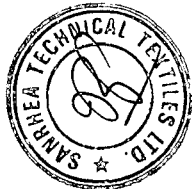


25th
Annual
Report
2007-2008

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

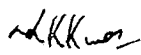
This Certificate is valid until:
2006-06-03

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

Manish Trivedi
Lead Auditor



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


Krishnakumar N.R.
Management Representative

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

SANRHEA TECHNICAL TEXTILES LIMITED

ANNUAL REPORT 2007-2008

Board of Directors	:	Shri Tushar Patel Shri Vimal Ambani Shri Ishwarbhai Patel Shri Pavan Bakeri Shri Miten Mehta Shri G. Ravishankar	Managing Director Director (Technical)
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.	

<u>Contents</u>	<u>Page No.</u>
Notice	2-3
Directors' Report	4-6
Annexure to Directors' Report	6-7
Corporate Governance Report	8-13
Auditors' Report	14-16
Balance Sheet	17
Profit & Loss Accounts	18
Cash Flow Statement	19
Schedules	20-25
Notes on Accounts	25-32
Balance Sheet Abstract	32

Annual Report 2007-2008

NOTICE

NOTICE is hereby given that the Annual General Meeting of the members Of the Company will be held on 30th day of September, 2008 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, 2008 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 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.

SPECIAL BUSINESS :

- (4) To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956 and other applicable provisions of the Securities Contracts (Regulations) Act, 1956, and the rules/regulations/guidelines framed thereunder including SEBI (Delisting of Securities) Guidelines 2003 (hereinafter referred to as 'Delisting guideline'), (including statutory modification(s) or reenactments thereof for the time being in force), and all other applicable laws, rules, regulations and guidelines and subject to such approvals permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals permissions and sanctions, which may be agreed to be the Board of Directors of the company (hereinafter referred to as the "Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the resolution), the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company from all or any of the stock exchange(s) at Ahmedabad, Vadodara and Saurashtra Kutch Stock Exchange (Rajkot Stock exchange).

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary Delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members of otherwise to the end and intent that the members shall be deemed to have give their approval expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authroise any of its Committees or any of its Directors or any of the Officers of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

On behalf of the Board

Date : June 30, 2008
Place : Ahmedabad

TUSHAR PATEL
MANAGING DIRECTOR

Sanrhea Technical Textiles Limited

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) An explanatory statement pursuant to provisions of section 173 is enclosed to this notice.
- 4) Members are requested to bring their copies of Annual Report to the meeting.
- 5) Register of members and share transfer books of the company will remain closed from 27/9/2008 to 29/9/2008 (both days inclusive)

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

Presently, the securities i.e. equity shares of the company are listed at four stock exchanges at Mumbai, Ahmedabad, Vadodara and Saurashtra Kutch Stock Exchanges. Consequent to technological developments, shares of the company are traded all over India through on-line terminals provided by The Bombay Stock Exchange Limited (BSE). Looking at the record of the past couple of years, it has been found that the company's shares have never been traded on any of the stock exchanges.

In view of this, as per the applicable provisions of the Delisting Guidelines, the Company wishes to get the Equity shares of the Company delisted from one or more stock exchanges out of the three Stock Exchanges viz, Ahmedabad Stock exchange Limited, Vadodara Stock Exchange Limited and Saurashtra Kutch Stock Exchange Limited. No inconvenience will be caused to any of the shareholders residing in the respective regions, since BSE at these regions provide on-line terminals for trading. Further, listing of the company's shares in many stock exchanges apart from not adding any value to the shareholders, results in unavoidable cost, administrative work delay and inconvenience.. As the first step towards this process, the approval of the members of the Company is being sought by way of special resolution as per Delisting Guidelines.

The Directors therefore commend this Special Resolution for the approval of the members.

No Director is concerned or interested in the said resolution.

On behalf of the Board

Date : June 30, 2008

Place : Ahmedabad

TUSHAR PATEL
MANAGING DIRECTOR

DIRECTOR'S REPORT

Dear Members ;

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2008.

FINANCIAL RESULTS :

	2007-2008 (Rs.lacs)	2006-2007 (Rs.lacs)
Sales & Other Income	1130.91	757.39
Gross Profit/Loss	120.49	70.07
Less :		
Depreciation	43.65	19.25
Finance charges	51.39	23.89
Provision for taxation	4.51	4.40
Net Profit/(Loss)	20.94	22.53
Balance of P & L Account B\F	20.34	(2.19)
Employees benefits written back	1.49	—
Appropriations:		
Transfer to General Reserves	—	—
Balance of Profit/loss carried forward	42.77	20.34

DIVIDENDS :

Your directors are unable to propose any dividend on Equity Shares of the company due to insufficient profits.

OPERATIONS :

Your directors are pleased to inform you that the company has been able to maintain satisfactory level of operations 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.757.39 lacs to Rs.1130.91 lacs whereas the company has earned Gross Profit of Rs.120.49 lacs against previous years G.P. of Rs.70.07 lacs. After Depreciation of Rs.43.65 lacs, Finance Charges Rs.51.39 lacs, and provision for taxes of Rs. 4.51 lacs the company has earned Net Profit of Rs.20.34 lacs. Even though sales and other income of the company has shown substantial rise, due to higher depreciation and finance charges the Net profit of the company has marginally gone down. Your directors are optimistic of achieving better results in the coming years.

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, the concentration has been pre-dominant on the value added RFL Dipped Fabrics vis-à-vis Greig Fabrics produced by the company last year. The Company's Dipped Fabrics not only got well acceptance from the existing customers, but have also got approved at Multi-Nations based in India like Phoenix Yule Ltd., Sempetrans Nirlon Ltd, and Nilos India Pvt. Ltd. The company sees the volumes increasing with these new customers in the coming year. I am further happy to inform you that the company has successfully made its steps into the international markets by getting its belting fabrics approved at Goodyear South Africa, to whom the first supplies should be shipped by end June 08. The 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, Ceat Sri-Lanka, Appollo, and Modi Continental. On completion of the prerequisite trials the company is confident of starting commercial business with these Tyre giants within the coming year.

