

**28<sup>th</sup>**  
**Annual**  
**Report**  
**2010-2011**

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



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**DET NORSKE VERITAS**

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**MANAGEMENT SYSTEM CERTIFICATE**

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Certificate No. 04204-2006-AQ-BOM-RvA Rev. 01

*This is to certify that*

**SANRHEA TECHNICAL TEXTILES LTD.**

*at*

Dr. Ambedkar Road, Near G E B, 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 concerning all activities related to:*

**MANUFACTURE AND SUPPLY OF  
INDUSTRIAL WOVEN FABRICS AND TWISTED YARNS**

*Initial Certification date:*

25 May 2001

*This Certificate is valid until:*

03 June 2012

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

Soumya Chatterjee  
*Lead Auditor*




*Place and date:*

Chennai, 30 June 2009

*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 may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V., Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - www.dnv.com / www.dnv.nl

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**SANRHEA TECHNICAL TEXTILES LIMITED**

**ANNUAL REPORT 2010-2011**

<b>Board of Directors</b>	:	Shri Tushar Patel Shri Vimal Ambani Shri Ishwarbhai Patel Shri Pavan Bakeri Shri Miten Mehta Shri G. Ravishankar	Managing Director     Director (Technical)
<b>Company Secretary</b>	:	Shri Dhawal Jadhav	
<b>Bankers</b>	:	United Bank of India	
<b>Auditors</b>	:	Kantilal Patel & Co. Chartered Accountants (A Member of Polaris Intl., USA) 202, Paritosh, Usmanpuar, Ahmedabad - 380013	
<b>Registered Office</b>	:	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 28th Annual General Meeting of the members of the Company will be held on 30th day of September, 2011 at 10.00 a.m. at Parshwanath Chambers, 2nd Floor, Nr. 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, 2011 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. Miten Mehta 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 resolution.

“RESOLVED that M/s. Kantilal Patel & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company.

On behalf of the Board

Date : May 28, 2011

Place : Ahmedabad

**TUSHAR PATEL**  
*Managing Director*

#### Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the Company.
2. All valid proxies must be deposited at the Regd. Office of the company at least 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of Annual Report to the meeting.
4. Register of members and share transfer books of the company will remain closed from 28/9/2011 to 29/9/2011 (both days inclusive)
5. At this Annual General Meeting Shri. Miten Mehta 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 Miten Mehta aged 45 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.

**DIRECTOR'S REPORT**

**Dear Members:**

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2011.

**FINANCIAL RESULTS:**

	<b>2010-2011</b>	2009-2010
	<b>(Rs.lacs)</b>	(Rs.lacs)
Sales & Other Income	<b>2677.31</b>	1834.94
Gross Profit/(Loss)	<b>259.83</b>	203.14
Less:		
Depreciation	<b>52.56</b>	43.79
Finance Charges	<b>108.00</b>	70.66
Provision For Taxation	<b>1.97</b>	0.60
Net Profit	<b>97.28</b>	88.09
Balance of P&L Account B/F	<b>(25.72)</b>	(113.81)
Employees Benefits written Back	—	—
<b>Appropriation:</b>		
Transfer to General Reserve	—	—
Balance of Profit/Loss Carried Forward	<b>71.56</b>	25.72

**DIVIDENDS :**

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

**OPERATIONS :**

Your directors are pleased to inform you that the company has been able to maintain satisfactory level of growth and has been able to achieve profit in year under review. During the year under review Sales and Other Income has increased from at Rs.1834.94 lacs to Rs.2677.31 lacs whereas the company has earned Gross Profit of Rs.259.83 lacs against previous years G.P. of Rs.203.14 lacs. After Depreciation of Rs. 52.56 lacs, Finance Charges Rs. 108.02 lacs, and provision for taxes of Rs.1.97 lacs the company has earned Net Profit of Rs. 97.28 lacs. Your directors are optimistic of achieving better results in the coming year and are confident of a continued growth both in the sales as well as the profit of the company.

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

As of last year the main product of the company continues to be Belting Fabrics. However, due to the successful implementation of the In-House RFL Dipping Plant and the envisaged increase in the plant capacity, a strong concentration has been on the development and marketing of value added RFL Dipped Fabrics, that would go towards the production of various rubber products like diaphragms and inflatable's. The Company's Belting Fabrics continue to find supreme acceptance amongst the finest of Conveyor Belt manufacturers in India. In-fact the company won the award as the Best Fabric Supplier from Ms. Phoenix Yule Ltd., which happens to be the premier manufacturer of Conveyor Belts in India, and a part of the globally reputed Continental Group. Ms. Phoenix Yule has made Sanrhea their principal fabric vendor and the company is confident of increasing its business with us in future as we enhance our capacity. The

## Annual Report 2010-2011

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company sees a continued growth in this segment into the future, both in the Domestic as well as the International market. I am further happy to inform you that your company has got its initial approval of Chafer Fabrics for Tyres at MRF, Ceat, Apollo, and BKT. On completion of the expansion the company is confident of starting commercial business with these Tyre giants within the coming year. The company continues support of regular business with Ms. Modi Continental and Ms. Innovative Tyres. In the Square Woven Fabric segment, the company's Brake Diaphragm Fabric is well established at Sundaram Auto Components Ltd. Various other specialised High Value products have been established by the company for customers like Zenith Rubber Products Pvt Ltd., Rubber Products Ltd. and Unirub Ltd. and the company is confident that volumes would go up in this segment in the coming future. The company sees substantial growth in this product segment too. With the growth of the Indian Economy and the major shift of purchases of the Western Worlds from India and S.E Asia, the Company foresees a continued growth for its production into the next few years. However, as seen in the second half of the last year, the company continues to be under pressure of margins, as the world petroleum crisis has led to a surge in all raw material prices, to an effect that are difficult to pass on in the same proportion.

### **EXPANSION CUM DIVERSIFICATION :**

Towards the targeted expansion of the company, we did experience a delay, primarily on account of the Bank delaying the approval and sanction of the project. However, the company from its internal accruals has already purchased and installed a new Sectional Warping Machine and is confident of completing the purchase and installation of the additional weaving machines by Sep 2011. This expansion will take the plant capacity from a monthly 100 tons to 150 tons of fabric. The company has also successfully converted its Dipping Plant to run on CNG (Compressed Natural Gas), which is not only a cheaper and environment friendly form of energy, but is supplied by pipe by Ms Sabarmati Gas Ltd.

**DIRECTORS:** Mr. Miten Mehta, Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment

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

The Board of Directors states :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES :**

There is no employee of the Company drawing total remuneration of Rs.24,00,000 p.a. or Rs.2,00,000 p.m. as required U/S 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975.

