

20th  
ANNUAL REPORT  
2002-2003

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**SANVRITHI**  
**TECHNICAL TEXTILES LIMITED**

*Sanrhea Technical Textiles Limited*



**DET NORSKE VERITAS  
MANAGEMENT SYSTEM CERTIFICATE**

Certificate No. 00106-2003-AQ-BDA-RVA

*This is to certify that  
the  
Quality Management System  
of*

**SANRHEA TECHNICAL TEXTILES LTD.**

*at*

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

*has been found to conform to the Quality Management System Standard :  
**ISO 9001, 2000***

*This Certificate is valid for the following product or service ranges :*

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

*Original Certification date :*  
2001-05-25

*Place and date :*  
New Delhi, 2003-06-17

*This Certificate is valid until :*  
2006-06-02



*for the Accredited Unit :*  
DNV CERTIFICATION B.V.,  
THE NETHERLANDS

*Compliance to the Standard in respect to the indicated is  
verified by the DNV approved registered Team Leader :*

\_\_\_\_\_  
Manish Trivedi  
Lead Auditor

\_\_\_\_\_  
Krishnakumar N.R.  
Management Representative

Lack of fulfilment of conditions as set out the Appendix may render this Certificate invalid.

**Sanrhea Technical Textiles Limited**

**BOARD OF DIRECTORS :** SHRI TUSHAR PATEL **MANAGING DIRECTOR**  
 SHRI VIMAL AMBANI  
 SHRI ISHWARBHAI PATEL  
 SHRI PAVAN BAKERI  
 SHRI MITEN MEHTA

**BANKERS :** UNITED BANK OF INDIA  
 CITI BANK

**AUDITORS :** KANTILAL PATEL & CO.  
 CHARTERED ACCOUNTANTS,  
 AHMEDABAD.

**REGD. OFFICE :** PARSHWANATH CHAMBERS, 2ND FLOOR,  
 NEAR NEW RESERVE BANK OF INDIA BUILDING  
 INCOME TAX, ASHRAM ROAD,  
 AHMEDABAD-380 014

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**ANNUAL REPORT 2002-2003****NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Monday, 29th day of September, 2003 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, 2003 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 Vimal Ambani who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting and to 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 as an ordinary resolution.

"RESOLVED THAT pursuant to provisions of section 257, 260 and other applicable provisions of the companies Act, 1956, Shri Miten Mehta, who was appointed as an additional director of the company and who ceases to be director at the conclusion of the ensuing Annual General meeting 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 pursuant to provisions of section 173 is enclosed to this notice.

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

Register of members and share transfer books of the company will remain closed from 25/9/2003 to 27/9/2003 (both days inclusive)

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956****Item no. 4 :**

Shri Miten Mehta was appointed as a director on the board of the company w.e.f. 1/3/2003. Pursuant to provisions of section 257, 260 and other applicable provisions of the companies Act, 1956, he ceases to be director at the conclusion of the ensuing Annual general Meeting of the company. A notice in writing as required by the Act proposing his candidature as director of the company for his reappointment as director of the company has been received by the Company. Shri Miten Mehta carries with him a very rich experience of two decades and has sound knowledge of accounts and finance. It will be in the interest of the company if he will be reappointed as a regular director who should be liable to retire by rotation. As per requirements of the Act, it is necessary to pass an Ordinary resolution for such appointment. Therefore, it is proposed and recommended by the directors to appoint Mr. Miten Mehta as director of the company.

None of the directors are concerned or interested in the aforesaid resolution.

On behalf of the Board

On behalf of the Board

Place : Ahmedabad  
Date : September 2, 2003

**TUSHAR PATEL**  
**MANAGING**  
**DIRECTOR**

Place : Ahmedabad  
Date : September 2, 2003

**TUSHAR PATEL**  
**MANAGING**  
**DIRECTOR**

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

Dear Members ;

Your Directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2003

**FINANCIAL RESULTS :**

	2002-2003 (Rs. lacs)	2001-2002 (Rs. lacs)
Sales & Other Income	501.46	389.18
Gross Profit/(Loss)	80.04	(126.39)
Less :		
Depreciation	37.40	49.57
Finance charges	17.91	20.44
Misc. Expenditure w/off	4.49	4.49
Loss on Sale of Shares/ Assets (Net)	—	16.48
Provision for Bad Debts/Advances w.off	12.46	99.64
Provision for taxation	—	—
Net Profit /(Loss)	10.48	(64.23)
Income tax written off	—	0.24
Balance for the year	10.48	(64.47)
Balance of P & L Account B/F (After adjustment of Bal. of Shar Premium and General Reserves)	(49.69)	(589.02)
Appropriations :		
Tran. to General Reserves	—	—
Balance of Profit/loss carried forward	(59.51)	(653.49)

**DIVIDENDS :**

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

**OPERATIONS**

Your directors are pleased to inform you that performance of the company has been increased to a satisfactory level and the company has been able to achieve profit during the year. During the year under review Sales and Other Income has been posted at Rs.501.46 lacs and the company has earned Gross Profit of Rs.80.04 lacs. After Depreciation of Rs.34.70 lacs, Finance Charges Rs. 17.91 lacs, provision for doubtful debts and advances of Rs.12.46 lacs and Misc.Exp. and income tax written off amounting to Rs.4.49 lacs, the company has earned Net Profit of Rs. 10.48 lacs.