The company's Brake Diaphragm Fabric has got approved at Sundaram Auto Components Ltd, with commercial supplies having started effective April 08. The company sees substantial growth in this product segment too.

Sanrhea Technical Textiles Limited

The company is further very actively pursuing various other high value products for other critical rubber component manufacturers.

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 lead to a surge in all raw material prices, to an effect that are difficult to pass on in the same proportion.

EXPANSION CUM DIVERSIFICATION :

Having successfully implemented its RFL Dipping Plant, the Company intends on increasing its current weaving capacity to match optimally with the Dipping capacity of Apx. 100 -120 tons. Towards this the company has already acquired the additional twisters which are currently under installation, and is in the process of identifying suitable looms to be installed in the coming year. The company is also actively looking into the prospects of manufacturing and establishing itself in the field of Cycle-Tyre Cord Fabrics. Trials production for the same shall be conducted within the current facility, however on successful establishment of the same, the Company intends setting up a full additional facility to cater to this product segment

DIRECTORS:

Shri Pavan Bakeri 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 has become applicable and has 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.

Annual Report 2007-2008

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 : June 30, 2008

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 : 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 gray industrial fabrics.

	2007-2008	(Rs. lacs) 2006-2007
(2) Total foreign exchange used and earned.		
(i) Foreign Exchange earned including indirect export :	NIL	US \$ 4308.08
(ii) Foreign exchange used :		
Euro	2520	45079.58
Us \$	1142161	652140.30
CHF	12144	1518
Hongkong \$	—	1176.27
Swis F.	232.75	—
Pound	208.34	—
Turkish Lira	513.04	—

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)	5.65	3.96	
Total Amount (Rs)	Rs.29,26,023	Rs.20,80,815	
Cost/Unit (Rs)	5.18	5.25	
(b) Own Generation through Diesel Generator :			
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.	
(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>
Products : Cloth			
(1) Electricity (KWH) Cloth (per Kg.)	—	0.94	0.69
(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 : The company had status of ISO 9002. The company has complied requirements of new standards ISO 9001-2000 and has also get renewal of registration as per new norms.
 - (2) 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.
 - (3) Information regarding technology imported during the last 5 years : Nil

CORPORATE GOVERNANCE REPORT 2007-08

(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 : 30/04/2007,
30/06/2007,
31/07/3007,
16/08/2007,
31/10/2007,
31/01/2008

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 28th September, 2005
Mr Tushar Patel	Executive Director (M.D.)	3	06	0	0	Yes
Mr. Vimal Ambani	Non-Executive & independent	5	00	0	0	No
Mr. Pavan Bakeri	Non-Executive & independent	6	06	0	0	No
Mr. Ishwar Patel	Non-Executive & independent	0	00	0	0	No
Mr. Miten Mehta	Non-Executive & independent	1	06	0	0	Yes
Mr. G. Ravishankar	Non - Executive & Independent	0	06	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

Sanrhea Technical Textiles Limited

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. Shri G. Ravishankar was appointed as member of the Audit committee in place of Shri Vimal Ambani during the year under review.

Meetings and attendance during the year :

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. Shri G. Ravishankar was appointed as member of the committee in place of Shri Vimal Ambani. The committee did not meet 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 was only two complaint which was 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.

Annual Report 2007-2008

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.

General Body Meetings :

The last 3 Annual General Meetings were held as follows.

Date	Time	Place
28th September, 2005	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009
27th September, 2006	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 09
29th September, 2007	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 09

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, 2008 . 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. However, it is in the process of appointing M/s Pinnacle Share Registry Pvt. Ltd., Ahmedabad as a 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.

Sanrhea Technical Textiles Limited

GENERAL SHAREHOLDERS INFORMATION :

- A) Annual General Meeting :
- Day and date : Saturday, 30th September, 2008
- Time : 10.00 a.m.
- Venue : Parshwanath Chambers, 2nd floor, Nr. New RBI, Income Tax, Ashram Road, Ahmedabad-380 014
- B) Financial Calendar for 2008-2009
- First Quarter : By end of July 2008
- Second Quarter : By end of October, 2008
- Third Quarter : By end of January 2009
- Fourth Quarter : By end of June 2009
- Annual general Meeting for the year 2007-08: By end of September 2009
- C) Book Closure : 27th September, 2008 to 29th September 2008 (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 were not traded in last two years. Therefore, the data is not provided.
- 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 Pinnacle Share registry 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.
- Pinnacle Share Registry Pvt. Ltd.
Ashoka Mills, Naroda Road, Ahmedabad-380 025 Phone No. : 079-22200582
- G) Distribution of shareholding

Nominal value of Shares	Share holders	%	Total Amount of Shares (F.V.)	%
0000000-0005000	2509	86.94	3972000	13.24
0005001-0010000	177	6.13	1532500	5.11
0010001-0020000	96	3.33	1452500	4.84
0020001-0030000	25	0.87	642500	2.14
0030001-0040000	10	0.35	361000	1.20
0040001-0050000	02	0.07	91000	0.30
0050001-0100000	21	0.73	1492000	4.97
0100001 and above	46	1.59	20456500	68.19
	2886	100.00	30000000	100.00

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 : 30/06/2008

Tushar Patel
Managing Director

Annual Report 2007-2008

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, 2008

for Sanrhea Technical Textiles Ltd.

Place: Ahmedabad
Date : 30th June, 2008

Tushar Patel
Managing Director

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SANRHEA TECHNICAL TEXTILES LTD.

We have examined the compliance of conditions of Corporate Governance by **SANRHEA TECHNICAL TEXTILES LIMITED**, for the year ended on **31st March 2008**, 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, 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

Place : Ahmedabad
Date : June 30, 2008

(Arpit K. Patel)
Partner
Mem. No. 34032

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.

Place : Ahmedabad
Date : 30/06/2008

Tushar Patel
CEO & Managing Director

AUDITORS' REPORT

To,
The Members of SANRHEA TECHNICAL TEXTILES LTD.

1. We have audited the attached balance sheet of M/s. Sanrhea Technical Textiles Limited as at March 31, 2008, 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. (i) 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)
(ii) We are unable to comment whether the balance shown under sundry debtors of Rs.9,99,953/- can be considered good to the extent shown [Refer Note No. 5(b)]
(iii) In our opinion amount of Rs.9,00,000/- shown under loans and advances is doubtful of recovery requiring provision of identical amount. [Refer Note No.6].