### **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.

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**FIXED DEPOSITS:**

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

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

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

**AUDITORS REPORT :**

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

**AUDITORS:**

The auditors of the company M/s. Kantilal Patel & Co., Chartered Accountants 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**

Place : Ahmedabad  
Date : May 28, 2011

**Tushar M. Patel**  
*Managing Director*

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### ANNEXURE TO DIRECTORES REPORT

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

#### A. CONSERVATION OF ENERGY:

- a) Measures taken : Energy Audit is regularly being carried out by the Professionals suggestions are 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>2010-2011</u>	<u>2009-2010</u>
(i) Foreign Exchange earned including indirect export:	<b>US\$ 87201</b>	US\$ 14160
(ii) Foreign Exchange used:		
Euro	—	1440
US\$	<b>923295</b>	1032904
Malaysian Ringgit	—	268
Swiss F.	<b>1944</b>	526
British Pound	<b>10</b>	1500
Singapore \$	—	300
ECU	<b>545</b>	—
Kuna	<b>2101</b>	—
Aus \$	<b>34</b>	—
Thai Baht	<b>23995</b>	—



**Sanrhea Technical Textiles Limited**

**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)	9.86	6.94
Total Amount (Rs)	53,98,819	40,92,951
Cost/Unit (Rs)	5.48	5.89
(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>
<b>Product</b>			
1. Electricity(KWH)Cloth(Per Kg)	-	0.82	0.78
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 renewal of new standards ISO 9001-2008 and has also get 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 2010-11

(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 6 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 :** 29/05/2010, 31/07/2010, 31/10/2010, 31/01/2011, 30/03/2011.

Name	Executive/ Non-Executive/ Independent	No. of other Directorship held	Board meetings attended	Membership in the committee of other companies	Chairmanship at the committee of other companies	Attended last AGM on 30th September, 2010
Mr. Tushar Patel	Exe. Director( M.D )	—	5	0	0	Yes
Mr. Vimal Ambani	Non. Exe. Director	3	4	1	2	No
Mr. Pavan Bakeri	Non. Exe. Director	5	5	0	0	No
Mr. Ishwarlal Patel	Non. Exe. Director	0	0	0	0	No
Mr. Miten Mehta	Non. Exe. Director	1	5	0	0	Yes
Mr. G Ravishankar	Non. Exe. Director	0	5	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 Pavan Bakeri and Shri G. Ravishankar all the independent directors of the company.

Sr. No.	Name of the Director	Status	No. of meetings attended
01	Miten Mehta	Chairman	06
02	Pavan Bakeri	Member	06
03	G. Ravishankar	Member	06

**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 Pavan Bakeri, Chairman of the committee, Shri Miten Mehta and Shri G. Ravishankar, directors of the company. The committee did not met 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 Pavan Bakeri, 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 were only two complaints which were redressed immediately within a week from the date of receipt. Moreover all correspondence of the shareholders of the general enquiry in nature and intimations for change of address were immediately dealt with and were satisfactorily replied spontaneously. As on date there is no pending complaint.

**SHAREHOLDER INFORMATION & RELATIONS**

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

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### General Body Meetings:

The last 3 Annual General Meetings were held as follows.

Date	Time	Place
30th September, 2008	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
30th September, 2009	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
30th September, 2010	10.00 a.m	Parshwanath Chambers, 2nd 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, 2011. The Book Closure date will also be as mentioned in the notice.

### Means of communications:

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

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

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

### DISCLOSURES:

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

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

### CODE OF CONDUCT:

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

### Non Mandatory Requirements:

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

**GENERAL SHAREHOLDERS INFORMATION:**

- A) Annual General Meeting :  
 Day and date : Saturday, 30th September, 2011  
 Time : 10.00 a.m.  
 Venue : Parshwanath Chambers, 2nd floor, Nr. New RBI, Income Tax, Ashram Road, Ahmedabad-380 014
- B) Financial Calendar for 2011-2012 :  
 First Quarter : By end of July 2011  
 Second Quarter : By end of October, 2011  
 Third Quarter : By end of January 2012  
 Fourth Quarter : By end of May 2012  
 Annual general Meeting for the year 2011-12 : By end of September 2012
- C) Book Closure : 28th September, 2011 to 29th September 2011 (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., Vadodara Stock Exchange Ltd. and Saurashtra Kutch Stock Exchange 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 Rs.0.99p/-.
- 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.  
 211, Sudarshan Complex, Nr. Mithakhali Underbridge, Navrangpura, Ahmedabad-380009
- G) Distribution of shareholding

Nominal value of Shares	Share holders	%	Total Amount of Shares (F.V.)	%
1 to 500	2481	87.1750	392950	13.0983
500 to 1000	178	6.2544	153450	5.1150
1000 to 2000	93	3.2677	141150	4.7050
2000 to 3000	21	0.7379	52650	1.7550
3000 to 4000	12	0.4216	42300	1.4100
4000 to 5000	2	.0703	9100	0.3033
5000 to 10000	20	.0727	149550	4.9850
10000 and above	39	1.3703	2058850	68.6283
	2846	100.00	30000000	100.0000

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### MANAGEMENT DISCUSSION AND ANALYSIS

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

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

For and on behalf of the Board of Directors

Place : Ahmedabad

Date : 28/05/2011

**Tushar Patel**  
*Managing Director*

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### DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

Pursuant to provisions of amended provisions of clause 49 of Listing Agreement with the stock Exchanges regarding corporate Governance, I hereby confirm that all board members and senior Management Personnel of Sanrhea Technical Textiles Limited have affirmed the compliance of Code of business Conduct and ethics for the year ended on 31st March, 2011

For, Sanrhea Technical Textiles Ltd.

Place : Ahmedabad  
Date : 28th May, 2011

**Tushar Patel**  
*Managing Director*

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### CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by **SANRHEA TECHNICAL TEXTILES LIMITED**, for the year ended on **31st March 2011**, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

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

Place : Ahmedabad  
Date : May 28, 2011

Membership No.: 44922

**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 : 28th May, 2011

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

**AUDITORS' REPORT**

**The Members of,  
Sanrhea Technical Textiles Ltd.**

1. We have audited the attached balance sheet of **Sanrhea Technical Textiles Limited** as at **March 31, 2011**, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 issued by the Central Government of India in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure here to a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. **In our opinion amount of Rs.3,89,457/- for diminution in value of long term quoted investments requires provision of identical amount (Refer note No.- 4)**

**We further report that had the observations made by us in paragraph 4 above been considered, the profit for the year would have been Rs.93,38,356/- as against the reported figure of Rs.97,27,813/-), Investments would have been Rs.8,46,925 (as against the reported figure of Rs.12,36,382/-)**

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - (ii) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report Subject to Para 4 referred above comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of the written representations received from directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956, on the said date.



(vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956 in the manner so required and subject to para 4 above, 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 31st March 2011.

(b) In the case of the profit & loss account, of the Profit of the company 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.

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

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

Place : Ahmedabad  
Date : May 28, 2011

Membership No.: 44922

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SANRHEA TECHNICAL TEXTILES LTD., ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011.**

(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.

