

31st
Annual
Report
2013-2014

SANRHEA
TECHNICAL TEXTILES LIMITED



DET NORSKE VERITAS

MANAGEMENT SYSTEM CERTIFICATE

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 2013-2014

Board of Directors	:	Shri Tushar Patel Shri Vimal Ambani Shri Ishwarbhai Patel Shri Miten Mehta Shri G. Ravishankar	Managing Director Director (Technical)
Company Secretary	:	Shri Dhawal Jadhav	
Bankers	:	United Bank of India	
Auditors	:	Kantilal Patel & Co. Chartered Accountants (A Member of Polaris Intl., USA) 202, Paritosh, Usmanpur, 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 31st Annual General Meeting of the members of the Company will be held on 30/09/2014 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 31st March, 2014 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. G. Ravishankar, (holding DIN 01905821), 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."

SPECIAL BUSINESS:

- (4) **To consider and if thought fit to pass with or without modifications following as an ordinary resolution.**

"RESOLVED THAT pursuant to the provision of section 152(2) and other applicable provisions if any of the companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the companies act, 2013, Mr Rashmikant Babulal Raval (holding DIN 00154828) be and is hereby appointed as Director of the company."

- (5) **To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolutions:**

"RESOLVED THAT pursuant to provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the companies act, 2013 Mr. Miten Mehta (holding DIN 00929483), Director of the Company who retires by rotation at the annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 22nd September, 2014 to 21st September, 2019."

- (6) **To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolutions:**

"RESOLVED THAT pursuant to provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the companies act, 2013 Mr. Ishwarlal Patel (holding DIN 2956129), Director of the Company who retires by rotation at the annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 22nd September, 2014 to 21st September, 2019."

- (7) **To consider and if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolutions:**

"RESOLVED THAT pursuant to provisions of sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-

enactment thereof for the time being in force) read with schedule IV to the companies act, 2013 Mr. Vimal Ambani (holding DIN 00351512), Director of the Company who retires by rotation at the annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a consecutive period of five years with effect from 22nd September, 2014 to 21st September, 2019.”

(8) To consider and if thought fit to pass with or without modifications, following resolutions as a special resolution.

“RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 310 & 311 read with schedule XIII, and other applicable provisions, if any, of the companies Act, 1956 and section 196, 197, 203 and other applicable provisions, if any, read with schedule V of the companies act, 2013, consent of the company be and is hereby accorded for appointment of Mr. Tushar Patel as Managing Director of the company for a period of 3 years w.e.f 01/08/2014, on the following remuneration, terms and conditions subject to such modifications, if any, as may be acceptable to the Boards of Director of the companies and Mr. Tushar Patel within the ceiling as laid down under the provision of the companies act, 2013.

- 1) A salary of Rs. 2,00,000 (Rupees Two Lakh per month)
- 2) Commission at the rate of 1% on the Net profits of the company calculated as per the relevant provisions of the companies Act, 2013.
- 3) Perquisites and Benefits: Perquisite may allowed in addition to salary and/or commission or both but perquisites shall be restricted to an amount equal to the annual salary
Medical reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- 4) Leave travel concession: For self and family, once in a year in accordance with the rules of company.
- 5) Personal Accident Insurance: Premium not to exceed Rs. 4,000 per annum.
- 6) Contribution to provident fund, superannuation fund, Annuity fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of service.
- 7) Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.
- 8) Bonus to be paid as per policy of the company or as per Bonus Act.
- 9) Provisions of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance call and use of the car for the private shall be billed by the company to the individual appointee concerned.

(9) To consider and if thought fit to pass, with or without modification(s), the following resolutions as a Special Resolution:

“RESOLVED THAT pursuant to section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 and any other applicable provisions of the companies act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the company be and is hereby accorded to the Board of Directors to borrow from time to time any sum or sums of money on such terms and conditions and with or without security as the Board may think fit, which notwithstanding the fact that the amount borrowed / to be so borrowed (apart from temporary loans obtained/ to be obtained in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding Rs. 400 lacs (Rupees Four Hundred Lacs)”

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“ RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to negotiate, finalize and settle with the lenders concerned, all deeds, documents and writings for the purpose of borrowings and to do all such acts, deeds and things as may be necessary and expedient for giving effect to the aforesaid resolution.”

(10) To Consider and if thought fit, to pass, with or without modification(s), the following resolutions as a Special Resolution:

“RESOLVED THAT in pursuant to section 180 (1) (a) and any other applicable provisions of the Companies Act 2013 and any other applicable provisions of the companies act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the company be and is hereby accorded to the Board of Directors of the company to create such charges, mortgages and hypothecation of all or any of the immovable and movable properties of the company, wherever situate, both present and further or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit, for securing any loans and/or advances already obtained or that may be obtained from any financial institutions/ Banks/insurance companies or persons or persons, and/or to secure any debentures issued and/or that may be issued and all interests, compound/additional interest, commitment charge, costs, charges, expenses and all other moneys payable by the company to the concerned lenders for the purpose of securing such borrowings.”

“RESOLVED FURTHER THAT the mortgage/charge created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolutions by and with the authority of the board are hereby confirmed.”

“RESOLVED FURTHER THAT the board be and is hereby authorized to do all such acts deeds, matters and things as may be necessary, desirable, expedient for mortgaging and/or charging the properties of the company and for giving effect to the aforesaid resolution.

On behalf of the Board

Sd/-

TUSHAR PATEL

(DIN 00031632)

MANAGING DIRECTOR

Date : 29/05/2014

Place : Ahmedabad

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 27/09/2014 to 29/09/2014 (both days inclusive)
5. Electronic copy of the annual report and the notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voiting along with attendance slip and proxy form are being sent to all the members whose email IDs are registered with the company/ Depository Participants(s) for communications purposes, unless any member has requested for a hard copy for the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
6. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their DP with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company.

Sanrhea Technical Textiles Limited

7. At this Annual General Meeting Mr. G. Ravishankar 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 G. Ravishankar is a Post Graduate in Textile Engineering from IIT Delhi. He carries with him rich experience of more than 28 years in fields of technical Textiles, Paper Maker Felts and Non-woven. He also has two and half years experience in Europe in Nonwovens market development and Manufacturing needle punch.
8. At this Annual General Meeting Mr. Rashmibhai Raval if resolved by shareholders will be appointed as Director of the Company. 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. Mr. Rashmibhai Raval is a Bachelor in Arts from Gujarat University. He carries with him rich experience of more than 20 years in the field of Hospitality management. Apart from being Director in Citrine travels private limited; he does not have directorship or membership in any of the committees in any other company.
- None of the directors are concerned or interested in the aforesaid resolution.

9. In compliance with provisions of section 108 of the companies act, 2013 company is pleased to offer e-voiting facility to all the shareholders of the company.