During the year under review, due to communal riots in the state, the company's operations remained hampered for a couple of months and was production and operations were badly affected. Moreover, the performance of the company was adversely affected because of provision for bad-debts and advances to the tune of Rs.99.64 lacs and increase in expenditure. Your directors are optimistic of achieving better results in the coming years.

**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. There was overall liquidity crunch in the industry as a whole. However, positive step taken by the Government by reducing rate of duty on nylon yarn from 16 % to 12 % helped the industry. Apart from Western Region, the company has been able to capture markets in the North as well as south India and was able to establish the new products in the Industrial Fabrics Division. The company has been able to establish good market in South based giants like MRF Limited and SRF Limited. After period of couple of years, your company has been able to achieve gross profit.

In view of good establishment of hte product the company increased its capacity by installing two more weaving machines. Your directors are optimistic of achieving better turnover and results in the coming year.

**INSURANCE :**

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

**DIRECTORS:**

During the year under review, shri Miten Mehta was appointed as an additional director with effect from 1st March, 2003 and ceases to be director at the conclusion of the ensuing Annual General Meeting. A notice in writing has been received for his reappointment as director of the company. Shri Vimal Ambani Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment.

**ANNUAL REPORT 2002-2003****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 alongwith proper explanation relating to material departures;
- 2) that the directors had selected such accounting policies and applied them consistently and made judgements 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.

**CAPITAL RESTRUCTURING :**

During the year under review, to improve the financial position of the company, the company adopted step of capital restructuring by adjustment of Share premium account against past losses and bad and doubtful debts. The scheme of capital restructuring was approved by the Hon. Guj. Highcourt and effects of the same has been given in the current Balance sheet for the year ended on 31st March, 2003.

**CORPORATE GOVERNANCE :**

Your directors are pleased to inform you during the year provisions relating to the Corporate Governance

as per listing Agreement has become applicable and has complied with the various requirements a report alongwith certificate is attached forming part of this report.

**FIXED DEPOSITS:**

Fixed Deposit from the shareholders and public as at the end of the accounting year aggregate to Rs. 1.75 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, 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 : September 2, 2003

Tushar M. Patel  
Managing Director

**Sanrhea Technical Textiles Limited****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 :**

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 :****(1) 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 grey industrial fabrics.

**(2) Total foreign exchange used and earned.**

	(Rs. lacs)	
	2002-03	2001-02
(i) Foreign Exchange earned including indirect export	Nil	Nil
(ii) Foreign exchange used		
	Euro	SF
	23500.21	9070.20
	Stg. Pound	Eq. to Rs.
	3050	2,60,257/-
	Us \$ 1000	Us \$ 2000
	Eq. to Rs.	Eq. to Rs.
	14,30,174/-	97,300/-

**FORM A  
(Rule 21)**

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

	Current year	Previous year
<b>A. Power and fuel consumption</b>		
<b>(1) Electricity :</b>		
<b>(a) Purchased</b>		
Unit (KWH in lacs)	3.59	3.16
Total Amount (Rs)	181785361	1706461
Cost/Unit (Rs)	5.06	5.40
<b>(b) Own Generation through Diesel Generator :</b>		
Unit (KWH in lacs)	Nil	Nil
Unit per ltr. of Diesel oil	N.A.	N.A.
Total amount	N.A.	N.A.
Cost/ unit (Rs.)	N.A.	N.A.
<b>(2) Furnace Oil</b>	Nil	Nil
<b>(3) Coal</b>	Nil	Nil
<b>(4) Others/internal generation</b>	Nil	Nil

**B. Consumption per unit of production :**

	Standards (if any)	Current year	Previous year
<b>Products : Cloth</b>			
<b>(1) Electricity (KWH)</b>	---	0.72	0.73
<b>Cloth (per mtr.)</b>			
<b>(2) Coal</b>	---	Nil	Nil
<b>(3) Furnace Oil</b>	---	Nil	Nil
<b>(4) Others</b>	---	Nil	Nil

**FORM - B****(a) Research and Development : Nil****(b) Technology absorption, adaptation and innovation :**

- Efforts in brief, made towards technology absorption, adaptation and innovation : The company had status of ISO 9002. The company has complied requirements of new standards ISO 9001-2000 and has also get registration as per new norms.
- 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.
- Information regarding technology imported during the last 5 years : Nil



**ANNUAL REPORT 2002-2003****CORPORATE GOVERNANCE REPORT 2002-03  
(As required under Clause 49 of the Listing Agreements)**

The Directors presents the Company's report on Corporate Governance in accordance with the provisions of clause 49 of the Listing Agreement with stock exchanges.

**THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

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

**THE BOARD OF DIRECTORS**

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

**Attendance at board Meetings :**

Dates of Board Meetings : 29/04/2002  
29/06/2002  
31/07/2002  
31/10/2002  
31/01/2003  
22/03/2003

Name	Executive/ Non-Executive/ Independent	No. of other Directorships held in other companies	Board meetings attended	Membership in the committee of other companies	Chairmanship at the committee of other companies	Attended last AGM 25th September, 2002
Mr Tushar Patel	Executive Director (M.D.)	4	05	0	0	Yes
Mr. Vimal Ambani	Non-Executive & Independent	8	02	0	0	No
Mr. Pavan Bakeri	Non-Executive & Independent	6	06	0	0	No
Mr. Ishwar Patel	Non-Executive & Independent	0	0	0	0	No
Mr. Miten Mehta	Non-Executive & Independent	0	0	0	0	No

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 Directors retire 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.