## Annual Report 2010-2011

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- [b] The company has taken interest free unsecured loans from five Parties. The maximum amount involved during the year was Rs. 2,40,60,004/- and year-end balance of loans taken from such parties is Rs. 1,75,26,577/-.
- [c] In our opinion other terms and conditions of such loans are not *prima facie* prejudicial to the interest of the company.
- [d] In respect of loans taken by the company 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] In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rupees Five lakhs or more in respect of any party.
- (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, except non filing of the returns with Registrar of Companies and the Reserve Bank of India.
- Also the company has accepted fixed deposit from promoters by way of unsecured loans pursuant to agreement with nationalized bank for loans so long as such loans are outstanding is not considered as acceptance of deposit from the public falling within the purview of section 58A of the Companies Act, 1956 and the rules framed there under.
- We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The company has no internal audit system during the year.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by Central Government for the maintenance of cost records under Section 209 [1][d] of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) In respect of statutory dues:
- [a] According to the records of the company, undisputed statutory dues including, provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues except provident fund, employees state insurance and income tax, have generally been regularly deposited with the appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
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## Sanrhea Technical Textiles Limited

- [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, 2011 for the period of more than six months from the date they become payable except payment of income tax of Rs.7.87 lakhs which remains outstanding for a period of more than six months from the date it became payable.
- [c] According to the information and explanations given to us, there are no dues of sales tax/ income tax/custom duty/ wealth tax/ service tax excise duty/ cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses and has not incurred any cash loss in the current financial year or for immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to banks. The company has not obtained any borrowing from financial institution or by way of debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- (xiii) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us no term loans were raised during the year.
- (xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, funds raised on short-term basis have not been used for long term investments.
- (xvi) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, the company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year, that causes the financial statements to be materially misstated.
- (xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that paragraphs;
- 4(xiii) provisions of any special statute applicable to chit fund,
- 4(xiv) dealing or trading in shares, securities, debentures and other investments of Company (Auditors' Report) Order, 2003 are not applicable to the company.

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

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

Place : Ahmedabad  
Date : May 28, 2011

Membership No.: 44922

# Annual Report 2010-2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH.	As at 31/03/2011 Rupee	As at 31/03/2010 Rupee
<b>SOURCES OF FUNDS :</b>			
[1] Shareholder's Funds:			
[a] Share Capital	1	<b>30,000,000</b>	30,000,000
[b] Reserves & Surplus	2	<b>7,155,871</b>	—
		<b>37,155,871</b>	<b>30,000,000</b>
[2] Deferred Government Grant		<b>1,415,674</b>	1,642,075
[3] Loan Funds:			
[a] Secured Loans	3	<b>58,541,725</b>	56,739,179
[b] Unsecured Loans	4	<b>22,026,577</b>	20,407,523
		<b>80,568,302</b>	<b>77,146,702</b>
Total :::		<b>119,139,847</b>	<b>108,788,777</b>
<b>APPLICATIONS OF FUNDS:</b>			
[1] {A} Fixed Assets :	5		
Gross Block		<b>89,016,362</b>	80,898,221
Less: Depreciation		<b>52,125,366</b>	48,172,969
Net Block		<b>36,890,996</b>	32,725,252
{B} Capital Work in Progress		<b>4,162,939</b>	1,325,175
		<b>41,053,935</b>	<b>34,050,427</b>
[2] Investments:	6	<b>1,236,382</b>	1,236,382
[3] Deferred Tax Assets		—	—
[4] Current Assets, Loans & Advances:			
[a] Inventories	7	<b>15,126,978</b>	28,401,893
[b] Sundry Debtors	8	<b>68,983,898</b>	37,636,636
[c] Cash & Bank Balances	9	<b>1,172,887</b>	162,896
[d] Loans & Advances	10	<b>11,922,939</b>	17,575,397
[e] Other Current Assets	11	<b>413,214</b>	409,029
Sub Total (A):		<b>97,619,916</b>	<b>84,185,851</b>
[5] Less: Current Liabilities & Provisions:			
[a] Current Liabilities	12	<b>16,211,560</b>	10,800,553
[b] Provisions	13	<b>4,558,826</b>	2,455,272
Sub Total (B):		<b>20,770,386</b>	<b>13,255,825</b>
Net Current Assets	(A-B)	<b>76,849,530</b>	70,930,026
[6] P&L Account	14	—	2,571,942
Total :::		<b>119,139,847</b>	<b>108,788,777</b>
Significant Accounting Policies	19		
Notes to Financial Statements	20		
This is the Balance Sheet referred to in our report of even date		FOR & ON BEHALF OF BOARD OF DIRECTORS	
For, <b>KANTILAL PATEL &amp; CO.,</b> CHARTERED ACCOUNTANTS		Sd/- Tushar Patel	Managing Director
<b>Mayank S. Shah</b> PARTNER		Sd/- Miten Mehta	Director
Ahmedabad	Sd/- Dhawal Jadhav	Ahmedabad	
Date : May 28, 2011	(Company Secretary)	Date : May 28, 2011	

**Sanrhea Technical Textiles Limited**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCH.	2010-2011 Rupees	2009-2010 Rupees
<b>INCOME:</b>			
Sales (Gross)	15	<b>293,988,619</b>	196,937,404
Less : Excise Duty on sales		<b>26,732,895</b>	13,842,280
Net Sales		<b>267,255,724</b>	183,095,124
Other Income	16	<b>474,873</b>	399,168
Total :::		<b>267,730,597</b>	183,494,292
<b>EXPENDITURE:</b>			
Manufacturing & Other Expenses	17	<b>241,746,735</b>	163,180,413
Finance Charges	18	<b>10,802,209</b>	7,066,400
Depreciation		<b>5,482,711</b>	4583705
Less : Withdrawn from Deferred Govrnment Grant		<b>226,401</b>	205118
		<b>5,256,310</b>	4,378,587
		<b>257,805,254</b>	174,625,400
Profit / (Loss) before Taxation		<b>9,925,343</b>	8,868,892
Provision for Taxation			
- Current Tax		<b>1,981,000</b>	797,000
Less : MAT Credit Entitlement		<b>1,786,560</b>	705,650
		<b>194,440</b>	91,350
- Deferred Tax (Refer Note No. 11)		—	—
- Excess/( Short) Provision of Tax Written Back		<b>(3,090)</b>	31,393
Profit / ( Loss) for the year		<b>9,727,813</b>	8,808,935
Balance of Profit & Loss Account - Opening balance B/F		<b>(2,571,942)</b>	(11,380,877)
Balance Carried to Balance Sheet		<b>7,155,871</b>	(2,571,942)
Basic & diluted earnings per share (in Rs.)		<b>3.24</b>	2.94
Face value Rs. 10/- per share (Refer Note No.12, Sch-20 )			
Significant Accounting Policies	19		
Notes to Financial Statements	20		

This is the Profit and Loss Account referred to in our report of even date

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

**Mayank S. Shah**  
PARTNER

Ahmedabad  
Date : May 28, 2011

Sd/-  
Dhawal Jadhav  
(Company Secretary)

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-  
Tushar Patel      *Managing Director*