The instructions for members for voting electronically are as under:-

- In case of members receiving e-mail:
- Log on to the e-voting website www.evotingindia.com
- Click on "Shareholders" tab.
- Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

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- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen.
- However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field.
- Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- Click on the EVSN for the Arms Paper Limited, on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Institutional Shareholders:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- The voting period begins on 23th September, 2014 (9.00 am) and ends on 25th September, 2014 (9.00 am). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
 - The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 29th August, 2014.
 - Mr. Ashish Doshi (Company Secretaries), TF/1, Anison Bldg, 3rd Floor, State Bank of India Lane, Swastik Soc., Nr. Stadium Circle, C. G.Road Navrangpura, Ahmedabad - 380009 has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from members who don't have access to the e-voting process) in a fair and transparent manner.
 - The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sanrhea.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 1956

ITEM NO: 5

Mr. Miten Mehta is a non executive Independent Director of the Company. He is the Chairman of The Audit Committee and member of the Remuneration and Share Transfer Committee. A brief profile of Mr. Miten Mehta is given below:

Shri Miten Mehta aged 48 years is a Commerce Graduate from Mumbai. He joined the Board in 2003 as a director and was appointed as Chairman of Audit Committee. He carries with him rich knowledge and expertise in Finance, Accounts, Stock Markets and other commercial aspects. He is actively associated with stock market and finance Activities since last more than 18 years. Apart from being director on Bellwether Capital Pvt Ltd, he does not have any directorship or membership in any other committee of any other company.

As per the provisions of section 149 of the Act which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. Miten Mehta has given declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board Mr Miten Mehta fulfills the conditions specified in the Act and he rules made there under for the appointment of Independent Director and he is independent of the management. The company has received a notice from a member proposing his candidature for the office of the Director of the company.

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

Except Mr. Miten Mehta, being an appointee, no other Directors or Key Managerial Personnel of the company or their relatives is in any way concerned or interested in the above resolution.

ITEM NO: 6

Mr. Ishwarlal Patel is a non executive Independent Director of the Company. He is the member of the Audit & Remuneration Committee. A brief profile of Mr. Ishwarlal Patel is given below:

Shri Ishwar lal Patel is a resident of Vancouver, Canada is a self made businessman well established in the field of commodity and consumer products in British Columbia, Canada. He is a commerce graduate from

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India. On completion of his studies, Mr. Patel emigrated out of the country seeking fortunes in the western world. His endeavor took him to Iran, Persia, England and finally to British Columbia where he finally settled. Mr. Patel started off by establishing a small provision store too caters to the needs of the Indian community settled in Vancouver. His enterprise and hard work made him grow his shop into a mini supermarket catering to both Indian as well as local clients. Over the next decade, Mr. Patel grew from a simple shop owner to a large commodities trader, trading in commodities from China and India into the NAFTA Countries. Mr. Patel, today is semi retired and hold investment in various companies both in India as well as Canada.

As per the provisions of section 149 of the Act which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. Ishwarlal Patel has given declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board Mr Ishwarlal Patel fulfills the conditions specified in the Act and he rules made there under for the appointment of Independent Director and he is independent of the management. The company has received a notice from a member proposing his candidature for the office of the Director of the company.

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

Except Mr. Ishwarlal Patel, being an appointee, no other Directors or Key Managerial Personnel of the company or their relatives is in any way concerned or interested in the above resolution.

ITEM NO: 7

Mr. Vimal Ambani is a non executive Independent Director of the Company. A brief profile of Mr. Vimal Ambani is given below:

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.

As per the provisions of section 149 of the Act which has come into force with effect from 1st April 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation.

Mr. Vimal Ambani has given declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board Mr Vimal Ambani fulfills the conditions specified in the Act and he rules made there under for the appointment of Independent Director and he is independent of the management. The company has received a notice from a member proposing his candidature for the office of the Director of the company.

This Explanatory statement may also be regarded as disclosure under clause 49 of the Listing Agreement with the stock exchanges.

Except Mr. Vimal Ambani, being an appointee, no other Directors or Key Managerial Personnel of the company or their relatives is in any way concerned or interested in the above resolution.

ITEM NO: 8

Mr. Tushar Patel is actively involved in the day to day management and administration of the company, and efficiently looking after the affairs of the company since last many years as managing director of the company. Looking at his contribution, it was thought fit at the meeting of Board of Directors of the company held on 29th May, 2014 to appoint him as Managing Director of the company for a period of three years w.e.f 1st day of August, 2014 n the terms, conditions and remuneration enumerated in the resolution. Pursuant to provisions of section 196, 197, 198, and other applicable provisions, if any, read with schedule

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V of the companies Act, 2013, it is necessary to pass special resolution at the next Annual General Meeting after approval in the Board Meeting. Therefore the present resolution has been recommended for your approval.

Mr. Tushar Patel, may be deemed to be interested in the proposed resolution to the extent of payment of remuneration to his and, none other directors are interested in the resolutions.

ITEM NO: 9

Under the erstwhile section 293(1)(d) of the companies act, 1956, the board of directors of a company could, with the consent of the shareholders obtained by an ordinary resolution, borrow moneys, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

Under the provisions of section 180 (1) (c) of the companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a special resolution. Further as per a clarification issued by the Ministry of Corporate Affairs, the ordinary resolution earlier passed under Section 293 (1) (d) of the companies act, 1956 will remain valid for a period of one year from the date of notification of section 180 of the companies act, 2013,. As such it is necessary to obtain fresh approval of the shareholders by means of a special resolution, to enable the board of directors of the company to borrow moneys, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of paid up capital and free reserves of the company.

The Board recommends the Resolution at Item no. 10 of the notice for the approval of the shareholders by a special resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution mention at Item No. 10 of the notice.

ITEM NO: 10.

Under the erstwhile section 293(1)(a) of the companies act, 1956, the board of Directors of a company could, with the consent of the shareholders obtained by an ordinary resolution create charge/ mortgage/ hypothecation on the company's assets both present and future, in favor of the lenders/ trustees for the holders of debentures/ bond to secure the repayment of moneys borrowed by the company (including temporary loans obtained from the company's bankers in the ordinary course of business).

Under the provisions of section 180 (1) (a) of the companies act 2013, the above powers can be exercised by the board only with the consent of the shareholders obtained the special resolution. Further as per a clarification issued by the ministry of corporate affairs, the ordinary resolution earlier passed under section 293(1)(a) of the companies act 1956 will remain valid for a period of one year from the date of notification of section 180 of the companies act, 2013. As such, it is necessary to obtain fresh approval of the shareholders by means of a special resolution, to enable the board for such activity

The Board recommends the Resolution at Item no. 11 of the notice for the approval of the shareholders by a special resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution mention at Item No. 11 of the notice.

On behalf of the Board

Sd/-
TUSHAR PATEL
(DIN 00031632)
MANAGING DIRECTOR

Date : 29/05/2014
Place : Ahmedabad

DIRECTOR'S REPORT

Dear Members:

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2014.