We further report that without considering items mentioned at 4(ii) above the effect of which could not be determined, had the observations made by us in paragraph 4(i) and 4(iii) above been considered, the profit after tax for the year would have been Rs.9,37,342/- (as against the reported figure of Rs.20,93,985/-), Investments would have been Rs.8,21,925 (as against the reported figure of Rs.12,11,382/-) and Loans and Advances would have been Rs.1,62,55,444/- (as against the reported figure of Rs.1,71,55,444/-).

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 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 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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 2008.
 - (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

[Arpit K. Patel]
Partner

Mem. No.: 34032

Place : Ahmedabad
Date : June 30, 2008

Sanrhea Technical Textiles Limited

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SANRHEA TECHNICAL TEXTILES LTD., ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008.

- (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 granted interest free loans to one company and one party. The maximum amount involved during the year was Rs.8,80,908/- and year end balance is Rs.NIL.
 - [b] In our opinion other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
 - [c] In respect of loans given by the company, principal amount is repayable on demand and therefore the question of overdue amount do not arise.
 - [d] The company has taken interest free unsecured loans from three companies and three parties. The maximum amount involved during the year was Rs. 2,06,55,653/- and year-end balance of loans taken from such parties is Rs. 1,63,79,996/-
 - [e] In our opinion other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
 - [f] In respect of loans taken by the company the principal amount is repaid when demanded.
- (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.

Also the company has accepted fixed deposit from promoters by way of unsecured loans pursuant to agreement with nationalised 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.

Annual Report 2007-2008

- (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 advance income tax, have generally been regularly deposited with the appropriate authorities.
- [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, 2008 for the period of more than six months from the date they become payable except TDS on commission of Rs.0.01 lakh and payment of advance tax of Rs.1.51 lakhs which remains outstanding for a period of more than six months from the date it became payable. However, we are informed that Rs.0.01 lakh has been paid subsequently there against.
- [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 as at 31st March, 2008. The company has not incurred cash losses during the financial year covered by our audit and in the 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, in our opinion, the term loans raised during the year were prima facie been used for the purpose for which they were raised. The term loans outstanding at the beginning of the year were applied for the purpose for which they were obtained.
- (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

[Arpit K. Patel]
Partner

Mem. No.: 34032

Place : Ahmedabad
Date : June 30, 2008

Sanrhea Technical Textiles Limited

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCH.	As at 31/03/2008 Rupee	As at 31/03/2007 Rupee
SOURCES OF FUNDS :			
[1] Shareholder's Funds:			
[a] Share Capital.	1	30,000,000	30,000,000
[b] Reserves & Surplus	2	4,277,563	2,033,814
		<u>34,277,563</u>	<u>32,033,814</u>
[2] Deferred Government Grant		1,622,514	—
[3] Loan Funds:			
[a] Secured Loans	3	38,209,496	33,428,336
[b] Unsecured Loans	4	21,379,996	14,911,860
		<u>59,589,492</u>	<u>48,340,196</u>
Total		<u>95,489,569</u>	<u>80,374,010</u>
APPLICATION OF FUNDS:			
[1] {A} Fixed Assets :	5		
Gross Block		74,029,075	72,270,280
Less: Depreciation		39,904,710	35,744,532
Net Block		<u>34,124,365</u>	<u>36,525,748</u>
{B} Capital Work in Progress		4,960,726	5,014,555
		<u>39,085,091</u>	<u>41,540,303</u>
[2] Investments:	6	1,211,382	1,172,157
[3] Deferred Tax Assets		—	—
[4] Current Assets, Loans & Advances:			
[a] Inventories	7	18,254,399	13,779,359
[b] Sundry Debtors	8	26,227,734	17,785,873
[c] Cash & Bank Balances	9	817,587	2,923,722
[d] Loans & Advances	10	17,155,444	10,743,273
Sub Total (A):		<u>62,455,164</u>	<u>45,232,227</u>
[5] Less: Current Liabilities & Provisions:			
[a] Current Liabilities	11	5,656,294	6,326,659
[b] Provisions	12	1,605,774	1,245,772
Sub Total (B):		<u>7,262,068</u>	<u>7,572,431</u>
Net Current Assets (A-B)		<u>55,193,096</u>	<u>37,659,796</u>
[6] Misc. Expenditure (to the extent not written off)	13	—	1,754
[7] P & L Account	14	—	—
Total		<u>95,489,569</u>	<u>80,374,010</u>
Significant Accounting Policies	19		
Notes on Accounts	20		

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

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

ARPIT K. PATEL
PARTNER

Ahmedabad
Date : June 30, 2008

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-
Tushar Patel *Managing Director*

Sd/-
Miten Mehta *Director*

Ahmedabad
Date : June 30, 2008

Annual Report 2007-2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCH.	2007-2008 Rupees	2006-2007 Rupees
INCOME:			
Sales	15	121,836,401	80,786,171
Less : Excise Duty		9,049,244	5,516,279
Net Sales		112,787,157	75,269,892
Other Income	16	304,427	469,326
Total :::		113,091,584	75,739,218
EXPENDITURE:			
Manufacturing & Other Expenses	17	101,041,622	68,723,354
Finance Charges	18	5,139,450	2,388,944
Depreciation	4,438,578		1,924,846
Less : Withdraw from Deferred Government Grant	73,051		—
Loss on Sale of Assets		—	8,178
Profit before Taxation		2,544,985	2,693,896
Provision for Taxation			
- Current Tax (includes Rs. 17,000 short provision of earlier year)		287,000	285,000
- Deferred Tax (Refer Note No.12)		—	—
- Fringe Benefit Tax		164,000	155,450
Profit for the year		2,093,985	2,253,446
Balance of Profit & Loss Account - Opening balance B/F		2,033,814	(219,632)
Add : Transitional Provision on Employees Benefits Written Back		149,764	—
Balance Carried to Balance Sheet		4,277,563	2,033,814
Basic & diluted earnings per share (in Rs.)		0.70	0.75
Face value Rs. 10/- per share (Refer Note No. 13)			
Significant Accounting Policies	19		
Notes on Accounts	20		

