

16th ANNUAL REPORT 1998-99

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SANRHEA
TECHNICAL TEXTILES LIMITED

Sanrhea Technical Textiles Limited**BOARD OF DIRECTORS**

SHRI DEEPAK NAVNEETLAL	CHAIRMAN
SHRI TUSHAR PATEL	MANAGING DIRECTOR
SHRI GAUTAM V. SHAH	
SHRI VIMAL AMBANI	
SHRI ISHWARBHAI PATEL	
SHRI PAVAN BAKERI	
SHRI P. D. KIMOTHI	GIIC NOMINEE

BANKERS

BANK OF INDIA
UNITED BANK OF INDIA

AUDITORS

KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD.

REGD. OFFICE

H-1, TRADE CENTRE,
NEAR HARIVALLABH HOSPITAL,
NAVRANGPURA, AHMEDABAD - 380 009.

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Annual Report 1998-99**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Friday, the 24th September, 1999 at 10.00 a.m. at Parshwanath Chambers, 1st floor, Near Reserve Bank of India, Income Tax, Ashram Road, Ahmedabad-380009 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, 1999 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 Deepak Navneetlal 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 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.

SPECIAL BUSINESS :

- (4) 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 260 and other applicable provision of the companies Act, 1956, Shri Gautambhai Vimalbhai Shah be and is hereby appointed as Director of the Company."

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.

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.**Item No.4**

Shri Gautambhai Vimalbhai Shah was appointed as additional directors on the Board during the year. He holds directorship only upto the date of this Annual General Meeting pursuant to provisions of section 260 of the Companies Act 1956. Notice in writing from a member has been received by the company intending to propose him as Director at this meeting pursuant to provisions of section 257 of The Companies Act, 1956.

The experience and wisdom of the above personality shall be found to be beneficial in the interest of the Company and therefore, it is considered appropriate that he may be appointed as Director of the Company and hence the Board recommends the acceptance of the resolutions under item No. 4.

None of the Directors except Shri Gautambhai Vimalbhai Shah may be regarded as concerned or interested in the captioned resolution.

By Order of the Board of Directors

By Order of the Board of Directors

Date : August 25, 1999

TUSHAR PATEL

Place : Ahmedabad

MANAGING DIRECTOR

Date : August 25, 1999

TUSHAR PATEL

Place : Ahmedabad

MANAGING DIRECTOR

Sanrhea Technical Textiles Limited**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 1999.

FINANCIAL RESULTS :

	1998-99 (Rs. lacs)	1997-98 (Rs. lacs)
Sales & Other Income	1179.50	1035.09
Gross Profit	155.95	158.38
Less :		
Depreciation	90.82	88.67
Finance charges	48.06	46.45
Misc. Expenditure w/off	4.49	4.49
Loss on Sale of Shares		
/ Assets (Net)	0.12	2.06
Provision for taxation	---	---
Net Profit	12.46	16.71
Excess Provision Written Back	---	0.04
Balance for the year	12.46	16.75
Balance of P & L A/c B/F	(67.83)	(84.58)
Appropriations		
Tran. to General Reserves	---	---
Balance of Profit / Loss carried forward	(55.37)	(67.83)

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 increased to Rs.1179.50 lacs, Whereas Gross Profit has been placed at Rs.155.95 lacs as against previous year's figure of Rs. 158.38 lacs. After Depreciation of Rs.90.82 lacs, Finance Charges Rs. 48.06 lacs, Loss on Sale of Shares/assets of Rs.0.12 lacs and Misc.Exp. written off Rs.4.49 lacs, the Net Profit of the company has been placed at Rs.12.46 lacs.

Eventhough the Sales and other Income has shown improvement, profitability of the company has marginally been decreased mainly because of higher Depreciation, Finance Charges and increase in other expenses. Your directors are optimistic of achieving better results in the coming years.

The Sizing Plant which was imported during the year has been successfully erected at the factory of the company and has become operational during the year under review after certain teething problems.

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 Govt. also did not take any positive steps 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. 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 extremely sluggish market conditions. Even parties who have confirmed the orders for certain varieties are not lifting the material in time and ultimately funds of the company are unnecessarily blocked for unexpected period. Moreover, in view of sluggish market conditions, the company was compelled to run certain non-paying varieties also to run the factory continuously.

INSURANCE :

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

DIRECTORS:

Shri Deepak Navneetlal Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment.

During the year under review Shri M. M. Singhi resigned from directorship due to pre-occupation. The board places on record deep sense of gratitude for the services rendered by Mr. Singhi to the company. During the year Shri Gautambhai Vimalbhai Shah was appointed as an additional director on the board of the company. A notice in writing pursuant to provisions of Section 257 of the Companies Act, 1956 has been received from a shareholder showing intention to appoint him as director at this Annual General Meeting. The Board recommends his appointment as director on the board.

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.

Annual Report 1998-99**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.

YEAR 2000 :

The company has taken appropriate steps to make its systems compatible to the millennium change. The management is confident of meeting the year 2000 requirements without any difficulty and the same would not have any impact on the accounts on the going concern assumption.

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 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 **Tushar M. Patel**
Date : August 25, 1999 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 A 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.