FINANCIAL RESULTS:

	2013-2014 (Rs.lacs)	2012-2013 (Rs.lacs)
Sales & Other Income	2772.23	2900.08
Gross Profit/(Loss)	139.78	227.27
Less : Depreciation	78.08	84.80
Finance Charges	118.03	114.03
Provision For Taxation	-	10.39
Net Profit	(56.33)	18.05
Balance of P&L Account B/F	161.99	143.94
Employees Benefits written Back	-	-
Appropriation:		
Transfer to General Reserve	-	-
Balance of Profit/Loss Carried Forward	105.66	161.99

DIVIDENDS :

Yours directors have not proposed any dividend on Equity Shares of the company, due to loss in the current year.

OPERATIONS :

During the year Sales and Other Income has decreased from Rs. 2900 lacs to Rs.2772 lacs whereas the company has earned Gross Profit of Rs. 140 lacs against previous years G.P. of Rs. 227 lacs. After Depreciation of Rs. 78 lacs and Finance Charges Rs. 118 lacs the company has incurred Net Loss of Rs. 56 lacs. The performance of the year has been pretty much like the previous year, and we have not been able to attain the growth envisaged. As you are aware the condition of the economy has pretty much been the same, and there were no positive actions on behalf of the government that could bolster the situation of the Infrastructure and Automotive industry, effectively stagnating all prospects of any company in the industry. In fact, most of the Cement, Steel, Automotive and Auto Component companies in India have been running at under capacity. However, with the positive attitude and strong mandate of the new government, we envisage a big turnaround of the economy, and the first reflections of the same would be felt by companies linked directly or indirectly with the infrastructure growth of the contrary. The Directors of the company are confident of not only a turnaround in the coming year, but see a strong prospect of growth.

MANAGEMENT DISCUSSION AND ANALYSIS ON STRATEGY, OUTLOOK AND MARKET :

As determined last year, the company's efforts continue to establish its presence in the overseas markets. Initial supplies have been made to a number of new and prospective customers, and the company is hopeful of building this up further in the coming year. The company continues its stand on establishing 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 company's product has been well established both at Apollo Tyres as well as BKT Tyres, and regular supplies have commenced. The company's Chafer Fabric is now being supplied to Apollo's plants, both in Gujarat as well as Kerala, and trial supplies have been made to the plant at Chennai. The company is hopeful of increasing the volumes with both these customers in the coming year. In fact, the company is actively developing various newer and specialised grades of Chafer Fabrics with Apollo Tyres. The company has also already started the sampling and approval process at Birla Tyres and ATG Tyres. In the Square Woven Fabric segment, the Brake Diaphragm Fabrics supplied by the company to Megha Rubber Technologies Ltd, have got approved at TVS Sundaram Industries and the initial two supplies have been made. The company is hopeful of increased volumes with the TVS group, as well as sees prospects of developing additional specialised products for them. The growth prospects for all the products in the segment look good. The company, in the year concerned participated in the Tech Textile India at Mumbai. Since the fair was organised and promoted by Messe Frankfurt, the company got its presence identified to a very large cadre of international visitors.

EXPANSION CUM DIVERSIFICATION :

The Company hopes to consolidate and establish growth targets in the year to come. The Directors see a very strong prospect for the company in the coming years, as the effectiveness of the positive governance of the new government are felt.

DIRECTORS:

As per the provisions of section 149 of the Companies Act, 2013, which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the board of a company and is not liable to retire by rotation. In Compliance with the provisions of section 149 read with Schedule IV of the act, Mr. Miten Mehta, Mr. Ishwarlal Patel and Mr. Vimal Ambani have been recommended to be appointed as Independent Directors of the company for a term of five years. In the opinion of the Board, they fulfil the conditions specified in the act and the rules made there under for appointment as Independent Directors and are Independent of the Management. Details of the proposal for appointment of Independent Directors are mentioned in the explanatory statement under Section 102 of the companies act, 2013 of the notice of the Annual General Meeting. The Independent Directors have fulfilled the criteria of Independence as defined under section 149(6) of the companies act, 2013 and requisite declarations in terms of section 149(7) of the Act have been received. Mr. G. Ravi Shankar, Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment

DIRECTORS' RESPONSIBILITY STATEMENT – 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 31st march, 2011

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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, 2013.

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

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:**

	<u>2012-2013</u>	<u>2011-2012</u>
		(Rs.lacs)
(i) Foreign Exchange earned including indirect export:		
US\$	28069	59751
British Pound	-	2679
Euro	11657	63268
(ii) Foreign Exchange used:		
Euro	298	822
US\$	950202	840130
Swiss F.	234	451
British Pound	1910	6882
HKD	2211	-
ECU	-	1307
Krona	-	7396
Ruble	-	5519
Thai Baht	116878	20000
CNY	15000	834
Singapore \$	775	-
Sri-lanka	26157	-
Japan Yen	193319	-
China Yean	16871	-
Phillipine Peso	5020	-

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FORM A (Rule 21)

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

	<u>Current Year</u>	<u>Previous Year</u>
A. Power and fuel consumption		
1 Electricity		
(a) Purchased		
Unit (KWH in Lacs)	8.72	10.08
Total Amount (Rs)	59,26,719	66,05,042
Cost/Unit (Rs)	6.80	6.55
(b) Own Generation Through Diesel Generator		
Unit (KWH in Lacs)	NIL	NIL
Unit per ltr. Of Diesel	N.A	N.A
Total Amount	N.A	N.A
Cost/Unit(Rs.)	N.A	N.A
2 Furnace Oil	NIL	NIL
3 Coal	NIL	NIL
4 Others/Internal Generation	NIL	NIL
B. Consumption Per unit of Production		

	<u>Standards(if any)</u>	<u>Current Year</u>	<u>Previous Year</u>
Product : Fabric			
1. Electricity(KWH)Cloth(Per Kg)	-	0.97	0.93
2. Coal	-	NIL	NIL
3. Furnace Oil	-	NIL	NIL
4. Others	-	NIL	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 2013-14

(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: 29/5/2013, 30/06/2013, 12/08/2013, 1/10/2013, 12/11/2013, 14/02/2014

Name	Executive/ Non-Executive/	No. of other Directorship	Board meetings attended	Membership in the committee	Chairmanship at the committee	Attended the last AGM
Mr. Tushar Patel	Exe. Director(M.D)	4	06	0	0	Yes
Mr. Vimal Ambani	Non. Exe. Director	3	06	0	0	No
Mr. Ishwarlal Patel	Non. Exe. Director	0	00	0	0	No
Mr. Miten Mehta	Non. Exe. Director	1	06	0	0	Yes
Mr. G Ravishankar	Non. Exe. Director	0	06	0	0	Yes

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: 29/05/2013, 12/08/2013, 12/11/2013, 14/02/2014.

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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.

General Body Meetings:

The last 3 Annual General Meetings were held as follows.

Date	Time	Place
30 th September, 2011	10.00 a.m	Parshwanath Chambers, 2 nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
1 st September, 2012	10.00 a.m	Parshwanath Chambers, 2 nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
31 st August, 2013	10.00 a.m	Parshwanath Chambers, 2 nd 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, 2nd floor, Ashram Road, Ahmedabad-380 014 at 10.00 a.m. on 30th day of September, 2014. 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.