Sd/-  
Miten Mehta      *Director*

Ahmedabad  
Date : May 28, 2011

# Annual Report 2010-2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	Year ended 31st March, 2011 Rupees	Year ended 31st March, 2010 Rupees
<b>A</b>	<b>Cash Flow arising from Operating Activities:</b>	
Net Profit before taxation	9,925,343	8,868,892
Add back : a) Depreciation	5,256,310	4,378,587
b) Interest Charges	10,802,209	7,066,400
c) Misc. Exps. Written off	0	0
d) Irrecoverable Advance written off	0	0
e) Fixed assets written off	0	67,473
	<b>16,058,519</b>	<b>11,512,460</b>
Deduct : a) Dividend Income	88,798	16,458
b) Interest Income	39,232	107,022
c) Profit on sale of assets	0	15,199
	<b>128,030</b>	<b>138,679</b>
Operating profit before working capital changes	<b>25,855,832</b>	<b>20,242,673</b>
Adjustments for : a) Trade and other Receivables	<b>(24,157,313)</b>	<b>(20,218,970)</b>
b) Inventories	<b>13,274,915</b>	<b>(9,396,632)</b>
c) Trade Payable	<b>6,451,835</b>	<b>2,355,475</b>
Cash Generated from operations	<b>21,425,269</b>	<b>(7,017,454)</b>
Less: Taxes paid	<b>685,874</b>	<b>198,238</b>
<b>Net Cash Inflow (Outflow) in course of Operating Activities</b>	<b><u>20,739,395</u></b>	<b><u>(7,215,692)</u></b>
<b>B.</b>	<b>Cash Flow Arising from Investing Activities:</b>	
a) Acquisition of Fixed Assets	<b>(8,614,048)</b>	<b>(6,956,925)</b>
b) Capital work in progress	<b>(4,162,939)</b>	<b>4,761,279</b>
c) Sale/Purchase of Investments (Net)	<b>0</b>	<b>0</b>
d) Realisation of Fixed Assets	<b>330,000</b>	<b>40,000</b>
e) Government Subsidy received	<b>0</b>	<b>400,000</b>
f) Interest Received	<b>23,463</b>	<b>107,597</b>
g) Dividend Received	<b>88,798</b>	<b>16,458</b>
<b>Net Cash Inflow (Outflow) in course of Investing Activities</b>	<b><u>(12,334,726)</u></b>	<b><u>(1,631,591)</u></b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>	
a) Repayment of borrowing	<b>(5,482,591)</b>	<b>(5,684,352)</b>
b) Proceeds from borrowing	<b>12,673,830</b>	<b>18,418,656</b>
c) Acceptance/Repayment of deposits (Net)	<b>(3,733,560)</b>	<b>(800,000)</b>
Cash generated from finance activity	<b>3,457,679</b>	<b>11,934,304</b>
a) Interest Paid	<b>(10,813,125)</b>	<b>(7,137,312)</b>
<b>Net Cash Inflow (outflow) in course of Financing Activities</b>	<b><u>(7,355,446)</u></b>	<b><u>4,796,992</u></b>
<b>Net increase (Decrease) in Cash &amp; Cash quivalets (A+B+C)</b>	<b>1,049,223</b>	<b>(4,050,291)</b>
Add: Balance at the beginning of the year		
Cash on hand	<b>65,957</b>	<b>25,793</b>
Balances with Banks	<b>96,939</b>	<b>4,187,394</b>
	<b><u>1,212,119</u></b>	<b><u>162,896</u></b>
Closing balance of Cash & Cash equivalents		
Closing balance comprises		
Cash on hand	<b>135,641</b>	<b>65,957</b>
Balances with banks (include Rs. 870000 (P.Y. Rs.Nil)	<b>1,037,246</b>	<b>96,939</b>
FD as Bank guarantee)		
	<b><u>1,172,887</u></b>	<b><u>162,896</u></b>

Note: The cash flow is prepared as per indirect method as set out in AS 3, issued by The Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to  
in our report of even date

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

**Mayank S. Shah**  
PARTNER

Ahmedabad  
Date : May 28, 2011

Sd/-  
Dhawal Jadhav  
(Company Secretary)

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-  
Tushar Patel      *Managing Director*

Sd/-  
Miten Mehta      *Director*

Ahmedabad  
Date : May 28, 2011

**SCHEDULES TO BALANCE SHEET**

	<b>As at 31/03/2011 Rupees</b>	<b>As at 31/03/2010 Rupees</b>
<b>SCHEDULE-'1' : SHARE CAPITAL</b>		
Authorised Capital :		
50,00,000 (P.Y.50,00,000)Equity Shares of Rs. 10/- each	<b>50,000,000</b>	50,000,000
	<u><b>50,000,000</b></u>	<u>50,000,000</u>
Issued,Subscribed & Paid-up:		
30,00,000 (P.Y. 30,00,000)Equity Shares of Rs.10/- each fully paid-up	<b>30,000,000</b>	30,000,000
Total:::	<u><b>30,000,000</b></u>	<u>30,000,000</u>
<b>SCHEDULE -'2' : RESERVES &amp; SURPLUS</b>		
Balance as per Profit & Loss Account	<b>7,155,871</b>	—
Total::	<u><b>7,155,871</b></u>	<u>—</u>
<b>SCHEDULE- '3' : SECURED LOANS:</b>		
A] Term Loans		
From Companies (Against H.P. of Vehicles)	<b>4,963,155</b>	295,131
From a Bank (Term Loan)	<b>4,782,756</b>	9,141,876
Interest Accrued & due	<b>60,654</b>	96,733
	<u><b>4,843,410</b></u>	<u>9,238,609</u>
(Against Hypothecation of New and existing plant & machineries except new twister machines, third party corporate gurantee & Guranteed By M.D.) (Principal repayable within one year Rs. 43,20,000/- P.Y.Rs.43,20,000/-)		
B] Working Capital Loans		
From a Bank	<b>41,859,921</b>	40,407,590
(Against Hypothecation of stock,Book Debts, plant & machineries, third party corporate gurantee & Guranteed By M.D.)		
From a Bank (Against Hypothecation of Twister Machines)	<b>6,875,239</b>	6,797,849
Total::	<u><b>58,541,725</b></u>	<u>56,739,179</u>
<b>SCHEDULE -'4' : UNSECURED LOANS:</b>		
Fixed Deposit (Interest Free)	<b>5,094,745</b>	8,828,305
Intercorporate Borrowings	<b>16,931,832</b>	10,455,747
From Managing Director (Interest Free)	—	1,123,471
Total:::	<u><b>22,026,577</b></u>	<u>20,407,523</u>