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

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

ARPIT K. PATEL
PARTNER

Ahmedabad

Date : June 30, 2008

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-
Tushar Patel *Managing Director*

Sd/-
Miten Mehta *Director*

Ahmedabad

Date : June 30, 2008

Sanrhea Technical Textiles Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Year ended 31st March, 2008 Rupees	Year ended 31st March, 2007 Rupees
A Cash Flow arising from Operating Activities:		
Net profit before taxation	25,44,985	26,93,896
Add back: a) Depreciation	43,65,527	19,24,846
b) Interest Charges	51,39,450	23,88,944
c) Misc. Exps. Written off	1,754	49,231
d) Fixed assets written off	26,541	—
e) Loss on sale of fixed assets	—	8,178
	95,33,272	43,71,199
Deduct a) Dividend Income	—	15,271
b) Interest Income	1,09,133	2,30,710
c) Profit on sale of assets	5,351	—
d) Profit on sale of Long term Capital gain	—	1,59,402
	1,14,484	4,05,383
Operating profit before working capital changes	1,19,63,773	66,59,712
Adjustments for : a) Trade and other Receivables	(1,48,59,335)	(77,27,402)
b) Inventories	(44,75,040)	(27,19,963)
c) Trade Payables	(60,909)	(18,87,598)
Cash Generated from operations	(74,31,511)	(56,75,251)
Less: Taxes paid	1,15,579	3,95,949
Net Cash Inflow/(Outflow) in course of Operating Activities	(75,47,090)	(60,71,200)
B. Cash Flow Arising from Investing Activities:		
a) Acquisition of Fixed Assets	(20,54,762)	(2,25,14,029)
b) Capital work in progress	(3,93,003)	(57,79,906)
c) Sale/Purchase of Investments (Net)	(39,225)	2,14,777
d) Realisation of Fixed Assets	12,000	3,55,000
e) Government Subsidy received	16,95,565	—
f) Interest Received	1,13,741	3,31,418
g) Dividend Received	695	14,576
Net Cash Inflow/(Outflow) in course of Investing Activities	(6,64,989)	(2,73,78,164)
C. Cash Flow from Financing Activities		
a) Repayment of borrowings	(21,11,229)	(36,09,412)
b) Proceeds from borrowings	1,24,64,492	3,10,54,107
c) Acceptance/Repayment of deposits (Net)	8,75,175	62,80,238
	1,12,28,438	3,37,24,933
Cash generated from finance activity		
a) Interest Paid	(51,22,494)	21,81,545
Net Cash Inflow (outflow) in course of Financing Activities	61,05,944	3,15,43,388
Net increase (Decrease) in Cash & Cash equivalents (A+B+C)	(21,06,135)	(19,05,976)
Add: Balance at the beginning of the year		
Cash on hand	1,06,392	16,829
Balances with banks	28,17,330	48,12,869
Closing balance of Cash & Cash equivalents	8,17,587	29,23,722
Closing balance comprises		
Cash on hand	35,030	1,06,392
Balances with banks (includes Rs. NIL	7,82,557	28,17,330
Bank guarantee (P.Y. Rs. 23,06,800/- as Bank guarantee)	—	—
	8,17,587	29,23,722

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

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

ARPIT K. PATEL
PARTNER

Ahmedabad

Date : June 30, 2008

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-
Tushar Patel *Managing Director*

Sd/-
Miten Mehta *Director*

Ahmedabad

Date : June 30, 2008

SCHEDULES TO BALANCE SHEET

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE-'1' SHARE CAPITAL		
Authorised Capital		
50,00,000 (P.Y.50,00,000) Equity Shares of Rs. 10/- each	50,000,000	50,000,000
	<u>50,000,000</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	30,000,000	30,000,000
Total	<u>30,000,000</u>	<u>30,000,000</u>
SCHEDULE- '2' RESERVES & SURPLUS		
Balance As per Profit & Loss Account	4,277,563	2,033,814
Total	<u>4,277,563</u>	<u>2,033,814</u>
SCHEDULE- '3' SECURED LOANS		
A] Term Loans		
From a Bank (Against H.P. of Vehicles)	834,320	1,332,856
From a Bank (Term Loan)	14,347,219	15,959,912
Interest Accrued & due	190,506	169,648
	<u>14,537,725</u>	<u>16,129,560</u>
(Against Hypothecation of New and existing plant & machineries, third party corporate guarantee & Guaranteed By M.D.) (Principal repayable within one year Rs. 36,00,000/- P.Y. 21,60,000/-)		
B] Working Capital Loans		
From a Bank (Against Hypothecation of stock, Book Debts, plant & machineries, third party corporate guarantee & Guaranteed By M.D.)	16,977,708	15,965,920
From a Bank (Against Hypothecation of New Twister Machine)	5,859,743	—
Total	<u>38,209,496</u>	<u>33,428,336</u>
SCHEDULE -'4' UNSECURED LOANS		
Fixed Deposit (Interest Free)	9,280,679	8,405,504
Intercompany Borrowings	8,976,897	5,204,443
From Managing Director (Interest free)	3,122,420	1,301,913
Total	<u>21,379,996</u>	<u>14,911,860</u>

Sanrhea Technical Textiles Limited

SCHEDULE- '5' FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK	
	Opening	Additions	Deletion	Closing	Upto	For the	Deletion	Upto	As on	As on
	Balance as on 01/04/2007 Rs.			Rs.	Rs.			31/03/2008	31/03/2007	Rs.
1. Building (On Leased Land)	3,583,393	209,034	—	3,792,427	272,819	118,212	—	391,031	3,401,396	3,310,574
2. Furniture & Fixtures	85,381	—	—	85,381	81,744	658	—	82,402	2,979	3,637
3. Vehicles	2,758,374	—	258,995	2,499,379	1,676,544	255,457	252,346	1,679,655	819,724	1,081,830
4. Plant & Machinery	61,987,955	2,292,560	483,804	63,796,711	32,002,893	3,486,492	26,054	35,463,331	28,333,380	29,985,062
	68,415,103	2,501,594	742,799	70,173,898	34,034,000	3,860,819	278,400	37,616,419	32,557,479	34,381,103
Leased Assets :										
5. Vehicles	3,855,177	—	—	3,855,177	1,710,532	577,759	—	2,288,291	1,566,886	2,144,645
Total	72,270,280	2,501,594	742,799	74,029,075	35,744,532	4,438,578	278,400	39,904,710	34,124,365	36,525,748
Previous Year	43,111,780	30,555,621	1,397,121	72,270,280	34,853,629	1,924,846	1,033,943	35,744,532	36,525,748	
Capital Work In Progress :										
Building	186,832	349,903	186,832	349,903						
Plant & Machinery	4,827,723	43,100	260,000	4,610,823						
Pre-Operative Expenses	—	—								
Total	5,014,555	393,003	446,832	4,960,726						