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GENERAL SHAREHOLDERS INFORMATION:

A) Annual General Meeting:

Day and date	:	Tuesday, 30 th September, 2014
Time	:	10.00 a.m.
Venue	:	Parshwanath Chambers, 2 nd floor, Nr. New RBI, Income Tax, Ashram Road, Ahmedabad-380 014

B) Financial Calendar for 2014-2015:

First Quarter	:	On or before 14 th August, 2014
Second Quarter	:	On or before 14 th November, 2014
Third Quarter	:	On or before 14 th February, 2015
Fourth Quarter	:	On or before 30 th May 2015
Annual general Meeting for The year 2013-14:	:	By end of September 2015

C) **Book Closure** : 27th September, 2014 to 29th September 2014 (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 1.13 Low 1.03

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, 3rd 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	2476	87.4912	391650	13.0550
501 to 1000	175	6.1837	151350	5.0450
1001 to 2000	94	3.3216	142850	4.7617
2001 to 3000	22	0.7774	56050	1.8683
3001 to 4000	13	0.4594	46300	1.5433
4001 to 5000	3	0.106	13400	0.4467
5001 to 10000	19	0.6714	140250	4.6750
10001 and above	28	0.9894	2058150	68.6050
		100.00	30000000	100.0000

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 : 29/05/2014

Tushar Patel
CEO & Managing Director

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 31st March, 2014

For, Sanrhea Technical Textiles Ltd.

Place : Ahmedabad
Date : 29/05/2014

Tushar Patel
CEO & Managing Director

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 **31st March 2014**, 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 review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. 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 based on 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 Registration No. 104744W

Date : August 19, 2014
Place : Ahmedabad

Mayank S. Shah
Partner
Membership No.: 44922

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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 : 29/05/2014

Tushar Patel
CEO & Managing Director

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, 2014, 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 principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133of the Companies Act, 2013.. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Loss for the year would have been ₹60.22 Lacs as against the reported figure of ₹56.33 Lacs , non-current Investments would have been ₹8.47Lacs (as against the reported figure of ₹12.36 Lacs).

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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, 2014;
- (b) in the case of the statement Profit and Loss, of the **loss** 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 notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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, 2014

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.
 - [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 ₹222.64 lacs and year-end balance of loans taken from such parties is ₹214.24 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,

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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 and employees state insurance 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 31st March, 2014 for the period of more than six months from the date they become 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 term loans 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.

Sanrhea Technical Textiles Limited

- (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, 2014

Membership No.: 44922

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BALANCE SHEET AS AT 31 MARCH 2014

	Notes	As at 31 March, 2014	As at 31 March, 2013
Equity and liabilities			
Shareholder's funds			
Share Capital	2	30,000,000	30,000,000
Reserves and Surplus	3	10,566,073	16,199,372
Sub Total ::		40,566,073	46,199,372
Deferred Government Grant			
		736,471	962,872
Non-current liabilities			
Long-term borrowings	4	24,334,933	24,064,308
Long-term provisions	5	3,004,669	2,990,767
Sub Total ::		27,339,602	27,055,075
Current Liabilities			
Short-term borrowings	6	80,404,741	69,798,760
Trade payables	7	33,384,483	29,292,666
Other current liabilities	8	4,438,430	7,822,937
Short-term provisions	5	884,490	1,372,119
Sub Total ::		119,112,144	108,286,482
TOTAL		187,754,290	182,503,801
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	34,433,222	39,139,961
Intangible assets		88,857	112,701
Capital work-in-progress		1,418,334	0
Non-current investments	10	1,298,882	1,236,382
Deferred tax assets (net)	11	0	0
Long-term loans and advances	12	5,073,490	5,348,776
Other non-current assets	'13.2	2,710,000	870,000
Sub Total ::		45,022,785	46,707,820
Current assets			
Inventories	14	51,567,331	53,023,209
Trade receivables	'13.1	83,168,721	75,648,122
Cash and bank balances	15	378,289	336,342
Short-term loans and advances	12	7,346,037	6,619,942
Other current assets	'13.2	271,127	168,366
Sub Total ::		142,731,505	135,795,981
TOTAL		187,754,290	182,503,801

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, KANTILAL PATEL & CO.,	Tushar Patel
<i>CHARTERED ACCOUNTANTS</i>	<i>Managing Director</i>
Firm Registration No: 104744W	
Mayank S. Shah	Miten Mehta
<i>PARTNER</i>	<i>Director</i>
Membership No.: 44922	
Place : Ahmedabad	Dhawal Jadhav
Date : 29/05/2014	<i>Company Secretary</i>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Income			
Revenue from operations (gross)	16	308,567,579	325,165,328
Less: excise duty		32,894,540	35,546,900
Revenue from operations (net)		275,673,039	289,618,428
Other Income	17	1,550,171	389,377
Total revenue (I)		277,223,210	290,007,805
Expenses			
Cost of raw material and components consumed	18	201,641,082	229,036,038
(Increase)/ decrease in inventories of finished goods, work-in-progress	19	6,927,942	(18,495,223)
Employee benefits expense	20	22,549,908	22,494,344
Other expenses	21	32,126,207	34,245,225
Total (II)		263,245,139	267,280,384
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		13,978,071	22,727,421
Depreciation and amortization expenses	22	7,808,645	8,479,707
Finance costs	23	11,802,725	11,402,830
Profit / (Loss) before tax		(5,633,299)	2,844,884
Tax expenses			
- Current Tax		0	1,039,411
Less : MAT Credit Entitlement		0	0
		0	1,039,411
- Deferred Tax		0	0
- Excess/(Short) Provision of Tax Written Back		0	0
Total tax expenses		0	1,039,411
Profit / (Loss) for the year		(5,633,299)	1,805,473
Earnings per equity share [nominal value of share ₹10 (31 March 2013: ₹10)]	26	(2)	1
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 & ON BEHALF OF BOARD OF DIRECTORS	
For, KANTILAL PATEL & CO.,		Sd/-	Tushar Patel
<i>CHARTERED ACCOUNTANTS</i>			<i>Managing Director</i>
Firm Registration No: 104744W			
Mayank S. Shah		Sd/-	Miten Mehta
<i>PARTNER</i>			<i>Director</i>
Membership No.: 44922			
Place : Ahmedabad		Sd/-	Dhawal Jadhav
Date : 29/05/2014			<i>Company Secretary</i>