- (2) Total foreign exchange used and earned. :

	(Rs. in lacs)	
	1998-99	1997-98
(i) Foreign Exchange earned including indirect export	Nil	Nil
(ii) Foreign exchange used	1.24	17.46

FORM A

(Rule 21)

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

A. Power and fuel consumption	Current year	Previous year
(1) Electricity :		
(a) Purchased		
Unit (KWH in lacs)	24.00	24.75
Total Amount (Rs)	1,08,40,556	1,03,63,562
Cost/Unit (Rs)	4.52	4.19
(b) Own Generation through Diesel Generator :		
Unit (KWH in lacs)	Nil	Nil
Unit per ltrs. of Diesel oil	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 :

	Standards (IF any)	Current year	Previous year
Products : Cloth			
(1) Electricity (KWH)	-	0.64	0.61
Cloth (per mtr.)			
(2) Coal	-	Nil	Nil
(3) Furnace Oil	-	Nil	Nil
(4) Others	-	Nil	Nil

FORM - B

- (a) Research and Development: Nil
- (b) Technology absorption, adoption and innovation :
 - (1) Efforts in brief, made towards technology absorption, adaptation and innovation : Nil
 - (2) Benefits derived as a result of above efforts : Nil
 - (3) Information regarding technology imported during the last five years : Nil

Sanrhea Technical Textiles Limited

AUDITORS' REPORT

To,

The Members,

SANRHEA TECHNICAL TEXTILES LTD.

We have audited the attached Balance Sheet of **M/s. Sanrhea Technical Textiles Limited** as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

- [1] As required by the Manufacturing and Other Companies [Auditors' Report] Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraph 4 and 5 of the said Order.
- [2] Further to our comments in the Annexure referred to in Paragraph 1 above, we report that :
 - [a] We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - [b] In our Opinion Proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company.
 - [c] The Balance Sheet and Profit & Loss account referred to in this report are in agreement with the books of account of the company dealt with by the report.
 - [d] In our opinion, the Balance Sheet and Profit & Loss Account dealt with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956, in so far as they are applicable to the company.
- [3] [i] We are unable to comment whether the balance shown under Sundry Debtors of Rs.205,27,302 can be considered good to the extent shown [Refer note No.3(b)].
 - [ii] We are unable to comment the extent of Provision, if any required to be made against Rs.1,16,97,194 due from a sick company, pending revival scheme under BIFR. [Refer Note No.4(a)].
 - [iii] We are unable to comment whether the balance shown under loans and Advances of Rs.19,01,976 can be considered good to the extent shown [refer Note No.4(b) & (c)].
 - [iv] We are unable to comment the extent of provisions, if diminution of Rs.6,26,225/- in respect of long term investments in sick company, which is referred to BIFR (Ref Note No.5).
- [4] In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to paragraph "3" above and read together with the notes thereon including the accounting policies mentioned therein, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - [i] In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999. AND
 - [ii] In the case of the Profit & Loss Account of the 'Profit' for the year ended on that date.

For Kantilal Patel & Co.
Chartered Accountants

Place : Ahmedabad.
Date : August 25, 1999.

A. K. PATEL
Partner

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SANRHEA TECHNICAL TEXTILES LTD. ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 1999.

- [1] [a] The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets are not verified by the management during the year, hence the question of reconciliation between physical verification and book records does not arise.
- [b] None of the fixed assets have been revalued during the year.
- [c] The stock of finished goods, stores, spare parts and raw materials have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- [d] In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- [e] The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with in the books of account.
- [f] On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in preceeding year.
- [g] The Company has taken loans from companies and other party listed in the register maintained under Section 301 of the companies Act, 1956. No interest is payable on such loans. The

other terms and conditions on which loans have been taken are not prima facie prejudicial to the interest of the company. We are informed that there is no company under the same management as defined in Section 370 (1-B) of the Companies Act, 1956.

- [h] The Company has not given loans to companies, firms and parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there is no company under the same management as defined in Section 370 (1-B) of the Companies Act, 1956.
- [i] The Company has given loans and advances in the nature of loans, treated as demand loans. Whenever demand loans have been recalled, the same have been repaid with interest wherever applicable.
No stipulation has been made as to repayment of interest free loan of Rs.60 lacs given by the company where the provisions of Sick Industrial Companies Act, 1985 are attracted and referred to BIFR.
A deposit of Rs. 7,50,000/- and interest of Rs.1,50,000/- for the year 1996-97 which is not received from a company and interest for the year 1997-98 and 1998-99 is not accounted. Also no stipulation has been made as to repayment of interest free loan of Rs. 7,26,253 given to a party. We are informed that the company is taking steps for recovery.
- [j] In our opinion and according to the information and explanations given to us, there are adequate Internal Control proceedings commensurate with the size of the Company and the nature of its business with regard to purchases of raw materials, plant and machinery, equipment and other assets and with regard to the sale of goods.
- [k] In our opinion and according to the information and explanations given to us, transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained Under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, material or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
- [l] As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- [m] In our opinion and according to the information and explanations given to us as regards the deposits accepted by the Company from public, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and Companies [acceptance of the deposits] Rules 1975, except that the Company has not maintained liquid assets.
- [n] In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company does not have any by-product.
- [o] The Company has no internal audit system.
- [p] 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.
- [q] According to the records of the company Provident Fund and Employee's state insurance dues have generally been regularly deposited with the appropriate authorities, except slight delays in some cases.
- [r] According to the books and records examined by us and as per the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
- [s] According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable in accordance with generally accepted business practice or payable under contractual obligations.
- [t] The Company is not a Sick Industrial Company within the meaning of clause (c) of sub-section (1) of section 3 of the Sick Industrial Companies [Special Provisions] Act, 1985.

For Kantilal Patel & Co.
Chartered Accountants

Place : Ahmedabad.
Date : August 25, 1999.

A. K. PATEL
Partner