Note :

1] Borrowing Cost capitalised during the year and shown in addition to fixed assets is Rs. NIL (P.Y. Rs. 11,43,121/-)		
2] Breakup of Pre-Operative Expenses	2007-2008	2006-2007
Opening Balance		
a) Professional Charges	—	136,150
b) Bank Interest	—	2,208
c) Processing charges	—	305,000
	—	443,358
ADD: Expenditure Incurred during the Year		
a) Professional Charges	—	105,800
b) Bank Interest	—	1,143,121
c) Insurance	—	10,978
d) Salary	—	138,952
e) Processing charges	—	—
	—	1,398,851
LESS: Capitalised during the year	—	1,842,209
Closing Balance	—	—

Annual Report 2007-2008

SCHEDULE '6' INVESTMENTS [AT COST]

LONG TERM INVESTMENTS IN SHARES AND DEBENTURES OF JOINT STOCK COMPANIES

	N U M B E R				Amount		
	Face	Qty.	Acquired	Sold	Qty.	As on	As on
	Value	as on	during	during	as on	31/03/08	31/03/07
(Rs.)	01/04/07	the year	Year	31/03/08	(Rs.)	(Rs.)	(Rs.)
QUOTED							
[1] EQUITY SHARES (Fully paid-up)							
[1] Fusion Polymers Ltd.	10	3,000	—	—	3,000	92,685	92,685
[2] XLO Machines Ltd.	10	1,900	—	—	1,900	42,012	42,012
[3] Veekay Fibres Ltd.	10	4,000	—	—	4,000	253,260	253,260
[4] Kinetic Lease Finance Ltd.	10	33	—	—	33	1,500	1,500
Sub Total (1)						389,457	389,457
UNQUOTED							
[1] EQUITY SHARES (Fully Paid-up)							
[a] Sardar Vallabhbai Sahakari Bank Ltd.	25	5,000	6,000	4,831	6,169	154,225	125,000
[b] Avantika Investments Pvt. Ltd.	100	1,460	—	—	1,460	649,700	649,700
[c] Reliance Enterprises Ltd.	10	60	938	—	998	18,000	8,000
Sub Total (2)						821,925	782,700
Total [1] + [2]						1,211,382	1,172,157
NOTE							
Aggregate value of Quoted Investments							
Cost Price						389,457	389,457
Market Price						—	8,004
Aggregate value of Unquoted Investments							
Cost Price						821,925	782,700
						As at	As at
						31/03/2008	31/03/2007
						Rupees	Rupees

SCHEDULE- '7' INVENTORIES

(As taken, valued & certified by the Managing Director)

Raw Materials (includes Rs. 3,38,310/- Goods in Transit)	10,646,936	9,906,521
Stock in Process	3,037,577	1,933,391
Finished Goods	3,188,005	856,448
Stores & Spares	1,381,881	1,082,999
Total	18,254,399	13,779,359

SCHEDULE- '8' SUNDRY DEBTORS (Unsecured, Considered Good)

Debts Over Six months	999,953	1,465,860
Other Debt	25,227,781	16,320,013
Total	26,227,734	17,785,873

Sanrhea Technical Textiles Limited

	As at 31/03/2008 Rupees	As at 31/03/2007 Rupees
SCHEDULE- '9' CASH & BANK BALANCES		
(a) Cash on Hand	35,030	106,392
(b) Balance with scheduled Banks	777,807	2,670,778
In Current Accounts (Includes Rs. Nil, P.Y. Rs. 23,06,800/- F.D. for Bank Guarantee)		
(c) Balance with Non Scheduled Bank		
In Current Account with The Sardar Vallabhbhai Sahakari Bank Ltd. (Maximum balance outstanding during the Year Rs. 4750/- P.Y. Rs. 4850/-)	4,750	4,750
In Fixed Deposit Account with The Sardar Vallabhbhai Sahakari Bank Ltd. (Maximum balance outstanding during the Year Rs. 141802/- P.Y. Rs. 141802/-)	—	141,802
Total	817,587	2,923,722
SCHEDULE '10' LOANS & ADVANCES		
Advance recoverable in cash or in kind or for value to be received	9,178,661	4,579,752
Other deposits (Refer note no.6)	2,063,803	2,079,803
Advance Tax less provisions (Current Tax)	1,753,642	1,753,642
Balance with Excise Authorities	4,159,338	2,330,076
Total	17,155,444	10,743,273
SCHEDULE-'11' CURRENT LIABILITIES		
Sundry Creditors (Refer Note No. 7)	2,301,461	4,228,863
Other Current Liabilities	1,691,340	1,210,120
Bills Payable	1,530,798	811,391
Interest Accrued but not due	56,467	59,936
Unpaid MD's remuneration	76,228	16,349
Total	5,656,294	6,326,659
SCHEDULE- '12' PROVISIONS		
Provisions less Advance Tax (Current Tax)	411,426	174,791
For Employees Benefits	1,050,620	1,026,039
Provision for Fringe Benefit Tax (Net)	143,728	44,942
Total	1,605,774	1,245,772
SCHEDULE-'13' MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Machinery parts Replacement Account	1,754	50,985
Less : Written off during the year	(1,754)	(49,231)
Total	—	1,754