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	31 March, 2014 ₹	31 March, 2013 ₹
Cash flow from operating activities		
Profit/(Loss) before tax for the year	(5,633,299)	2,844,884
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization expenses	7,808,645	8,479,707
Impairment/other write off on tangible/intangible assets	78,475	0
Loss/(Profit) on sale of fixed assets	84,490	0
Interest expense	11,802,725	11,402,830
Interest income	(332,697)	(200,795)
Dividend income	(18,375)	(17,500)
Operating profit before working capital changes	13,789,964	22,509,126
Movements in working capital :		
Increase/(decrease) in trade payables	4,091,817	7,597,153
Increase / (decrease) in long-term provisions	13,902	628,679
Increase / (decrease) in short-term provisions	31,256	271,288
Increase/(decrease) in other current liabilities	(715,354)	1,047,580
Increase/(decrease) in other long-term liabilities	(2,609,162)	(243,389)
Decrease/(increase) in trade receivables	(7,520,599)	(7,523,104)
Decrease/(increase) in inventories	1,455,878	(28,943,007)
Decrease / (increase) in long-term loans and advances	361,510	(3,443)
Decrease/(increase) in short-term loans and advances	(726,095)	(1,000,354)
Decrease/(increase) in other current assets	0	139,395
Decrease / (increase) in other non-current assets	(1,840,000)	0
Cash generated from operations	6,333,117	9,526,132
Direct taxes paid (net of refunds)	(605,109)	(1,379,674)
Net cash flow from operating activities (A)	<u>5,728,008</u>	<u>8,146,458</u>
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets and capital advances	(5,020,762)	(4,500,161)
Increases in Investments	(62,500)	0
Proceeds from sale of fixed assets	135,000	0
Interest received	229,936	156,550
Dividends received	18,375	17,500
Net cash flow used in investing activities (B)	<u>(4,699,951)</u>	<u>(4,326,111)</u>
Cash flows from financing activities		
Proceeds from long-term borrowings	10,061,265	8,577,434
Repayment of long-term borrowings	(9,790,640)	(8,585,786)
Proceeds from short-term borrowings	10,605,981	7,753,848
Interest paid	(11,862,716)	(11,510,521)
Net cash flow from in financing activities (C)	<u>(986,110)</u>	<u>(3,765,025)</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	41,947	55,322
Cash and cash equivalents at the beginning of the year	336,342	281,020
Cash and cash equivalents at the end of the year	<u>378,289</u>	<u>336,342</u>
Components of cash and cash equivalents		
Cash on hand	279,856	176,785
With banks- on current account	98,433	159,557
Total cash and cash equivalents (note 15)	<u>378,289</u>	<u>336,342</u>
Summary of significant accounting policies	1	
Notes ::		
1. Cash Flow Statement is prepared as per "Indirect Method" as per Accounting standard - 3 issued by the companies accounting Standard Rules, 2006.		
2. Figures in brackets represents outflow		
3. Previous year figures have been restated wherever necessary to make then comparable with current year figures		
As per our report of even date	FOR & ON BEHALF OF BOARD OF DIRECTORS	
For, KANTILAL PATEL & CO.,	Sd/-	Tushar Patel
<i>CHARTERED ACCOUNTANTS</i>		<i>Managing Director</i>
Firm Registration No: 104744W		
Mayank S. Shah	Sd/-	Miten Mehta
<i>PARTNER</i>		<i>Director</i>
Membership No.: 44922		
Place : Ahmedabad	Sd/-	Dhawal Jadhav
Date : 29/05/2014		<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 & 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.

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.

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 unabsorbed 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 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 2014

	31 March, 2014	31 March, 2013
	₹	₹
2 Share capital		
Authorized shares		
5000000 (31 March 2013: 5000000) equity shares of 10/- each	50,000,000	50,000,000
Issued, subscribed and fully paid-up shares		
3000000 (31 March 2013: 3000000) equity shares of ₹10/- each	30,000,000	30,000,000
Total issued, subscribed and fully paid-up share capital	30,000,000	30,000,000

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

Equity shares	31 March 2014		31 March 2013	
	Nos	Amount/Rs	Nos	Amount/Rs
At the beginning of the period	3000000	30000000	3000000	30,000,000
Outstanding at the end of the period	3,000,000	30,000,000	3,000,000	30,000,000

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 31-3-14, the amount of per Share Dividend recognised as distribution to equity Shareholders was ₹ 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 2014		31 March 2013	
	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	267,200	8.91%	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 2014	31 March 2013
	₹	₹
Surplus in the statement of profit and loss		
Balance as per last financial statements	16,199,372	14,393,899
Profit / (Loss) for the year	(5,633,299)	1,805,473
Total reserves and surplus	10,566,073	16,199,372

4 Long-term borrowings

	Non-current portion		Current maturities	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Term loans				
Indian rupee loan from banks (secured)	0	203,461	221,924	2,448,000
Other loans and advances				
Finance lease obligation (secured) (refer Note No. 25.4a)	2,910,824	5,229,764	2,318,937	2,492,844
Intercompany Borrowings (unsecured) (refer Note No. 25.3)	14,147,606	11,959,947	662,341	871,520
Deposits (unsecured) (refer note 24.2)				
Deposits from shareholders	7,276,503	6,671,136	0	0
	24,334,933	24,064,308	3,203,202	5,812,364
The above amount includes				
Amount disclosed under the head "other current liabilities" (note 8)	0	0	3,203,202	5,812,364
Net amount	24,334,933	24,064,308	0	0

- a Term loan 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 ₹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.
- c Inter Corporate Borrowing to the tune of ₹ 6.62 lacs carries interest @ 16.00 % p.a. & Deposits to the tune of ₹14.00 lacs carries interest @ 15.00 p.a. Balance borrowings are interest free.

Sanrhea Technical Textiles Limited

5 Provisions

	Long-term		Short-term	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Provision for employee benefits				
Provision for gratuity (note no 1-g & 25.1)	3,004,669	2,990,767	342,225	270,702
Provision for Compensated Absences	0	0	506,690	546,957
	3,004,669	2,990,767	848,915	817,659
Other provisions				
Provision for Incometax (Net)	0	0	35,575	554,460
	0	0	35,575	554,460
	3,004,669	2,990,767	884,490	1,372,119

6 Short-term borrowings

	31 March 2014 ₹	31 March 2013 ₹
Cash credit from banks (secured)	75,904,741	65,298,760
Intercorporate Borrowings (unsecured)	4,500,000	4,500,000
	80,404,741	69,798,760

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.
- c Inter Corporate Borrowing to the tune of ₹ 45.00 lacs carries interest @ 13.00 % p.a.

7 Trade Payables :

	31 March 2014 ₹	31 March 2013 ₹
Trade payables (refer note 24.5 for details of dues to micro and small enterprises)	33,384,483	29,292,666

8 Other current liabilities

Current maturities of long-term borrowings (note 4)	3,203,202	5,812,364
Interest accrued but not due on borrowings	135,176	195,167
Interest accrued and due on borrowings	0	0
Others		
Statutory Dues payable	860,114	1,743,758
Unpaid MD's Remuneration	214,488	50,598
Others Payable	25,450	21,050
	4,438,430	7,822,937

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9 FIXED ASSETS : (Refer Note 1-d)