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## SCHEDULE '5' : FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Opening Balance as on 01/04/2010 Rs.	Additions Rs.	Deletion Rs.	Closing Balance As on 31/03/2011 Rs.	Upto 31/03/2010 Rs.	For the Year Rs.	Deletion Rs.	Upto 31/03/2011 Rs.	As on 31/03/2011 Rs.	As on 31/03/2010 Rs.
1. Building (On Leased Land)	5,270,417	—	—	<b>5,270,417</b>	657,206	148,863	—	<b>806,069</b>	<b>4,464,348</b>	4,613,211
2. Furniture & Fixtures	819,320	—	—	<b>819,320</b>	196,848	112,668	—	<b>309,516</b>	<b>509,804</b>	622,472
3. Vehicles	6,028,222	2,800	1,821,082	<b>4,209,940</b>	4,737,165	301,905	1,530,314	<b>3,508,756</b>	<b>701,184</b>	1,291,057
4. Plant & Machinery	67,843,809	3,596,677	—	<b>71,440,486</b>	42,400,324	4,236,451	—	<b>46,636,775</b>	<b>24,803,711</b>	25,443,485
5. Computers	551,472	124,193	—	<b>675,665</b>	156,508	85,609	—	<b>242,117</b>	<b>433,548</b>	394,964
	80,513,240	3,723,670	1,821,082	<b>82,415,828</b>	48,148,051	4,885,496	1,530,314	<b>51,503,233</b>	<b>30,912,595</b>	32,365,189
Leased Assets :										
6. Vehicles	384,981	6,215,553	—	<b>6,600,534</b>	24,918	597,215	—	<b>622,133</b>	<b>5,978,401</b>	360,063
<b>Total</b>	<b>80,898,221</b>	<b>9,939,223</b>	<b>1,821,082</b>	<b>89,016,362</b>	<b>48,172,969</b>	<b>5,482,711</b>	<b>1,530,314</b>	<b>52,125,366</b>	<b>36,890,996</b>	<b>32,725,252</b>
Previous Year	74,558,160	6,790,260	450,199	<b>80,898,221</b>	43,975,179	4,583,705	385,915	<b>48,172,969</b>	<b>32,725,252</b>	
Capital Work In Progress :										
Plant & Machinery	1,325,175	4,162,939	1,325,175	<b>4,162,939</b>						
<b>Total</b>	<b>1,325,175</b>	<b>4,162,939</b>	<b>1,325,175</b>	<b>4,162,939</b>						

Note: Fixed Assets- Velide include velides amounting to Rs. 66,00,534 (p.y. Rs. 3,84,981) which held in the name of director/officer of the company.

## SCHEDULE '6' : INVESTMENTS [AT COST]

### LONG TERM INVESTMENTS IN SHARES AND DEBENTURES OF JOINT STOCK COMPANIES:

	N U M B E R						Amount	
	Face Value (Rs.)	Qty. as on 01/04/10	Acquired during the year	Sold during Year	Qty. as on 31/03/11	As on 31/03/11 (Rs.)	As on 31/03/10 (Rs.)	
QUOTED								
[1] EQUITY SHARES (Fully paid—up)								
[1] Fusion Polymers Ltd.	10	3,000	—	—	3,000	<b>92,685</b>	92,685	
[2] XLO Machines Ltd.	10	1,900	—	—	1,900	<b>42,012</b>	42,012	
[3] Veekay Fibres Ltd.	10	4,000	—	—	4,000	<b>253,260</b>	253,260	
[4] Kinetic Lease Finance Ltd.	10	33	—	—	33	<b>1,500</b>	1,500	
Sub Total (1)						<b>389,457</b>	389,457	
UNQUOTED								
[1] EQUITY SHARES (Fully Paid—up)								
[a] Sardar Vallabhbai Sahakari Bank Ltd.	25	7,169	—	—	7,169	<b>179,225</b>	179,225	
[b] Avantika Investments Pvt.Ltd.	100	1,460	—	—	1,460	<b>649,700</b>	649,700	
[c] Reliance Enterprises Ltd.	10	998	—	—	998	<b>18,000</b>	18,000	
Sub Total (2)						<b>846,925</b>	846,925	
Total [1] + [2]						<b>1,236,382</b>	1,236,382	

### NOTE:

Aggregate value of Quoted Investments

Cost Price

389,457

Market Price

—

Aggregate value of Unquoted Investments:

Cost Price

846,925



## Sanrhea Technical Textiles Limited

	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
<b>SCHEDULE- '7' : INVENTORIES</b>		
(As taken, valued & certified by the Managing Director)		
Raw Materials (includes Rs. Nil(P.Y.Rs. Nil) Goods in Transit)	4,532,646	16,593,489
Stock In Process	8,197,942	6,171,857
Finished Goods	898,737	3,977,056
Stores & Spares	1,497,653	1,659,491
Total:::	15,126,978	28,401,893
<b>SCHEDULE- '8' : SUNDRY DEBTORS:(Unsecured, Considered Good)</b>		
Debts Over Six months	49,636	69,900
Other debts	68,934,262	37,566,736
Total:::	68,983,898	37,636,636
<b>SCHEDULE- '9' : CASH &amp; BANK BALANCES:</b>		
(a) Cash on Hand	135,641	65,957
(b) Balance with scheduled Banks:		
In Current Accounts	162,896	92,489
In Fixed Deposit Account (For Bank Gurantee)	870,000	-
(c) Balance with Non Scheduled Bank	4,350	4,450
In Current Accounts with The Sardar Vallabhbbhai Sahakari Bank Ltd.		
(Maximum balance outstanding during the Year Rs. 4450/- P.Y. Rs. 4550/- )		
Total:::	1,172,887	162,896
<b>SCHEDULE '10' : LOANS &amp; ADVANCES:</b>		
Advance recoverable in cash or in kind or for value to be received	1,765,088	4,951,845
Other deposits	1,174,802	2,063,803
Advance Tax less provisions (Current Tax)	1,484,370	1,745,023
MAT Tax Entitlment	2,492,210	705,650
Balance with Excise Authorities	5,006,469	8,109,076
Total:::	11,922,939	17,575,397

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	As at 31/03/2011 Rupees	As at 31/03/2010 Rupees
<b>SCHEDULE-'11' : OTHER CURRENT ASSETS:</b>		
Interest Receivable	15,769	—
Subsidy Receivable	397,445	409,029
Total:::	<u>413,214</u>	<u>409,029</u>
<b>SCHEDULE-'12' : CURRENT LIABILITIES</b>		
Sundry Creditors (Refer note no. 6, Sch-20)	13,448,836	7,831,614
Other Current Liabilities	2,609,869	2,840,013
Interest Accrued but not due	86,388	61,225
Unpaid MD's remuneration	66,467	67,701
Total:::	<u>16,211,560</u>	<u>10,800,553</u>
<b>SCHEDULE-'13' : PROVISIONS:</b>		
Provisions less Advance Tax (Current Tax)	1,909,484	871,921
For Employees Benefits	2,649,342	1,583,351
Provision for Fringe Benefit Tax (Net)	—	—
Total:::	<u>4,558,826</u>	<u>2,455,272</u>