Annual Report 2007-2008

	2007-2008 Rupees	2006-2007 Rupees
SCHEDULE - '14' PROFIT & LOSS ACCOUNT		
Debit balance of P&L Account Opening Balance	—	219,632
Less : Transfer to P&L Account	—	(291,632)
Total	—	—
SCHEDULE -'15' SALES		
Fabrics	120,474,266	73,985,193
Yarn	—	12,880
Conversion charges (Gross TDS Rs.21,172/-, P.Y. Rs. 1,47,430/-)	1,362,135	6,788,098
Total	121,836,401	80,786,171
SCHEDULE- '16' OTHER INCOME		
Dividend on long term investments (Gross TDS Rs, Nil, P.Y. NIL)	—	15,271
Interest :-		
Other Interest (Gross TDS R. 12,341/-, P.Y. 31,606/-)	64,418	169,920
On fixed Deposit with Bank (Gross TDS Rs. 5,727/-, P.Y. Rs.20,884/-)	44,715	60,790
	109,133	245,981
Waste Sales	156,480	40,766
Profit on Sale of Shares (Long Term)	—	159,402
Miscellaneous Income	33,463	23,177
Profit on sale of Assets	5,351	—
Total	304,427	469,326
SCHEDULE- '17' MANUFACTURING & OTHER EXPENSES:		
1) Materials:		
Opening Stock		
Finished Goods	856,448	1,027,873
Less : Excise duty provided on op. stock	65,199	26,293
	791,249	1,001,580
Stock in Process	1,933,391	—
Add: Raw Materials consumed	81,631,276	48,663,511
Less : Closing Stock:		
Finished goods	3,188,005	856,448
Less : Excise duty provided on cl. stock	242,694	65,199
	2,945,311	791,249
Stock in Process	3,037,577	1,933,391
	78,373,028	46,940,451
2) Employees Remuneration, Benefits and other charges:		
Salary, Wages and Bonus	6,693,532	4,953,300
Contribution to Provident Fund, Employees State Insurance Scheme, Pension Fund Scheme, Gratuity		
Labour Welfare Fund, Leave encashment etc.	1,401,682	1,099,714
Staff Welfare	13,952	5,370
	8,109,166	6,058,384

Sanrhea Technical Textiles Limited

	2007-2008	2006-2007
	Rupees	Rupees
SCHEDULE- '17' MANUFACTURING & OTHER EXPENSES: CONTD...		
3) Power & Fuel	2,926,023	2,080,815
4) Weaving and other charges	1,844,862	5,401,105
5) Stores & Spares	1,825,063	1,861,823
6) (a) Rent	437,587	437,587
(b) Rates & Taxes	52,812	52,812
(c) Repairs:		
Machinery	267,154	215,300
Building	525,209	—
	792,363	215,300
(d) Exchange difference (Net)	(243,622)	58,056
(e) Insurance	168,287	295,540
(f) Directors fee	15,000	15,000
(g) Octroi & Freight	942,639	771,321
(h) Packing & Forwarding	1,805,927	1,387,047
(i) Post & Telephone	397,526	335,464
(j) Travelling & Conveyance	1,918,594	1,305,764
(k) General Charges (including expenses like stationery legal, professional charges other fees etc.)	1,422,246	1,257,728
(l) Commission & Brokerage	110,080	116,462
(m) Fixed Assets written off	26,541	—
(m) Payment to Auditors:		
Audit fee	60,000	50,000
Tax Audit fee	24,000	13,000
Other matters	8,000	25,250
Tax matters	21,000	32,500
Out of Pocket Exps.	4,500	11,945
	117,500	132,695
Total	101,041,622	68,723,354
SCHEDULE -'18' FINANCE CHARGES		
Bank Interest on Term Loan	1,382,464	169,648
Other Bank Interest	2,630,284	1,063,405
Bank Charges/Commission	325,520	157,952
Other Interest	484,059	648,856
Other Financial Charges	69,621	82,224
Bill Discount Charges	247,502	266,859
Total	5,139,450	2,388,944

Annual Report 2007-2008

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, 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) 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.

d) 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.

e) 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.

f) Miscellaneous Expenditure:

The accounting treatment of miscellaneous expenditure incurred prior to 01-04-2003 is given as under:
Machinery Parts Replacement account : These expenditure are written off over a period of 60 months.

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.

(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) Sales:

The value of sales is inclusive of excise duty. Conversion charges are accounted on the basis of dispatch of material.

j) 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.

k) 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.

l) 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.

m) Taxes on income and expenses :

i) 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

Annual Report 2007-2008

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.

ii) Fringe benefit tax :

Fringe benefit tax has been determined at current applicable rate on taxes falling within the ambit of fringe benefit has defined under the income tax act 1961.

n) Treatment on Provision 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.

o) 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

(1) Contingent Liabilities in respect of	As at 31-3-2008 <u>Rupees</u>	As at 31-3-2007 <u>Rupees</u>
Disputed demands of Income tax in respect of earlier years for which appeals have been preferred before higher authorities. Note: A future cash outflow in respect of above depends on ultimate settlement / conclusions with the relevant authorities.	9,39,112	9,39,112
(2) Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances)	4,50,097	3,09,000
(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 preview of exempted borrowing 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 the 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. 9,99,953/- (P.Y. Rs: 10,42,963/-) are being pursued by the Company. In the opinion of the management they are considered good and fully recoverable.		
(6) A Deposit of Rs.7,50,000/- (P.Y. Rs. 7,50,000/-) is given to a company and interest of Rs.1,50,000/- (P.Y. Rs.1,50,000/-) thereon for the year 1996-97, is not received from the company. The interest income thereafter is not accounted for by the company. The company has initiated legal steps to recover the deposit and interest amount thereon.		
(7) 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, 2008. Hence the disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this act have not been given.		
(8) (i) Pursuant to the transitional provision of Accounting Standard (AS) 15 (Revised) on “Employees Benefits”, an amount of Rs. 1,49,764 has been credited to the opening balance of Profit & Loss Account. The said amount represent the difference between the liability in respect of various employees benefits determined under AS 15 (Revised) as on April 1, 2007 and the liability that existed as on that date as per AS 15 prior to the revision.		

Sanrhea Technical Textiles Limited

(ii) Defined Contribution Plans:

Amount of Rs. 93,515 is recognized as expense and included in "Employee's Expenses" (Schedule 17) in the Profit and Loss Account.

