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SANRHEA

TECHNICAL TEXTILES LIMITED

Report **15th** reportjunction.com

A N N U A L
R E P O R T
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Sanrhea Technical Textiles Limited**BOARD OF DIRECTORS**

SHRI DEEPAK NAVNEETLAL	CHAIRMAN
SHRI TUSHAR PATEL	MANAGING DIRECTOR
SHRI M. M. SINGHI	DIRECTOR
SHRI VIMAL AMBANI	DIRECTOR
SHRI ISHWARBHAI PATEL	DIRECTOR
SHRI PAVAN BAKERI	DIRECTOR
SHRI P. D. KIMOTHI	NOMINEE DIRECTOR (GIIC)

BANKERS

BANK OF INDIA

THE LAKSHMI VILAS BANK LTD.

AUDITORS

KANTILAL PATEL & CO.

CHARTERED ACCOUNTANTS

AHMEDABAD.

REGD. OFFICE

DR. AMBEDKAR ROAD,

KALOL (N.G.)

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Annual Report 1997-98**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Wednesday the 23rd September, 1998 at 10.00 a.m. at Regd. office of the company at Dr. Ambedkar Road, Kalol (N.G.)-382721 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, 1998 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 Shri Pavan Bakeri who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Shri Ishwar Patel who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting and to authorise 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.

SEPCIAL BUSINESS :

- (5) To consider and if thought fit, to pass with or without modifications following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of Section 198, 309 and other applicable provisions, if any read with Schedule XIII of the Companies Act, 1956, consent of the company be and is hereby accorded for reappointment of Shri Tushar M. Patel, as Managing Director of the

company for a further period of Five years w.e.f. 01/08/98 on the same terms and conditions and remuneration as originally approved by the shareholders at the time of his appointment as Managing Director for the first tenure of five years more specifically enumerated in the Explanatory statement."

By Order of the Board of Directors

Date : 30/6/98

Place : Ahmedabad

TUSHAR PATEL

MANAGING DIRECTOR

NOTES :

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.

All valid proxies must be deposited at the Regd. Office of the company at least 48 hours before the commencement of the meeting.

The Register of Members and Share Transfer Books of the company will remain closed from 19-9-98 to 22-9-98 (both days inclusive).

An explanatory statement as required under Sec.173(2) of the companies Act, 1956 is appended herewith.

Members are requested to bring their copies of Annual Report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Shri Tushar M. Patel was appointed as Managing Director of the company w.e.f. 01/08/93 for a period of five years on remuneration, terms and conditions passed and approved by the shareholders at Annual general Meeting held on 29/09/93. Since, tenure of Mr. Patel as Managing Director expires on 31/07/98, he has been reappointed as Managing Director for a further period of 5 years w.e.f. 01/08/98 at the meeting of the Board of Directors held on 30/06/98 subject to approval of Shareholders at the ensuing Annual General Meeting. on the same terms, Conditions and Remuneration as approved at the time of original appointment for the first Five years more specifically described as under. Therefore, the said resolution has been recommended for your approval.

Sanrhea Technical Textiles Limited**TERMS OF REAPPOINTMENT OF SHRI TUSHAR M. PATEL AS MANAGING DIRECTOR OF THE COMPANY :**

(1) Period : 5 years w.e.f. 1st August, 1998

(2) Remuneration :

(a) Salary : Rs.30,000/- p.m. including Dearness and other allowances

(b) Perquisites : Perquisites may be allowed in addition to salary and/or commission or both but perquisites shall be restricted to an amount equal to the annual salary.

Unless the context otherwise requires, perquisites are classified into three categories A, B, and C as follows :

CATEGORY A :

This will comprise House Rent Allowance, leave travel concession, medical reimbursement, fees of clubs and personal accident insurance. These may be provided for as under :

(i) Housing - I : The expenditure by company on hiring unfurnished accommodation for the appointee will be subject to following ceilings : 60% (Sixty Percent) of the salary, over and above 10% payable by the appointee.

Housing - II : In case the accommodation is owned by the company, 10% of the salary of the appointee shall be deducted by the company.

Housing - III : In case no accommodation is provided by the co., appointee shall be entitled to H. R. A subject to ceilings laid down in Housing - I

The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per Income Tax Rules, 1967. This shall however be subject to a ceiling of 10% of the salary.

(ii) 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.

(iii) Leave Travel Concession : For self and family, once in a year in accordance with the rules of company.

(iv) Club Fees : Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

(v) Personal Accident Insurance : Premium not to exceed RS.4,000 p.a.

CATEGORY - B :

1. 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.

2. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

CATEGORY - C :

Provision 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 purpose shall be billed by the company to the individual appointee concerned.

MINIMUM REMUNERATION :

Shri Tushar M. Patel shall be paid remuneration aforesaid including all perquisites and amenities as minimum remuneration in the event of loss or inadequacy of profits in any financial year during the tenure of his office.

MEMORANDUM OF INTEREST :

Shri Tushar M. Patel is interested in this resolution in so far as the same pertains to his appointment as Managing Director of company.

The above explanatory statement which sets out an abstract of all material terms of appointment may also be treated as an abstract and memorandum of interest in accordance with provisions of Section 302 of the Companies Act, 1956.