## Sanrhea Technical Textiles Limited

	2010-2011 Rupees	2009-2010 Rupees
<b>SCHEDULE -'14' : PROFIT &amp; LOSS ACCOUNT:</b>		
Balance of P & L Account	—	2,571,942
Total:::	—	2,571,942
<b>SCHEDULE -'15' : SALES</b>		
Fabrics	287,240,782	196,458,877
Yarn	2,267,592	—
Conversion charges (Gross TDS Rs 73,335/-., P.Y. Rs. 11,967/-)	4,480,245	478,527
Total:::	293,988,619	196,937,404
<b>SCHEDULE- '16' : Other Income</b>		
Dividend on long term investments (Gross TDS Rs, Nil, P.Y.Rs. NIL)	17,500	16,458
Other Interest (Gross TDS Rs. 17,220/-, P.Y. Rs.17,220/-)	88,798	75,991
On fixed Deposit with Bank (Gross TDS Rs.1,577/-, P.Y.Rs. 2,947/-)	31,538	31,031
Interest on Income Tax	4,037	—
	124,373	107,022
Waste Sales	258,841	260,489
Excess provision written back	34,927	—
Profit on sale of Fixed Assets	39,232	15,199
Total:::	474,873	399,168
<b>SCHEDULE- '17' : Manufacturing &amp; Other Expenses:</b>		
1) Materials:		
Opening Stock		
Finished Goods	3,977,056	3,519,702
Less : Excise duty provided on op. stock	371,384	139,274
	3,605,672	3,380,428
Stock in Process	6,171,857	4,668,576
Add: Raw Materials consumed	196,812,666	130,764,121
Less : Closing Stock:		
Finished goods	898,737	3,977,056
Less : Excise duty provided on cl. stock	83,926	371,384
	814,811	3,605,672
Stock in Process	8,197,942	6,171,857
	197,577,442	129,035,596
2) Employees Remuneration, Benefits and other charges:		
Salary, Wages and Bonus	13,625,365	10,911,672
Contribution to Provident Fund, Employees State Insurance Scheme, Pension Fund Scheme, Gratuity		
Labour Welfare Fund, Leave encashment etc.	1,932,203	1,098,011
Staff Welfare	2,390	50,641
	15,559,958	12,060,324

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	2010-2011 Rupees	2009-2010 Rupees
3) Power & Fuel	5,398,819	4,092,951
4) Weaving and other charges	863,498	1,272,968
5) Stores & Spares	3,963,374	3,729,690
6) (a) Rent	959,587	1,477,087
(b) Rates & Taxes	29,489	27,204
(c) Repairs:		
Machinery	611,607	447,359
Building	418,317	307,791
	<u>1,029,924</u>	<u>755,150</u>
(d) Exchange difference (Net)	(32,833)	(993,639)
(e) Insurance	196,336	144,722
(f) Directors fee	33,000	39,000
(g) Octroi & Freight	7,295,031	2,710,506
(h) Packing & Forwarding	2,276,059	2,779,736
(i) Post & Telephone	475,365	389,555
(j) Travelling & Conveyance	2,922,785	2,320,077
(k) General Charges (including expenses like stationery legal, professional charges other fees etc.)	2,027,352	2,053,944
(l) Commission & Brokerage	96,024	116,246
(m) Bad Debts	—	934,573
(n) Irrecoverable Advance Written off	900,000	—
(o) Fixed Assets written off	—	67,473
(p) Payment to Auditors:		
Audit fee	95,000	75,000
Tax Audit fee	35,000	30,000
Other matters	7,750	33,500
Tax matters	31,100	21,500
Out of Pocket Exps.	6,675	7,250
	<u>175,525</u>	<u>167,250</u>
Total:::	<u><u>241,746,735</u></u>	<u><u>163,180,413</u></u>

### SCHEDULE - '18' : FINANCE CHARGES

Bank Interest on Term Loan	525,685	830,277
Other Bank Interest	6,427,274	5,269,073
Bank Charges/Commission	437,278	289,616
Other Interest	741,236	652,597
Other Financial Charges	181,455	14,707
Bill Discount Charges	2,489,281	10,130
Total:::	<u><u>10,802,209</u></u>	<u><u>7,066,400</u></u>

**SCHEDULE- '19' : SIGNIFICANT ACCOUNTING POLICIES:**

- a) Accounting Convention:  
The Financial statements have been prepared in accordance with the accounting principles generally accepted in India ( Indian GAAP) and comply with the Companies ( Accounting Standards) Rules, 2006 (as amended), issued by the Central Government and relevant provisions of Companies Act, 1956 and are based on the historical cost convention.
- 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 recognized in the period in which the results are known / materialised.
- c) Revenue Recognition : Revenue is recognized 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 obligations 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. The value of sales is inclusive of excise duty. Conversion charges are accounted on the basis of dispatch of material.
- 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 Depreciation 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, and building at the rates and in the manner specified in schedule XIV of the Companies Act, 1956 (as amended).
- iii) Assets taken on Finance lease after 1-4-2001 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: Long term investments are stated at cost plus incidental cost of purchases of investments. Provision for diminution in value of long term 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.

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- (b) Post-Employment Benefits :
- (i) Defined Contribution Plans:  
State Governed Provident fund scheme 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 recognises 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 Costs:Interest and other borrowings cost whether on specific or general borrowings relating to qualifying assets are capitalised. 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 & 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 profit & loss a/c.
  - 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 periods. The deferred tax charge or credit is recognized using current tax rates. Where there is an un-absorbed depreciation or carry forward loss, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed at each Balance sheet date to reassess realization. MAT credit is recognised 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 Provisions and contingent liabilities & current 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.
-

**SCHEDULE – “20” : NOTES TO FINANCIAL STATEMENTS**

	<b>As at 31-3-2011 Rupees</b>	<b>As at 31-3-2010 Rupees</b>
(1) Contingent Liabilities in respect of		
Disputed demands of Income tax in respect of earlier years for which appeals have been preferred before higher authorities.	<b>9,39,112</b>	9,39,112
Note: A future cash outflow in respect of above depends on ultimate settlement / conclusions with the relevant authorities.		
(2) Estimated amounts of contracts remaining to be executed on capital account and not provided for ( Net of Advances)	—	—
(3) The Company has accepted fixed deposit from promoters by way of unsecured loans pursuant to requirement of nationalized bank for 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.		
(4) No provision for diminution of Rs. 3,89,457/- in value of long term quoted investments has been made individually since in the opinion of the management such diminution is of temporary nature and do not represent a permanent fall in the value of individual investment.		
(5) (a) The balances of Sundry Debtors are subject to confirmation. Adjustments, if any will be made in accounts on subsequent confirmation/reconciliation.		
(b) Sundry Debtors over six months old amounting to Rs. 49,636/- (P.Y. Rs. 69,900/-) are being pursued by the Company. In the opinion of the management they are considered good and fully recoverable.		
(6) 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,2011. Hence the disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this act have not been given. This is relied upon by auditors.		
(7) Employee Benefit obligations		
(i) Defined Contribution Plans :		
Amount of Rs. 10,13,889/- (P.Y. Rs. 7,34,751/-) is recognized as expenses and included in "Employee's expenses" ( Schedule 17) in the Profit & Loss Account.		
(ii) Defined Benefit Plan :		
GRATUITY BENEFIT - Unfunded		

	<b>Defined benefit Obligation 31-03-11</b>	<b>Defined benefit Obligation 31-03-10</b>
a) The amounts recognized in Balance Sheet are as follows:		
Present Value of funded Obligation		
Fair Value of plan assets	—	—
Present value of unfunded obligations	<b>2,208,827</b>	1,389,651
Unrecognised past service cost	—	—
Net liability	<b>2,208,827</b>	1,389,651
Amount in the balance sheet:		
Liabilities	<b>2,208,827</b>	1,389,651
Assets	—	—
Net Liability	<b>2,208,827</b>	1,389,651