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK			
	Opening Balance	Additions	Deletion	Deduction/ Adjustments	Closing Balance	Upto 31/03/2013	For the Year	Deletion	Deduction/ Adjustments	Upto 31/03/2014	As on 31/03/2014	As on 31/03/2013
	as on 01/04/2013 Rs.	Rs.	Rs.	Rs.	As on 31/03/2014 Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
A. TANGIBLE ASSETS												
1. Building (On Leased Land) (refer note 25-4c)	5,270,417	2,152,380	-		7,422,797	1,103,794	172,825	-	-	1,276,619	6,146,178	4,166,623
2. Furniture & Fixtures	819,320	-	-		819,320	477,363	61,894	-	-	539,257	280,063	341,957
3. Vehicles	5,588,135	3,660	489,370	-	5,102,425	4,511,326	93,541	487,631	-	4,117,236	985,189	1,076,809
4. Plant & Machinery	81,721,848	1,214,450	331,623		82,604,675	56,373,640	5,387,004	113,872	-	61,646,772	20,957,903	25,348,208
5. Computers	744,930	100,900	-		845,830	404,196	112,314	-	-	516,510	329,320	340,734
6. Office Equipment	604,350	131,038	92,790		642,598	350,741	25,548	14,315	-	361,974	280,624	253,609
	94,749,000	3,602,428	913,783		97,437,645	63,221,060	5,853,126	615,818	-	68,458,368	28,979,277	31,527,940
Leased Assets :												
7. Vehicles	12,399,361	-	-	-	12,399,361	4,787,340	2,158,076	-	-	6,945,416	5,453,945	7,612,021
B. INTANGIBLE ASSETS												
1. Software	157,176	-	-		157,176	44,475	23,844	-	-	68,319	88,857	112,701
Total	107,305,537	3,602,428	913,783		109,994,182	68,052,875	8,035,046	615,818		75,472,103	34,522,079	39,252,662
Previous Year	102,805,376	4,500,161	-		107,305,537	59,346,767	8,706,108	-		68,052,875	39,252,662	
Capital Work In Progress :												
1. Building (On Leased Land)	-	1,418,334	-		1,418,334							
Total	-	1,418,334	-		1,418,334							

NOTE : Fixed Assets - Vehicles include vehicles amounting to Rs. 1,43,09,374 (P.Y. Rs. 1,43,09,374) 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 31/03/14	Qty. as on 31/03/13	As on 31/03/14 (Rs.)	As on 31/03/13 (Rs.)
a) QUOTED EQUITY SHARES (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
Sub Total (1)				389,457	389,457
b) UNQUOTED EQUITY SHARES (Fully Paid-up)					
Sardar Vallabhbai Sahkari Bank Ltd.	25	9,669	7,169	241,725	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
Sub Total (2)				909,425	846,925
Total [1] + [2]				1,298,882	1,236,382
a) Aggregate value of Quoted Investments					
Cost Price				389,457	389,457
Market Price (Not Available)				'—	'—
b) Aggregate value of Unquoted Investments:					
Cost Price				909,425	846,925

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11 Deferred tax assets (net)

	31 March 2014	31 March 2013
	₹	₹
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	88,511	803,851
Gross deferred tax liability	88,511	803,851
Deferred tax asset		
Unabsorbed Depreciation (Recognised to the extent of deferred tax liability)	88,511	803,851
Gross deferred tax asset	88,511	803,851
Net deferred tax asset	0	0

12 Loans and advances

	Non-current		Current	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Security deposit				
Unsecured, considered good	1,172,986	1,172,986	0	39,600
(A)	1,172,986	1,172,986	0	39,600
Advances recoverable in cash or kind				
Unsecured considered good	0	354,050	3,786,143	2,881,678
(B)	0	354,050	3,786,143	2,881,678
Other loans and advances				
MAT Credit Entitlement	3,400,491	3,400,491	0	0
Advance income-tax (net of provision for taxation)	493,298	407,074	0	0
Prepaid expenses	6,715	14,175	784,758	444,926
Balances with statutory/ government authorities	0	0	2,775,136	3,253,738
(C)	3,900,504	3,821,740	3,559,894	3,698,664
Total (A+ B + C)	5,073,490	5,348,776	7,346,037	6,619,942

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13 Trade receivables and other assets

13.1 Trade receivables (refer note no 25.3)

	Non-current		Current	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	0	0	1,341,369	266,724
(A)	0	0	1,341,369	266,724
Other receivables				
Unsecured, considered good	0	0	81,827,352	75,381,398
(B)	0	0	81,827,352	75,381,398
Total (A + B)	0	0	83,168,721	75,648,122

13.2 Other assets

	Non-current		Current	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 15)	2,710,000	870,000	0	0
(A)	2,710,000	870,000	0	0
Others				
Interest accrued on fixed deposits	0	0	231,167	128,406
Interest Subsidy Receivable	0	0	39,960	39,960
(B)	0	0	271,127	168,366
Total (A + B)	2,710,000	870,000	271,127	168,366

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

	31 March 2013 ₹	31 March 2012 ₹
Raw materials and chemicals (refer note 18)	30,676,089	25,002,560
Work-in-progress (refer note 19)	16,104,059	15,465,080
Finished goods (refer note 19)	4,247,144	11,814,065
Stores and spares	540,039	741,504
	51,567,331	53,023,209

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15 Cash and bank balances

	Non-current		Current	
	31 March, 2014	31 March, 2013	31 March, 2014	31 March, 2013
Cash and cash equivalents				
Balances with banks:				
On current accounts	0	0	98,433	159,557
Cash on hand	0	0	279,856	176,785
	0	0	378,289	336,342
Other bank balances				
Margin money deposit	2,710,000	870,000	0	0
	2,710,000	870,000	0	0
Amount disclosed under non-current assets (note 13.2)				
	2,710,000	870,000	0	0
	0	0	378,289	336,342

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹2710000 (31 March 2013: ₹870000) are subject to lien to secure non fund based limits from the company's bankers.

16 Revenue from operations

	31 March 2013	31 March 2012
	₹	₹
Revenue from operations (refer note no. 1-C)		
Sale of products		
Finished goods	302,499,174	320,525,416
Traded goods	2,336,987	3,454,508
Sale of services - Conversion charges	3,382,986	856,083
Other operating revenue		
Scrap sales	348,432	329,321
Revenue from operations (gross)	308,567,579	325,165,328
Less: Excise duty #	32,894,540	35,546,900
Revenue from operations (net)	275,673,039	289,618,428

Excise duty on sales amounting to ₹ 32894540 (31 March 2013: ₹ 35546900/-) has been reduced from sales in statement of profit & loss and excise duty on (increase) /decrease in stock amounting to ₹ (832388) (31 March 2013: ₹ 1040853) has been considered as (income)/expense in note 21 of financial statements.