By Order of the Board of Directors

Date : 30/6/98
Place : Ahmedabad

TUSHAR PATEL
MANAGING DIRECTOR

Annual Report 1997-98**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 1998.

FINANCIAL RESULTS :

	1997-98 (Rs. lacs)	1996-97 (Rs. lacs)
Sales & Other Income	1035.09	2678.93
Gross Profit	158.38	43.25
Less :		
Depreciation	88.67	89.98
Finance charges	46.45	59.72
Misc. Expenditure written off	4.49	4.49
Loss on Sale of Shares (Net)	2.06	43.11
Provision for taxation	---	---
Net Profit	16.71	(154.05)
Excess Provision Written Back	0.04	---
Balance for the year	16.75	(154.05)
Balance of P & L Account B/F	(84.58)	69.47
Appropriations		
Transfer to General Reserves	---	---
Balance of Profit / Loss carried forward	(67.83)	(84.58)

DIVIDENDS :

Yours directors are unable to propose any dividend on Equity Shares of the company.

OPERATIONS :

During the year under review Sales and Other Income has been placed at Rs.1035.09 lacs, Whereas Gross Profit has increased to Rs. 158.38 lacs as against previous year's figure of Rs. 43.25 lacs. After Depreciation of Rs. 88.67 lacs, Finance Charges Rs. 46.45 lacs, Loss on Sale of Shares of Rs. 2.06 lacs and Misc. Exp. written off Rs. 4.49 lacs, the Net Profit of the company has been placed at Rs. 16.71 lacs. The Sales and other Income has shown reduction as the company's major operations were on Job work basis. As compared to previous year the Profitability has been increased. Your directors are optimistic of achieving better results in the coming years.

EXPANSION BY SETTING UP INDEPENDANT SIZING DEPARTMENT :

Your company was getting the job work of sizing done from a textile unit adjacent to the factory of company. But, management of the job worker decided to stop running the Sizing Depttment. The company opted for some other job workers but they were unable to give proper quality suitable for Air-jet looms and due to that the company was unable to fulfill commitments of quality and timely delivery of the goods to the parties. Therefore, the company decided to set up its own independant Sizing Plant and imported a heavy duty West Point Sizing Machine from U.S.A. approximately costing Rs.20 lacs funded from internal accruals of the company. With the setting up of independant Sizing Department, the company will be able to achieve better quality, higher productivity and will be able to honour timely commitment of delivery to the customers. This expansion will bring the company once again to its original level of Productivity as well as profitability.

Sanrhea Technical Textiles Limited**MARKET :**

During the year under review, the trend of the Economy in general and Market conditions in the Textile Industry as a whole continued to be sluggish. The new govt. also didnot take any positive step to revive the recessionary conditions prevailing in the Textile Sector. During the year, the major operations of the company were on job work basis in both Apparel as well as Industrial Fabrics Division. The turnover of the company has been lower because of job work activities and discontinuation of the trading activities. Apart from Western Region, the company has been able to capture markets in the North as well as south India and are able to establish the new products in the Industrial Fabrics Division. The performance in the apparel fabrics division has been on the lower side due to the basic problem of availability of properly sized yarn. With installation of Sizing Plant at the present factory premises, your directors are optimistic of achieving improved efficiency and productivity in the coming years. Moreover, in view of sluggish market conditions, the company was compelled to run certian non-paying varieties also to run the factory continuously. Your directors are optimistic for better results in the coming years.

INSURANCE :

The company has taken sufficient insurance for the properties against all risks including fire, strike, riot and earthquake.

DIRECTORS:

Shri Ishwar Patel and Shri Pavan Bakeri directors of the company retires by rotation and being eligible for reappointment offers themselves for reappointment. Tenure of Shri Tushar Patel as Managing Director expires on 31-07-98. Your directors recommends his reappointment for a further period of 5 years on the same terms & remuneration as per Original Appointment.

PARTICULARS OF EMPLOYEES :

There is no employee of the Company drawing total remuneration of Rs.3,00,000 p.a. or Rs. 25,000 p.m. as required U/S 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975.

FIXED DEPOSITS:

Fixed Deposit from the shareholders and public as at the end of the accounting year aggregate to Rs. 35.85 lacs. 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:

The auditors of the company M/s.Kantilal Patel & Co.,Chartered Accountants retires and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the support extended by Bankers, Financial Institution 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 : 30/6/98

Tushar M. Patel
Managing Director

ANNEXURE TO DIRECTORS 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 : Nil
- (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 : Nil
- (d) Total energy consumption and energy consumption per unit of production : As per Form B annexed herewith.

B. TECHNOLOGY ABSORPTION

: Details are provided in form 'B' annexed herewith.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (1) Activities relating to exports initiative taken to increase exports, development of new export plans. : The Company has received inquiries from various parties for export of grey cloth. The company proposes to develop its export business.

		(Rs. in lacs)	
		1997-98	1996-97
(2) Total foreign exchange used and earned.	:		
(i) Foreign Exchange earned including indirect export	:	Nil	Nil
(ii) Foreign exchange used	:	17.46	3.77