

30th
Annual
Report
2012-2013

SANRHEA
TECHNICAL TEXTILES LIMITED



DET NORSKE VERITAS MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 04204-2006-AQ-IND-RvA Rev.02

This is to certify that

SANRHEA TECHNICAL TEXTILES LTD.

at

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

has been found to conform to the Quality Management System Standard:

ISO 9001:2008

This certificate is valid for the following scope:

MANUFACTURE AND SUPPLY OF INDUSTRIAL WOVEN FABRICS

Initial Certification date:
26 June 2012

This Certificate is valid until:
25 June 2015

The audit has been performed under the supervision of:

Neelakantan Gopalan
Lead Auditor



Place and date of issue:
Chennai, 28 June 2012

for the Accredited Unit:
DET NORSKE VERITAS CERTIFICATION B.V.,
THE NETHERLANDS

Bhupalam Ajit
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement & the annexure to this certificate may render this Certificate invalid.

DET NORSKE VERITAS CERTIFICATION B.V. Zwolsseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - www.dnv.com / www.dnv.nl
ISSUED BY: DET NORSKE VERITAS AS, EMGEEN CHAMBERS, 10, C.S.T. ROAD, SANTACRUZ (E), MUMBAI - 400 098, INDIA - www.dnv.com / www.dnvindia.com

SANRHEA TECHNICAL TEXTILES LIMITED

ANNUAL REPORT 2012-2013

Board of Directors : Shri Tushar Patel Managing Director
Shri Vimal Ambani
Shri Ishwarbhai Patel
Shri Pavan Bakeri
Shri Miten Mehta
Shri G. Ravishankar Director (Technical)
Note: Shri Pavan Bakeri has resigned from the Board with effect from 29/05/2012

Company Secretary : Shri Dhawal Jadhav

Bankers : United Bank of India

Auditors : Kantilal Patel & Co.
Chartered Accountants
(A Member of Polaris Intl., USA)
202, Paritosh, Usmanpuar,
Ahmedabad - 380013

Registered Office : Parshwnath Chambers, 2nd Floor,
Near New RBI Building, Income Tax,
Ashram Road, Ahmedabad - 380 014.

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NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the members of the Company will be held on 31/08/2013 at 10.00 a.m. at Parshwanath Chambers, 2nd Floor, near. New RBI Building, Income tax, Ashram Road, Ahmedabad-380 014 to transact the following business

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Profits & Loss Account for the financial year ended on 31st March, 2013 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. 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 authorize the Board of Directors to fix their remuneration. In this context, to consider and if thought fit to pass with or without modifications following as an ordinary resolutions.

“RESOLVED THAT M/s. Kantilal Patel & Co., Chartered Accountants [Firm Registration No: 104744W] be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting on such remuneration as may be decided by the Board of Directors of the Company.”

On behalf of the Board

Date : 29/05/2013

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 29/08/2013 to 30/08/2013 (both days inclusive)
5. At this Annual General Meeting Mr. Vimal Ambani 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 Vimal Ramniklal Ambani is a bachelor in Electrical Engineering with specialization in VLSIC & an MBA from USA. He has a very rich & vast experience in the fields of marketing, production, finance, accounts & manpower management.

On behalf of the Board

Date : 29/05/2013

Place : Ahmedabad

TUSHAR PATEL

MANAGING DIRECTOR

DIRECTOR'S REPORT

Dear Members:

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2013.

FINANCIAL RESULTS:

	2012-2013 (Rs.lacs)	2011-2012 (Rs.lacs)
Sales & Other Income	2900.08	2736.70
Gross Profit/(Loss)	227.27	258.28
Less: Depreciation	84.80	76.56
Finance Charges	114.03	106.86
Provision For Taxation	10.39	2.48
Net Profit	18.05	72.38
Balance of P&L Account B/F	143.94	71.56
Employees Benefits written Back	-	-
Appropriation:		
Transfer to General Reserve	-	-
Balance of Profit/Loss Carried Forward	161.99	143.94

DIVIDENDS :

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

OPERATIONS :

The year in concern has been one more inflicted by the fallouts of political instability primarily on account of scams related to the power and mining sector, which directly hit the business in the company's largest product segment – Conveyor Belting Fabrics. Unfortunately, due to this, the company could not achieve the higher targeted performance. During the year Sales and Other Income has increased from Rs. 2737 lacs to Rs.2900 lacs whereas the company has earned Gross Profit of Rs. 227 lacs against previous years G.P. of Rs. 258 lacs. After Depreciation of Rs. 85 lacs, Finance Charges Rs. 114 lacs, and provision for taxes of Rs. 10 lacs the company has earned Net Profit of Rs. 18 lacs. Your directors are , however, 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 :

Bearing in mind the experience with the local market and effects on it on account of external national economic and political circumstances, the company, though foreseeing a very strong long term future prospect in its product line, took a call on diversifying its sales into the offshore markets. The company in the year has exported its Conveyor Belting Fabric to Iran, UAE and is actively perusing sampling with customers in Russia, S. Arabia, and S. Africa.. The company has decided to establish at least 30% of its sales in the Conveyor Belting segment in the offshore markets.As regard to the sales of the company's Chafer Fabric to various tyre companies, the initial commercial supplies of fabric to both Apollo Tyres as well as BKT

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Tyres have gone thru well and the company hopes to establish continuous volume supplies in the coming year. The company has also exported its first container of Chafer Fabric to Belarus. The company ultimately targets a minimum monthly presence of 25 - 30 tons in this segment. In the Square Woven Fabric segment, the company continues to be the principal vendor of Brake Diaphragm Fabrics to Megha Rubber Technologies Ltd which took over Sundaram Auto Components Ltd. Post takeover; the company sees a new surge in the company's business and sees a strong prospect of growth in volumes to this segment. The company further is continuing its efforts to further establish this product segment in the overseas markets. The company, in the year concerned participated in the Rubber Expo – Mumbai and got exposure to a lot of new customers. Active sampling is going on with new customers, both in India as well as in Sri Lanka and Turkey, in the square woven fabric segment as well as Chafer.