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	<b>Defined benefit Obligation 31-03-11</b>	Defined benefit Obligation 31-03-10
b) The amounts recognized in the statement of profit and loss are as follows:		
Current Service Cost	<b>236,052</b>	169,223
Interest on Obligation	<b>116,453</b>	100,131
Expected return on plan assets	—	—
Net Actuarial Losses (Gains) recognized in year	<b>497,091</b>	40,385
Past service cost		
Losses (gains) on curtailments and settlement	—	—
Total Included in ' Employee benefit expense'	<b>849,596</b>	309,739
Actual return on plan assets	—	—
c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:		
Opening defined benefit Obligation	<b>1,389,651</b>	1,203,500
Service Cost	<b>236,052</b>	169,223
Interest Cost	<b>116,453</b>	100,131
Actuarial Losses (Gains)	<b>497,091</b>	40,385
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	<b>(30,420)</b>	(123,588)
Closing defined benefit obligation	<b>2,208,827</b>	13,89,651
d) Principal actuarial assumptions at the balance sheet date. (expressed as weighted averages):		
Discount rate	<b>8.38%</b>	8.32%
Expected Return on Plan assets	<b>0.00%</b>	0.00%
Proportion of employees opting for early retirement	—	—
Annual increase in salary costs	<b>6.00%</b>	6.00%
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	<b>2,208,827</b>	13,89,651
Plan assets	—	—
Surplus/(deficit)	<b>(2,208,827)</b>	(1,389,651)
Experience adjustments on plan Liabilities	—	—
Experience adjustments on plan assets	—	—



## Sanrhea Technical Textiles Limited

	<b>Defined benefit Obligation 31-03-11</b>	Defined benefit Obligation 31-03-10
<b>f) Movement in net liability recognized in balance sheet</b>		
Net opening liability	<b>1,389,651</b>	1,203,500
P&L Charge	<b>849,596</b>	309,739
Benefits paid	<b>(30,420)</b>	(123,588)
Closing net liability	<b>2,208,827</b>	1,389,651

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.

(8) Segment Reporting: 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. fabrics

(9) Related Party Transactions:

A) Name of related party & description of relationship with whom transactions taken place:

a. Key Management Personnel:

1. T.M. Patel

b. Relatives of key Management person:

1. M.A. Patel

2. Tejal T. Patel

3. M. A. Patel HUF

c. Enterprises owned or significantly influenced by key management personnel or their relatives:

1. Mahendra Credit & Investments Co.P. Ltd.

2. Avantika Investment Pvt. Ltd.

3. Tejal Trading Pvt. Ltd.

B) Disclosure of Material Transactions with Related Parties :

	Nature of Transactions	Key Management Personnel:	Relatives of Key Management person:	Enterprises owned or significantly influenced by key management personnel or their relatives:	Total
<b>1</b>	<b>Rent paid</b>				
a)	Tejal Trading P. ltd.	—	—	5,40,000	5,40,000
		(—)	(—)	(10,39,500)	(10,39,500)
b)	M.A.Patel- HUF	—	—	—	—
		(—)	(18,000)	(—)	(18,000)
<b>2</b>	<b>Professional Charges</b>				
	M.A. Patel	—	18,000	—	18,000
		(—)	(1,20,000)	(—)	(1,20,000)

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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
3	<b>Interest Paid</b>				
	Mahendra credit & Investment co.P.Ltd	—	—	47,507	47,507
		(—)	(—)	(—)	(—)
4	<b>Purchase</b>				
a)	Tejal Trading Pvt. Ltd.	—	—	50,960	50,960
		(—)	(—)	(28,990)	(28,990)
b)	Mahendra credit & investment co.P.Ltd	—	—	5,718	5,718
		(—)	(—)	(15,828)	(15,828)
5	<b>Loan Taken</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	5,505,000	55,05,000
		(—)	(—)	(33,30,000)	(33,30,000)
b)	M.A.Patel- HUF	—	43,00,000	—	43,00,000
		(—)	(2,18,000)	(—)	(2,18,000)
c)	Tushar Patel	25,85,562	—	—	25,85,562
		(4,91,764)	(—)	(—)	(4,91,764)
d)	Tejal Patel	—	12,56,743	—	12,56,743
		(—)	(—)	(—)	(—)
e)	Avantika Inv.P. ltd.	—	—	11,50,000	11,50,000
		(—)	(—)	(—)	(—)
	<b>Loan Repaid</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	2,21,671	2,21,671
		(—)	(—)	(12,72,050)	(12,72,050)
b)	M.A.Patel- HUF	—	86,08,560	—	86,08,560
		(—)	(10,00,000)	(—)	(10,00,000)
c)	Tushar Patel	37,09,034	—	—	37,09,034
		(40,79,409)	(—)	(—)	(40,79,409)
d)	Tejal T. Patel	—	6,81,743	—	6,81,743
		(—)	(—)	(—)	(—)
e)	Avantika Inv.P. ltd.	—	—	—	—
		(—)	(—)	(35,000)	(35,000)
6	<b>Balances with Related Parties as on 31-3-2011 for</b>				
	<b>(i) Loan Taken</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	1,08,16,832	1,08,16,832
		(—)	(—)	(54,90,747)	(54,90,747)
b)	M. A. Patel HUF	—	45,19,745	—	45,19,745
		(—)	(88,28,305)	(—)	(88,28,305)
c)	Tushar Patel	—	—	—	—
		(11,23,471)	(—)	(—)	(11,23,471)
d)	Tejal Patel	—	5,75,000	—	5,75,000
		(—)	(—)	(—)	(—)
e)	Avantika Inv.P. ltd.	—	—	16,15,000	16,15,000
		(—)	(—)	(4,65,000)	(4,65,000)
	<b>(ii) Against corporate Guarantee Taken</b>				
a)	Mahendra Credit & Investments Co.P.Ltd.	—	—	20,00,000	20,00,000
		(—)	(—)	(20,00,000)	(20,00,000)
b)	Tushar Patel	5,12,03,331	—	—	5,12,03,331
		(5,41,46,199)	(—)	(—)	(5,41,46,199)

**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) Director's sitting fees is shown separately in accounts.
- c) Payment to Key Management personnel in form of Managing Director's remuneration is shown in Note No. 13
- d) Figures in brackets relate to previous year

(10a) The company has acquired Motor Cars on Finance lease on or after April 1, 2001 amounting to Rs.66,00,534 /- (previous year Rs. 3,84,981/-). The minimum lease rentals outstanding as on 31st March 2011 in respect of these assets are as follows :

Due	Total of Minimum lease payments outstanding on 31/03/11	Future interest outstanding as on 31/03/11	Present value of minimum lease payment
Within one year	<b>11,42,114</b>	<b>4,00,682</b>	15,42,796
Later than one year And not later than five years	<b>38,20,836</b>	<b>5,62,341</b>	43,83,177
<b>Total</b>	<b>49,62,950</b>	<b>9,63,023</b>	59,25,973

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

(10b) The company has acquired Plant & Machineries on Operating lease on or after April 1, 2001. The minimum lease rentals outstanding as on 31st March 2010 in respect of these assets are as follows :

Due	Total of Minimum lease payments outstanding on 31/03/11	Present value of minimum lease payment
Within one year		
Later than one year And not	<b>5,40,000</b>	5,40,000
Later than three years	<b>1,35,000</b>	1,35,000
<b>Total</b>	<b>6,75,000</b>	<b>6,75,000</b>

(10c) 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 Schedule - 4). Rent paid for such property for the year amounts to Rs. 4,19,587 (P.Y. Rs. 4,19,587)

(11) Taxes on Income: On consideration of prudence differed tax assets have been recognised to the extent of liability of differed tax.