Details of products sold

	31 March 2014	31 March 2013
	₹	₹
Finished goods sold		
Fabrics	302,499,174	320,525,416
	302,499,174	320,525,416

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Traded goods sold

	31 March 2014	31 March 2013
	₹	₹
Yarn	2,192,699	3,454,508
Dipping Material	144,288	0
	2,336,987	3,454,508
	304,836,161	323,979,924

Details of services rendered

Conversion Charges	3,382,986	856,083
	3,382,986	856,083

17 Other income

	31 March 2014	31 March 2013
	₹	₹
Interest income on		
Bank deposits	224,241	80,476
Security deposit	107,654	120,319
Other interest	802	0
Dividend income on		
Long-term investments	18,375	17,500
Miscellaneous Income	3,019	171,082
Exchange Variation	1,196,080	0
	1,550,171	389,377

18 Cost of raw material and chemicals consumed (also refer Note No. 24.7)

	31 March 2014	31 March 2013
	₹	₹
Inventory at the beginning of the year	25,002,560	14,682,181
Add: Purchases	207,314,611	239,356,417
	232,317,171	254,038,598
Less: inventory at the end of the year	30,676,089	25,002,560
Cost of raw material and chemicals consumed	201,641,082	229,036,038

Details of raw material and chemicals consumed

	31 March 2014	31 March 2013
	₹	₹
Yarn	175,853,954	199,878,676
Dipping Material		
- V P Latex	20,092,379	23,432,713
- Others	5,694,749	5,724,649
	201,641,082	229,036,038

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Details of inventory

	31 March 2014	31 March 2013
	₹	₹
Raw materials and chemicals		
Yarn	27,191,369	22,757,337
V P Latex	649,502	1,355,482
Others	2,835,218	889,741
	30,676,089	25,002,560

19 (Increase)/decrease in inventories

	31 March 2014	31 March 2013	(Increase) / decrease
	₹	₹	₹
Inventories at the end of the year			
Work-in-progress	16,104,059	15,465,080	638,979
Finished goods	4,247,144	11,814,065	(7,566,921)
	20,351,203	27,279,145	(6,927,942)
Inventories at the beginning of the year			
Work-in-progress	15,465,080	6,431,850	9,033,230
Finished goods	11,814,065	2,352,072	9,461,993
	27,279,145	8,783,922	18,495,223
	6,927,942	(18,495,223)	
Work-in-progress			
Yarn		10,050,696	6,233,972
Industrial Fabrics		6,053,363	9,231,108
		16,104,059	15,465,080
Finished goods			
Industrial Fabrics		4,247,144	11,814,065
		4,247,144	11,814,065

20 Employee benefit expense

	31 March 2014	31 March 2013
	₹	₹
Salaries, wages and bonus	20,790,800	20,325,229
Contribution to provident fund, ESI etc	1,466,638	1,397,149
Gratuity expense (note 25.1)	292,470	765,537
Staff welfare expenses	0	6,429
	22,549,908	22,494,344

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21 Other expenses

	31 March 2014	31 March 2013
	₹	₹
Consumption of stores and spares (also refer Note No. 24.8)	3,725,490	4,794,928
(Increase)/decrease of excise duty on inventory	(832,388)	1,040,853
Exchange Variation	0	89,113
Power and fuel	9,943,560	9,848,543
Weaving & Other job work charges	1,926,705	1,970,577
Freight and forwarding charges	8,069,518	6,815,680
Rent	420,587	562,337
Rates and taxes	32,001	32,001
Insurance	754,181	703,419
Repairs and maintenance		
Plant and machinery	657,170	642,020
Buildings	0	890,788
Travelling and conveyance	4,200,421	3,480,250
Payment to auditor (Refer details below)	192,050	195,550
Fixed assets written off	78,475	0
Loss on sale of assets (Net)	84,490	0
Miscellaneous expenses	2,873,947	3,179,166
	32,126,207	34,245,225

Payment to auditor

	31 March 2014	31 March 2013
	₹	₹
As auditor:		
Audit fee	95,000	95,000
Tax audit fee	35,000	35,000
Limited review	15,000	15,000
In other capacity:		
Taxation matters	23,000	22,000
Other services	15,500	20,000
Reimbursement of expenses	8,550	8,550
	192,050	195,550

22 Depreciation and amortization expense

	31 March 2014	31 March 2013
	₹	₹
Depreciation of tangible assets	8,011,202	8,677,993
Amortization of intangible assets	23,844	28,115
	8,035,046	8,706,108
Less: Withdrawn from Deferred Government Grant	226,401	226,401
	7,808,645	8,479,707

23 Finance costs

	31 March 2014	31 March 2013
	₹	₹
Bank Interest	9,369,979	8,737,043
Bank charges	659,135	708,121
Finance Charges	626,456	881,054
Other Interest	1,147,155	1,076,612
	11,802,725	11,402,830

24. Additional information to the Financial Statements

24.1 Contingent Liabilities in respect of:	As at	As at
	31-03-2014	31-03-2013
	Rupees	Rupees

Disputed demands of Income tax in respect of earlier years for which appeals have been preferred before higher authorities.	0	0
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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 ₹ 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 ₹ 13,41,369/- (P.Y. ₹ 2,66,724/-) 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 31st March, 2014. 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

	2013-14	2012-13
	Rupees	Rupees
Mr. Tushar Patel, Managing director Salary & bonus	12,99,960	12,99,960
Contribution to PF	1,44,000	1,44,000
Perquisites	1,652	1,628
Total	14,45,612	14,44,231

24.7 Value of Raw material consumed:

	2013-14		2012-13	
	In Rs.	% of total Consumption	In Rs.	% of total Consumption
(a) Imported	15,07,61,180	74.77	16,37,00,752	71.47
(b) Indigenous	5,08,79,902	25.23	6,53,35,286	28.53
	20,16,41,082	100.00	22,90,36,038	100.00

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24.8 Value of Stores & Spares consumed

	2013-14		2012-13	
	In Rs.	% of total Consumption	In Rs.	% of total Consumption
(a) Imported	00	00.00	6,37,497	13.30
(b) Indigenous	37,25,490	100.00	41,57,431	86.701
	37,25,490	100.00	47,94,928	00.00

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

	2013-14 (in Rs.)	2012-13 (in Rs.)
(a) Value of Imports (Raw Material/Parts)	14,58,35,636	15,99,92,166
(b) Expenditure in Foreign Currency	16,29,185	10,42,573
(c) Earning in Foreign Currency Value - Exports of Fabrics (FOB Value)	2,16,47,192	83,80,758

25 Disclosure under accounting standard

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

(i) Defined Contribution Plans:

Amount of ₹ 13,46,822/- (P.Y. ₹ 12,93,644/-) 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 31-03-14	Defined benefit Obligation 31-03-13
a) The amounts recognized in Balance Sheets are as follows:		
Fair Value of plan assets	-	-
Present value of Benefit obligations	3346894	3261469
Unrecognized past service cost	-	-
Funded status	3346894	3261469
Amount in the balance sheet:		
Liabilities	3346894	3261469
Assets	-	-
Net Liability	3346894	3261469
b) The amounts recognized in the Income statement are as follows:		
Current Service Cost	289787	247520
Interest on Obligation	269071	232681
Expected return on plan assets	-	-
Net Actuarial Losses (Gains) recognized in year	(266388)	285336
Past service cost		
Losses (gains) on curtailments and settlement	-	-
Expenses Recognised in P & L	292470	765537