EXPANSION CUM DIVERSIFICATION :

The Company hopes to see effects of the expansion completed last year in the coming year, as it has also been able to establish the required working capital limits with the bank, for this expansion.

DIRECTORS:

Mr. Vimal Ambani, 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 in excess of limits prescribed by section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975. As amended by notification no.179 dated 31st march, 2011

CORPORATE GOVERNANCE :

Your directors are pleased to inform you during the year provisions relating to the Corporate Governance as per listing Agreement have become applicable and have complied with the various requirements a report along with certificate is attached forming part of this report. The company has also laid down code of conduct for Board members and Senior management of the company.

FIXED DEPOSITS:

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

AUDITORS:

The auditors of the company M/s. Kantilal Patel & Co., Chartered Accountants [Firm Registration No: 104744W] retires and being eligible, offers themselves for reappointment.

ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the support extended by Bankers and Government Officers. Your Directors also place on record their deep appreciation of the services rendered by the Officers, staff and workers of the company at all levels. Your Directors also acknowledge the continued invaluable support extended by you - our shareholders- and the confidence that you have placed in the company.

For & On behalf of the Board

Date : 29/05/2013
Place : Ahmedabad

TUSHAR PATEL
MANAGING DIRECTOR

ANNEXURE TO DIRECTORES REPORT

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

A. CONSERVATION OF ENERGY:

- a) Measures taken : Energy Audit is regularly being carried out by the Professionals suggestions is implemented to conserve energy and reduce cost.
- b) Additional Investments and proposals, if any being implemented for reduction of energy consumption.

NIL

- c) Impact of the measures at (a) and (b) above and consequent impact on cost of production :
Slowly and gradually cost of production is being reduced.
- d) Total energy consumption and energy consumption per unit of production :
As per Form A annexed herewith.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) **Activities relating to exports initiative taken to increase exports, development of new export plans:**

The company is in process of tapping overseas market and enquiries are being generated for export of gray industrial fabrics.

- b) **Total Foreign Exchange Used and Earned:**

	(Rs.lacs)	
	<u>2012-2013</u>	<u>2011-2012</u>
(i) Foreign Exchange earned including indirect export:	US\$ 59751	US\$ 164228
British Pound	2679	-
Euro	63268	-
(ii) Foreign Exchange used:		
Euro	822	3212
US\$	840130	1094629
Swiss F.	451	160
British Pound	6882	3596
New Turkish Lira	-	1916
ECU	1307	510
Krona	7396	-
Ruble	5519	-
Thai Baht	20000	86555
CNY	834	-

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)	10.08	9.85
Total Amount (Rs)	66,05,042	59,00,349
Cost/Unit (Rs)	6.55	5.99
(b) Own Generation Through Diesel Generator		
Unit (KWH in Lacs)	NIL	NIL
Unit per ltr. Of Diesel	N.A	N.A
Total Amount	N.A	N.A
Cost/Unit(Rs.)	N.A	N.A
2 Furnace Oil	NIL	NIL
3 Coal	NIL	NIL
4 Others/Internal Generation	NIL	NIL

B. Consumption Per unit of Production

	<u>Standards(if any)</u>	<u>Current Year</u>	<u>Previous Year</u>
Product : Fabric			
1. Electricity(KWH)/Fabric(Per Kg)	-	0.93	0.98
2. Coal	-	NIL	NIL
3. Furnace Oil	-	NIL	NIL
4. Others	-	NIL	NIL

FORM – B

(a) Research and Development : Nil

(b) Technology absorption, adaptation and innovation:

- i. Efforts in brief, made towards technology absorption, adaptation and innovation: The Company had status of ISO 9001. The company has complied requirements of new standards ISO 9001-2008 and has also get renewal of registration as per new norms.
- ii. Benefits derived as a result of above efforts : By implementation of ISO system the company had been able to effectively monitor activities at all levels and there is a positive impact on productivity of Company
- iii. Information regarding technology imported during the last 5 years

CORPORATE GOVERNANCE REPORT 2012-13

(As required under Clause 49 of the Listing Agreements)

The Directors presents the Company's report on Corporate Governance.

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

THE BOARD OF DIRECTORS

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

Attendance at board Meetings:

Date of Board Meetings: 29/5/2012, 30/06/2012, 13/08/2012, 12/10/2012, 10/11/2012, 12/01/2013, 11/02/2013.

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
Mr. Tushar Patel	Exe. Director(M.D)	—	07	0	0	Yes
Mr. Vimal Ambani	Non. Exe. Director	3	07	0	0	No
Mr. Pavan Bakeri*	Independent Director					
Mr. Pavan Bakeri*	Non. Exe. Director	5	00	0	0	No
Mr. Pavan Bakeri*	Independent Director					
Mr. Ishwarlal Patel	Non. Exe. Director	0	00	0	0	No
Mr. Ishwarlal Patel	Independent Director					
Mr. Miten Mehta	Non. Exe. Director	1	07	0	0	Yes
Mr. Miten Mehta	Independent Director					
Mr. G Ravishankar	Non. Exe. Director	0	07	0	0	Yes
Mr. G Ravishankar	Independent Director					

*Mr. Pavan Bakeri as resigned from the Board with effect from 29/05/2012

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.