(iii) Defined Benefit Plans :

(a) The changes in the present value of defined benefit of Gratuity Plan representing reconciliation of opening and closing balance thereof are as follows:

Particulars	Current Year
Opening defined benefit Obligation as at 01.04.07	7,78,835
Service Cost	1,13,517
Interest Cost	66,201
Actuarial Losses (Gains)	(86,203)
Losses (Gains) on curtailments	—
Liabilities extinguished on settlements	—
Benefits Paid	(10,500)

Closing defined benefit obligation as at 31.03.2008 8,61,850

(b) Changes in the fair value of plan assets representing reconciliation of the opening and closing balance thereof are as follows:

Opening fair value of plan assets as at 01.04.2007	—
Expected return	—
Actuarial gains and (Losses)	—
Assets distributed on settlements	—
Contribution by employer	—
Benefit paid	—
Closing balance of fair value of plan assets as at 31.03.2008	—

(c) The amounts recognized in Balance Sheet are as follows :

Amount to be recognized in Balance Sheet

A) Present Value of Defined Benefit Obligation

- Funded	—
- Unfunded	8,61,850
Total	8,61,850

Less: Fair Value of Plan Assets

- Unrecognised Past Service Costs

Amount to be recognized as liability 8,61,850

B) Amount Reflected in the Balance Sheet

Liabilities 8,61,850

Assets —

Net Liability/(Asset) 8,61,850

(d) The amounts recognized in Profit and Loss account are as follows:

1. Current Service Cost	1,13,517
2. Interest Cost	66,201
3. Expected return on plan assets	—
4. Net Actuarial Losses (Gains) recognized in year	(86,203)
5. Past service cost	—
6. Losses (gains) on curtailments and settlement	—
Total Included in ' Employee's expense' [Ref. Sch. 17]	93,515
Actual return on plan assets	—

(e) Principal actuarial assumptions at the balance sheet date.

(expressed as weighted averages):

Discount rate	8.50%
Annual increase in salary costs	6.00%

Annual Report 2007-2008

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,

- (f) The Company expects to fund Rs. Nil towards Gratuity plan and Rs. 1.85 Lacs towards provident Fund plan during the year 2008-09.

Notes :

- i) No corresponding figures for the previous year are presented as the company has adopted AS-15 (Revised), effective 01.04.2007.
- ii) 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 and Leave Encashment is treated as defined benefit plan and remains unfunded.

(9) 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 and the geographical segment is also one i.e. India

(10) Related Party Transactions:

A) Related Party & Relationship:

a. Key Management Personnel:

1. T.M. Patel

b. Relatives of key Management person:

1. K.M. Patel

2. M.A. Patel

3. T. T. Patel

4. 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. Tejal Trading Pvt. Ltd.

3. Avantika Investment Pvt. Ltd.

B) Nature of Transactions:

a. Key Management Personnel:

1] Loan taken

Loan Taken

2007-2008
Amounts Rs.

22,77,482

2006-2007
Amount Rs.

32,01,913

Loan Repaid

4,56,975

44,27,178

2] Loan given

Loan given

-

7,49,087

Loan Received back

-

7,49,087

b. Relatives of Key Management person:

1] Loan taken

Loan Taken

35,86,740

102,75,000

Loan Repaid

27,11,565

27,69,496

2] Loan given

Loan given

-

1,00,000

Loan Received back

-

1,00,000

Sanrhea Technical Textiles Limited

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

		<u>2007-2008</u>	<u>2006-2007</u>
1]	Interest paid	—	2,15,570
2]	Interest Received	—	1,40,845
3]	Loan taken		
	Loan Taken	63,10,000	18,33,854
	Loan Repaid	45,37,546	12,59,239
4]	Loan given		
	Loan given	8,14,343	29,83,342
	Loan Received back	8,14,343	29,83,342

C) Disclosure of Material Transactions with Related Parties :

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
1	Rent paid				
	K.M. Patel		18,000		18,000
			(18,000)		(18,000)
2	Professional Charges				
	M.A. Patel		1,20,000		1,20,000
			(1,20,000)		(1,20,000)
3	Interest paid				
	Tejal Trading Pvt. Ltd.			0	0
				(2,15,570)	(2,15,570)
4	Interest Received				
	Mahendra Credit & Investments Co.P.Ltd.			0	0
				(1,40,845)	(1,40,845)
5	Balances with Related Parties as on 31-3-08 for Loan Taken				
	a) Mahendra Credit & Investments Co.P.Ltd.			34,76,897	34,76,897
				(58,786)	(58,786)
	b) Tejal Trading Pvt. Ltd.			0	0
				(16,45,657)	(16,45,657)
	c) M. A. Patel HUF		91,60,504		91,60,504
			(84,05,404)		(84,05,404)
	d) Tushar Patel	31,22,420			31,22,420
		(13,01,913)			(13,01,913)
	e) Others		1,20,175	5,00,000	6,20,175
			(0)	(5,00,000)	(5,00,000)

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.

Remuneration/fees paid to Directors is disclosed elsewhere in the notes to accounts.

Annual Report 2007-2008

(11a) The company has acquired Motor Cars on Finance lease on or after April 1, 2001 amounting to Rs.38,55,177 /- (previous year Rs. 38,55,177/-). The minimum lease rentals outstanding as on 31st March 2008 in respect of these assets are as follows :

Due	Total of Minimum lease payments outstanding on 31/03/08	Future interest outstanding as on 31/03/08	Present value of minimum lease payment
Within one year	5,72,640	39,345	5,33,295
Later than one year And not later than five years	3,07,210	6,185	3,01,025
Total	8,79,850	45,530	8,34,320

A general description of significant leasing agreements: Vehicles are taken on hire purchase for a period of 36 months/60 months

(11b) 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 - 5)

(11c) The Company has taken land and building on operating lease that is renewed on a periodic basis and is cancelable at its option. Rental expenses for operating lease recognized in statement of Profit & Loss for the year is Rs 4,19,587/- (P.Y. Rs. 4,19,587/-)

(12) Taxes on Income:

On consideration of prudence differed tax assets have been recognised to the extent of liability of differed tax.