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	Defined benefit Obligation 31-03-14	Defined benefit Obligation 31-03-13
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	3261469	2659207
Service Cost	289787	247520
Interest Cost	269071	232681
Actuarial Losses (Gains)	(266388)	285336
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	(207045)	(163275)
Closing defined benefit obligation	3346894	3261469
d) Principal actuarial assumptions at the balance sheet date (expressed as weighed averages):		
Discount rate	9.32%	8.25%
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	3346894	3261469
Plan assets	-	-
Surplus(deficit)	(3346894)	(3261469)
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-
f) Movement in net liability recognized in balance sheet:		
Net opening liability	3261469	2659207
P&L Charge	292470	765537
Benefits paid	(207045)	(163275)
Closing net liability	3346894	3261469

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. Tejal T. Patel

2. M.A. 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
1	Rent paid				
a)	Tejal Trading P. Ltd.	— (1,41,750)	— (—)	— (—)	— (1,41,750)
2	Interest Paid				
b)	Exel Chemicals(India) P. Ltd.	— (—)	— (—)	— -2,163	— -2,163
3	Purchase				
a)	Mahendra credit & investment co.P.Ltd	— (—)	— (—)	5,08,557 -51,045	5,08,557 -51,045
b)	Exel Chemicals (India) Pvt. Ltd.	— (—)	— (—)	— (2,58,79,014)	— (2,58,79,014)
4	Sales				
a)	Exel Chemicals (India) Pvt. Ltd.	— (—)	— (—)	— (28,42,507)	— (28,42,507)
5	Purchase of Fixed Assets				
a)	Tejal Trading Pvt. Ltd.	— (—)	— (—)	— (26,25,000)	— (26,25,000)

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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
6	Loan Taken				
a)	M.A.Patel- HUF	—	28,55,135	—	28,55,135
		(—)	(52,50,000)	(—)	(52,50,000)
b)	Tushar Patel	5,00,000	—	—	5,00,000
		(20,50,000)	(—)	(—)	(20,50,000)
c)	Tejal Patel	—	5,85,060	—	5,85,060
		(—)	(8,01,211)	(—)	(8,01,211)
d)	Avantika Inv.P. ltd.	—	—	—	—
		(—)	(—)	(3,00,000)	(3,00,000)
e)	Tushar Patel HUF	—	3,00,000	—	3,00,000
		(—)	(—)	(—)	(—)
f)	Mahendra Credit & Investment cp. P. Ltd.	—	—	58,00,000	58,00,000
		(—)	(—)	(—)	(—)
	Loan Repaid				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	29,25,000	29,25,000
		(—)	(—)	(11,36,033)	(11,36,033)
b)	M.A.Patel- HUF	—	28,98,190	—	28,98,190
		(—)	(41,59,403)	(—)	(41,59,403)
c)	Tushar Patel	37,221	—	—	37,221
		(6,02,429)	(—)	(—)	(6,02,429)
d)	Tejal T. Patel	—	6,99,417	—	6,99,417
		(—)	(5,03,757)	(—)	(5,03,757)
e)	Avantika Inv P. ltd;	—	—	25,000	25,000
		(—)	(—)	(—)	(—)
7	Balances with Related Parties as on 31-3-2014 for				
	(i) Loan Taken				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	1,24,67,244	1,24,67,244
		(—)	(—)	(95,92,244)	(95,92,244)
b)	M. A. Patel HUF	—	50,68,845	—	50,68,845
		(—)	(51,11,900)	(—)	(51,11,900)
c)	Tushar Patel	15,86,202	—	—	15,86,202
		(11,23,423)	(—)	(—)	(11,23,423)
d)	Tejal Patel	—	3,21,456	—	3,21,456
		(—)	(4,35,813)	(—)	(4,35,813)
e)	Avantika Inv.P. ltd.	—	—	16,80,,362	16,80,,362
		(—)	(—)	(17,05,362)	(17,05,362)
f)	Tushar Patel HUF	—	3,00,000	—	3,00,000
		(—)	(—)	(—)	(—)
	(ii) Trade Payables				
a)	Mahendra Credit & Investments Co.P.Ltd..	—	—	58,800	58,800
		(—)	(—)	-51045	-51,045
	(ii) Against corporate Guarantee Taken				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	20,00,000	20,00,000
		(—)	(—)	(20,00,000)	(20,00,000)
b)	Tushar Patel	6,66,37,747	—	—	6,66,37,747
		(6,78,80,103)	(—)	(—)	(6,78,80,103)

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 2013-2014

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 31/03/14	Future interest outstanding as on 31/03/14	Present value of minimum lease payment
Within one year	23,18,937	4,22,095	27,41,032
After one year but not more than five years	29,10,8240	2,36,0660	31,46,8900
More than five years	0	0	0
Total minimum lease payments	52,29,761	6,58,161	58,87,922

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 1st 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 ₹ 4,19,587 (P.Y. ₹ 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.

26 The figure of previous year has been re-grouped/ re-cast as far as possible to make them comparable with those of the current year.

As per our report of even date For, KANTILAL PATEL & CO., <i>CHARTERED ACCOUNTANTS</i> Firm Registration No: 104744W Mayank S. Shah <i>PARTNER</i> Membership No.: 44922 Place : Ahmedabad Date : 29/05/2014	FOR & ON BEHALF OF BOARD OF DIRECTORS Sd/- Tushar Patel <i>Managing Director</i> Sd/- Miten Mehta <i>Director</i> Sd/- Dhawal Jadhav <i>Company Secretary</i>
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SANRHEA TECHNICAL TEXTILE LIMITED

CIN: L17110GJ1983PLC006309

Regd. Off.: Parshwanath Chambers, 2nd Floor, Nr. New RBI Building, Income Tax, Ashram Road, Ahmedabad-380014

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 31st Annual General Meeting of the Company to be
held on Tuesday, the 30th September, 2014 at 10.00 am and at any adjournment thereof in respect of such
resolutions as are indicated below.

I wish my/our above proxy to vote in the manner as indicated in the box below:

Sr.No.	Resolutions	For	Against
1.	To Receive consider and adopt the audited Financial Statements of the company, Auditors Reports and Directors Report for the year ended on 31 st March 2014		
2.	To re-appoint Mr. G. Ravishankar, as a Director, Who retires by rotation		
3.	To appoint M/s. Kantilal Patel & Co., Chartered Accountants [Firm Registration No: 104744W] as Auditors and to determine their remuneration		
4.	To appoint Mr. Rashmikant Babulal Raval , as an Independent Director		
5.	To appoint Mr. Miten Mehta, as an Independent Director		
6.	To appoint Mr. Ishwarlal Patel, as an Independent Director		
7.	To appoint Mr. Vimal Ambani, as an Independent Director		
8.	To appoint MrTushar Patel, as an Managing Director		
9.	To approve Borrowing powers of Board		
10.	To approve the Board to Create Charge/ Mortgages/ Hypothecation		

Signed this _____ day of _____ 2014

Signature of shareholder (s) _____

Signature of Proxy _____

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 TEXTILE LIMITED

CIN: L17110GJ1983PLC006309

Regd. Off.: Parshwanath Chambers, 2nd Floor, Nr. New RBI Building, Income Tax, Ashram Road, Ahmedabad-380014

ATTENDANCE SLIP

I hereby record my presence at the 31st 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 Tuesday , the 30th September, 2014, at 10.00am

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.

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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