve significant upfront lease payment, however, there is no escalation clause. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

Due	Total of Minimum lease payments outstanding on 31/03/13	Future interest outstanding as on 31/03/13	Present value of minimum lease payment
Within one year	24,92,844	6,55,532	31,48,376
After one year but not more than five years	52,29,764	6,39,674	58,69,438
More than five years	0	0	0
Total minimum lease payments	77,22,608	12,95,206	90,17,814

A general description of significant leasing agreements: Vehicles are taken on hire purchase for a period of 36 to 60 months.

(4c) Lease rent agreement of land and building has expired on 1<sup>st</sup> November 2007. However the company is hopeful to get renewal and to extend the use of land and building thereon. Hence, depreciation on original Building and additional building constructed on leasehold land is calculated at the rates and in the manner specified in schedule XIV of the Companies Act, 1956. ( Refer Note-9). Rent paid for such property for the year amounts to Rs. 4,19,587 (P.Y. Rs. 4,19,587)

### 25.5 Earnings Per Share as per accounting standard 20 :-

- The amount used as the numerator in calculating basic and diluted EPS is the Net Profit for the year disclosed in the statement of profit and loss.
- The weighed average number of the equity shares used, as the denominator in calculating both basic and diluted earning per share is 30,00,000 shares.

As per our report of even date  
For, **KANTILAL PATEL & CO.,**  
*CHARTERED ACCOUNTANTS*  
Firm Registration No: 104744W  
**Mayank S. Shah**  
*PARTNER*  
Membership No.: 44922  
Place : Ahmedabad  
Date : 29/05/2013

FOR & ON BEHALF OF BOARD OF DIRECTORS  
Sd/-  
Tushar Patel      *Managing Director*  
Sd/-  
Miten Mehta      *Director*  
Sd/-  
Dhawal Jadhav      *Company Secretary*

**SANRHEA TECHNICAL TEXTILES LIMITED**

Regd. Off. : Parshwanath Chambers, 2nd Floor, Nr. New RBI Building,  
Income Tax, Ashram Road, Ahmedabad-380 014

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a Member/Members of the  
above named Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ as  
my/our Proxy to attend and vote for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the  
Company to be held on Saturday, the 30<sup>th</sup> August, 2013 at 10.00 a.m. and at any adjournment thereof.

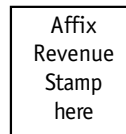
As witness my/our hand(s) this \_\_\_\_\_ day's of \_\_\_\_\_ 2013.

Folio No. \_\_\_\_\_

\*DP ID: \_\_\_\_\_

\*Client ID: \_\_\_\_\_

No. Of Shares Held \_\_\_\_\_



**Notes:** The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

\* Applicable for members holding shares in Electronic Form.

**SANRHEA TECHNICAL TEXTILES LIMITED**

Regd. Off. : Parshwanath Chambers, 2nd Floor, Nr. New RBI Building,  
Income Tax, Ashram Road, Ahmedabad-380 014

**ATTENDANCE SLIP**

I hereby record my presence at the 30<sup>th</sup> Annual General Meeting of the Company held at 10.00 am at Parshwanath Chambers, 2nd Floor, Nr. New RBI Building, Income Tax, Ashram Road, Ahmedabad-380014 of the company on Saturday, the 30<sup>th</sup> August, 2013 at 10.00 a.m.

Full Name of the Shareholder \_\_\_\_\_  
(BLOCK LETTERS)

Folio No. \_\_\_\_\_

\*DP ID: \_\_\_\_\_

\*Client ID: \_\_\_\_\_

No. Of Shares Held \_\_\_\_\_

\_\_\_\_\_  
Signature of the Shareholder/Proxy)

**Notes:** Please fill this Attendance Slip and handover at the entrance of the Hall.

\* Applicable for members holding shares in Electronic Form.

Book - Post  
Printed Matter

*If undelivered please return to :*

**SANRHEA TECHNICAL TEXTILES LIMITED**

Regd. Off. : Parshwanath Chambers, 2nd Floor,  
Nr. New RBI Building, Income Tax,  
Ashram Road, Ahmedabad-380 014

Ganapati, A'bad, Ph. (079) 26568111