	As at 31-3-08	As at 31-3-07
Deferred Tax liability on account of -		
a) Depreciation difference between I.T. and Accounts	8,32,306	14,59,703
Deferred Tax Assets on account of		
b) Unabsorbed Depreciation	8,32,306	14,59,703
Deferred Tax	—	—

(13) Earnings Per Share:

- 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.
- 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.

(14) Managing Director's Remuneration

(a) Salary	3,90,000	3,90,000
(b) Contribution to P.F., Gratuity & Other funds	43,335	60,508

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

		(Rupees in lacs)	
		2007-08 Qty.	2006-07 Qty.
A) i)	Licensed capacity (See note 1)		
ii)	Installed Capacity for fabrics		
	Twisting & weaving	Kgs 7,20,000	7,20,000
	Dipping	Kgs 12,00,000	12,00,000
iii)	Actual production for fabrics (See Note 3 & 4)		
	Twisting & weaving	Kgs 6,01,142	5,91,773
	Dipping	Kgs 3,59,835	22,920

Sanrhea Technical Textiles Limited

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.
- (3) Actual production of Twisting & Weaving includes of 56,753 (P.Y. 2,56,794) kgs. Produced on Job work basis and 3,59,835 (P.Y. 22,920) Kgs. Dipped in-house
- (4) Actual production of Twisting & Weaving includes 7,738 (P.Y. 60,072) kgs. Produced by third party on job work basis.

B) Turnover	2007-2008			2006-2007	
	Unit	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	1,82,313	391.30	3,10,615	688.85
ii) Fabrics (Dipped In House)	Kgs.	3,48,124	813.44	21,570	51.00
iii) Yarn	Kgs.	-	-	56	0.13

C) Stock*

	Opening Stock as on					Closing stock as on			
	1-4-2007		1-4-2006		31-3-2008		31-3-2007		
	Units	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	2888	5.73	2193	4.39	269	0.55	2888	5.73
ii) Fabrics (Dipped In-house)	Kgs.	1313	2.84	-	-	14486	31.33	1313	2.84

* After adjustment of shortages/surplus

D) Raw Material consumed:

	2007-2008			2006-2007	
	Unit	Qty.	Amount	Qty.	Amount
i) Yarn *	Kgs.	5,30,272	763.16	3,32,166	483.87
ii) Fabric	Kgs.	3,625	5.44	-	-
iii) V.P.Latex	Kgs.	47740	38.07	3960	2.07
iv) Resorcinol	Kgs.	5642	9.64	175	0.70
			816.31		486.64

*(Includes Nil (PY 56) Kgs. for yarn sale)

E) Value of Raw material consumed:

	2007-2008		2006-2007	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	530.67	65.30	396.78	81.52
(b) Indigenous	285.64	34.70	79.48	18.48
	816.31	100.00	486.64	100.00

F) Value of Stores & Spares consumed

	2007-2008		2006-2007	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	0.00	0.00	0.32	1.72
(b) Indigenous	18.25	100.00	18.30	98.28
	18.25	100.00	18.62	100.00

Annual Report 2007-2008

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

	2007-2008 (Amount in Rs.)	2006-2007 (Amount in Rs.)
(a) Value of Imports (Raw Material/Parts)	4,21,44,633	3,13,70,163
(b) Expenditure in Foreign Currency		
Traveling Expenses	1,91,831	98,188
(c) Earning in Foreign Currency Value - Exports of Fabrics (FOB Value)	—	2,03,315

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

(17) 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.

(18) 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	31-03-2008		

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	95490	Total Assets	95490
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Sources of Funds

Paid-up Capital	30000	Reserves & Surplus	4278
Deferred Govt. Grant	1623	Secured Loans	38209
Unsecured Loans	21380		

Application of Funds

Net Fixed Assets	39085	Investments	1212
Net Current Assets	55193	Misc. Expenditure	-
Accumulated Losses	-		

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

Turnover & Other Income	113092	Total Expenditure	110547
Profit/(Loss) Before Tax	2545	Profit/(Loss) After Tax	2094
Earnings per Share in Rs.	0.70	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

ARPIT K. PATEL
PARTNER

Ahmedabad
Date : June 30, 2008

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-
Tushar Patel *Managing Director*

Sd/-
Miten Mehta *Director*

Ahmedabad
Date : June 30, 2008

SANRHEA TECHNICAL TEXTILES LIMITED

Regd. Off. : Parshwanath Chambers, 2nd Floor, Nr. New RBI Building,
Income Tax, Ashram Road, Ahmedabad-380 014

PROXY FORM

I/We _____ of _____
in the district of _____ being a Member/Members of the
above named Company, hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
_____ in the district of _____ as
my/our Proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting
of the Company to be held on Tuesday, the 30th September, 2008 at 10.00 a.m. and at any adjournment
thereof.

As witness my/our hand(s) this _____ days of _____ 2008.

Folio No. _____

Affix
30 Paisa
Revenue
Stamp here

No. of Shares held _____

Notes : The Proxy must be deposited at the Registered Office of the Company not less than 48
hours before the time for holding the meeting.

SANRHEA TECHNICAL TEXTILES LIMITED

Regd. Off. : Parshwanath Chambers, 2nd Floor, Nr. New RBI Building,
Income Tax, Ashram Road, Ahmedabad-380 014

ATTENDANCE SLIP

I hereby record my presence at the 25th Annual General Meeting of the Company held at 10.00 a.m.
at Parshwanath Chambers, 2nd Floor, Nr. New RBI Building, Income Tax, Ashram Road, Ahmedabad-
380 014 of the Company on Tuesday, the 30th September, 2008, at 10.00 a.m.

Full Name of the Shareholder _____
(BLOCK LETTERS)

Folio No. _____

No. of Shares held _____

Signature of the Shareholder/Proxy)

NOTE : Please fill this Attendance Slip and handover at the entrance of the Hall.

Book - Post
Printed Matter

If undelivered please return to :

SANRHEA TECHNICAL TEXTILES LIMITED

Regd. Off. : Parshwanath Chambers, 2nd Floor,
Nr. New RBI Building, Income Tax,
Ashram Road, Ahmedabad-380 014

Ganapati, A'bad, Ph. (079) 26447697, 26568111