	<u>As at 31-3-11</u>	<u>As at 31-3-10</u>
Deferred Tax liability on account of –		
a) Depreciation difference between I.T. and Accounts	<b>18,81,160</b>	20,24,309
Deferred Tax Assets on account of		
b) Unabsorbed Depreciation	<b>18,81,160</b>	20,24,309
Deferred Tax	—	—

## Annual Report 2010-2011

### (12) Earnings Per Share:

- a) The amount used as the numerator in calculating basic and diluted EPS is the Net Profit for the year disclosed in the profit and loss account.
- b) 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.

(13) Managing Director's Remuneration	<b>2010-11</b> <b>Rupees</b>	2009-10 Rupees
(a) Salary	<b>12,82,467</b>	8,09,990
(b) Contribution to P.F., Gratuity & Other funds	<b>1,45,283</b>	93,600

### (14) Additional information pursuant to the provisions of paragraph 3 4C and 4D of Part II of the schedule VI of the Companies Act, 1956:

		<b>2010-11</b> <b>Qty.</b>	2009-10 Qty.
A) i) Licensed capacity (See note 1)			
ii) Installed Capacity for fabrics			
Twisting & weaving	Kgs	<b>8,64,000</b>	8,64,000
Dipping	Kgs	<b>18,00,000</b>	18,00,000
iii) Actual production for fabrics (See Note 3 & 4)			
Twisting, Warping & weaving	Kgs	<b>11,97,556</b>	8,89,515
Dipping	Kgs	<b>11,97,556</b>	8,53,636

#### Note:

- (1) Government of India by the note dated 07/12/92 has abolished the provision of licence in respect of textile industry. Hence, company is not required to have a licence for installation of its machineries.
- (2) Installed capacity is as certified by management and relied upon by auditors. Based on change in product mix, company has during the year re-stated the installed capacity. This capacity does not include capacity of machineries taken on rent.
- (3) Actual production of Twisting, Warping & Weaving includes of 97,882 (P.Y. 48,282) kgs. and actual production of dipping includes 97,882 (P.Y.1,838) kgs produced on Job work basis for others.
- (4) Actual production of Twisting, Warping & Weaving includes 1,650 (P.Y. 9,000) kgs. produced by third party on job work basis.

B) Turnover	(Rupees in Lacs)				
	<b>2010-2011</b>			2009-2010	
	Unit	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	—	—	2,086	4.38
ii) Fabrics (Dipped In House)	Kgs.	<b>11,06,464</b>	<b>2,872.41</b>	8,40,824	1,960.21
iii) Yarn	Kgs.	<b>15,513</b>	<b>22.68</b>	—	—

## Sanrhea Technical Textiles Limited

### C) Stock\*

	Units	Opening Stock as on				Closing stock as on			
		1-4-2010		1-4-2009		31-3-2011		31-3-2010	
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	—	—	2,086	4.28	—	—	—	—
ii) Fabrics (Dipped In-house)	Kgs.	18,066	39.77	15,116	30.91	3,920	8.99	18,066	39.77

\* After adjustment of shortages/surplus

### D) Raw Material consumed:

	Unit	2010-2011		2009-2010	
		Qty.	Amount	Qty.	Amount
i) Yarn *	Kgs.	10,92,782	1,735.15	8,16,216	1133.71
ii) V.P.Latex	Kgs.	1,74,460	179.46	1,39,480	134.96
iii) Resorcinol	Kgs.	7,962	23.78	5,690	18.06
iv) Others		—	29.74	—	20.92
			<b>1968.13</b>		<b>1307.65</b>

\* (Includes 15513 (P./Y. Nil) kgs. for yarn sale)

### E) Value of Raw material consumed:

	2010-2011		2009-2010	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	1525.72	77.52	1075.85	82.22
(b) Indigenous	442.41	22.48	231.80	17.78
	<b>1968.13</b>	<b>100.00</b>	<b>1307.65</b>	<b>100.00</b>

### F) Value of Stores & Spares consumed

	2010-2011		2009-2010	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	0.60	1.51	9.90	26.54
(b) Indigenous	39.03	98.49	27.40	73.46
	<b>39.63</b>	<b>100.00</b>	<b>37.30</b>	<b>100.00</b>

### (G) Value of Imports on CIF basis and Expenditure In Foreign Currency.

	2010-2011 (Amount in Rs.)	2009-2010 (Amount in Rs.)
(a) Value of Imports (Raw Material/Parts)	11,01,43,678	9,37,65,642
(b) Expenditure in Foreign Currency	3,57,977	3,44,268
(c) Earning in Foreign Currency Value - Exports of Fabrics (FOB Value)	71,80,180	39,92,163

(15) The matters, other than referred here in, of Part II, Schedule VI, to the Companies Act, 1956 are not considered applicable to the company.

(16) 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.

## Annual Report 2010-2011

(17) Balance Sheet Abstract and Company's General Business Profile(In terms of amendment to Schedule VI Part IV)

### I. Registration Details

Registration No.	6309	State Code	04
Balance sheet Date	31-03-2011		

### II. Capital raised during the year (Amount in Rs. '000)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. "000)

Total Liabilities	119140	Total Assets	119140
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#### Sources of Funds

Paid-up Capital	30000	Reserves & Surplus	7156
Deferred Govt. Grant	1416	Secured Loans	58542
Unsecured Loans	22026		

#### Application of Funds:

Net Fixed Assets	41054	Investments	1236
Net Current Assets	76850	Misc. Expenditure	—
Accumulated Losses	—		

### IV. Performance of the Company (Amount in Rs. '000)

Turnover & Other Income	267730	Total Expenditure	257805
Profit/(Loss) Before Tax	9925	Profit/(Loss) After Tax	9728
Earnings per Share in Rs.	3.24	Dividend Rate %	—

### V. Generic Name of Principal Products/Services of the Company:

Item Code No.(ITC Code)	Product Description
5208.10	Grey Woven Fabrics
5906.99	Rubberised Textile Fabrics for Industrial use
5911.90	Grey Textile Fabrics for Industrial use.

This is the Balance Sheet referred to in our report of even date

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

**Mayank S. Shah**  
PARTNER

Ahmedabad  
Date : May 28, 2011

Sd/-  
Dhawal Jadhav  
(Company Secretary)

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-  
Tushar Patel      *Managing Director*

Sd/-  
Miten Mehta      *Director*

Ahmedabad  
Date : May 28, 2011

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Ashram Road, Ahmedabad-380 014

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