

26th
Annual
Report
2008-2009

SANRHEA
TECHNICAL TEXTILES LIMITED



DET NORSKE VERITAS

MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 04204-2006-AQ-BOM-RvA Rev. 01

This is to certify that

SANRHEA TECHNICAL TEXTILES LTD.

at

Dr. Ambedkar Road, Near G E B. 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 concerning all activities related to:

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

Initial Certification date:
25 May 2001

This Certificate is valid until:
03 June 2012

*The audit has been performed under the
supervision of:*

Soumya Chatterjee
Lead Auditor



Place and date:
Chennai, 30 June 2009

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


Bhupalajit Ajit
Management Representative

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

DET NORSKE VERITAS CERTIFICATION B.V. Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL: +31 10 2922 688 - www.dnv.com / www.dnv.nl

ANNUAL REPORT 2008-2009

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, Usmanpur, Ahmedabad - 380013	
Registered Office	:	Parshwnath Chambers, 2nd Floor, Near New RBI Building, Income Tax, Ashram Road, Ahmedabad - 380 014.	

Contents	Page No.
Notice	2-3
Directors' Report	4-6
Annexure to Directors' Report	6-7
Corporate Governance Report	8-13
Auditors' Report	14-17
Balance Sheet	18
Profit & Loss Accounts	19
Cash Flow Statement	20
Schedules	21-26
Notes on Accounts	27-36
Balance Sheet Abstract	36

day of September, 2009 at 10:00 am in the Boardroom, 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, 2009 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. G. Ravishanakar 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 modifications, following resolution as a special resolution.

"RESOLVED THAT pursuant to provisions of section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the companies Act, 1956, consent of the company be and is hereby accorded for reappointment of Mr. Tushar Patel as Managing Director of the company for a period of 3 years w.e.f 1/08/2009, on the following remuneration, terms and conditions subject to such modifications, if any, as may be acceptable to the Board of Directors of the company and Mr. Tushar Patel within the ceiling as laid down under the provisions of the Companies Act, 1956.

1. A Salary of Rs.30, 000/- (Rupees Thirty Thousand per month)
2. Commission at the rate of 1% on the Net Profits of the company calculated as per the provisions of section 309 (5) read with section 198 of the Companies Act, 1956, subject to a maximum of 20% of the annual Salary.
3. Perquisites and Benefits: Perquisites may be allowed in addition to salary and/or commission or both but perquisites shall be restricted to an amount equal to the annual salary.
4. Medical Reimbursement: Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
5. Leave Travel Concession : For self and family, once in a year in accordance with the rules of company.
6. Personal Accident Insurance : Premium not to exceed RS.4,000 per annum
7. Contribution to Provident Fund, Superannuation fund, Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under The Income Tax Act. Gratuity payable should not exceed half a month salary for each completed year of service.
8. Encashment of leave at the end of tenure will not be included in the computation of the ceiling of the perquisites.

perquisites. Personal long distance call and use of the car for the private purpose shall be billed by the company to the individual appointee concerned.

MINIMUM REMUNERATION :

In the event of inadequacy or absence of profits in any financial year, Mr. Tushar Patel shall be paid remuneration subject to limit specified in Schedule XIII of the Companies Act, during the tenure of his office as considered and approved by the remuneration committee in terms of revised guidelines for managerial remuneration.

On behalf of the Board

Date : June 30, 2009
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. An explanatory statement pursuant to provisions of section 173 (2) of The companies Act, 1956 is annexed hereto forming part of this notice.
5. Register of members and share transfer books of the company will remain closed from 29/9/2009 to 30/9/2009 (both days inclusive)

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

Item No.4:

Mr. Tushar Patel is actively involved in the day today management and administration of the company, and efficiently looking after affairs of the company since last many years as Managing director of the company. Looking at his contribution, it was thought fit at the meeting of Board of directors of the company held on 30th June, 2009 to reappoint him as Managing Director of the company for a period of three years w.e.f.1st day of August, 2009 on the terms, conditions and remuneration enumerated in the resolution. Pursuant to provisions of Section 198, 269, 309, and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, it is necessary to pass special resolution at the next Annual General Meeting after approval in the Board Meeting. Therefore, the present resolution has been recommended for your approval.

Mr. Tushar Patel, may be deemed to be interested in the proposed resolution to the extent of payment of remuneration to his and, None other directors are interested in the resolution.

On behalf of the Board

Date : June 30, 2009
Place : Ahmedabad

TUSHAR PATEL
MANAGING DIRECTOR

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2008.

FINANCIAL RESULTS :

	2008-2009 (Rs.lacs)	2007-2008 (Rs.lacs)
Sales & Other Income	1255.26	1130.91
Gross Profit/Loss	(53.07)	120.49
Less :		
Depreciation	41.64	43.65
Finance charges	60.40	51.39
Provision for taxation	1.47	4.51
Net Profit/(Loss)	(156.58)	20.94
Balance of P & L Account B\F	42.77	20.34
Employees benefits written back	—	1.49
Appropriations:		
Transfer to General Reserves	—	—
Balance of Profit/loss carried forward	(113.80)	42.77

DIVIDENDS :

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

OPERATIONS :

Your directors would like to inform you that due to unprecedented fluctuations in the international market and very heavy volatile situation, the company's performance had been adversely affected. During the year under review Sales and Other Income has been placed at Rs.1255.26 lacs whereas the company has incurred gross loss of Rs. 53.07 lacs. After Depreciation of Rs.41.64 lacs, Finance Charges Rs.60.40 lacs, and provision for taxes of Rs. 1.47 lacs the company has earned incurred Net of Rs.156.58 lacs. Your directors have taken steps for revival and are optimistic of recovery in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS ON STRATEGY, OUTLOOK AND MARKET :

Since the company is predominantly dependant on the imported raw material, due to volatility and heavy fluctuations in the foreign exchange in the international market, the company had a very bad phase and ended up incurring loss. The company continued to have focus on its main product, Belting Fabrics. However, due to the successful implementation of the In-House RFL Dipping Plant, the concentration has been predominant on the value added RFL Dipped Fabrics vis-à-vis Greig Fabrics produced by the company last year. With the acceptance of Dipped Fabrics by the existing customers as well as Multi-National companies like Phoenix Yule Ltd, Sempertans Nirlon Ltd, etc., the company is expected to increase its share in the market in the segment of dipped fabrics. 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. 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 various other value added fabrics have also got good response and approval from the market and company will be able to tap the new segment in near future. The company is further very actively pursuing various other high value products for other critical rubber component manufacturers.

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 twistors which have been successfully installed,. 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:

Mr. G. Ravishankar, Director of the company retires by rotation and being eligible for reappointment offers himself for reappointment. Shri Tushar Patel, managing director was appointed for a period of three years whose tenure expires on 31/7/2009. Board of directors have proposed to reappoint him as Managing Director for a further period of three years w.e.f. 1/08/2009.

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 and needs no further explanation. However, your directors wishes to inform you that diminution in the value

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, 2009

Tushar M. 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 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.

	<u>2008-2009</u>	<u>2007-2008</u>
		(Rs. lacs)
(2) Total foreign exchange used and earned. :		
(i) Foreign Exchange earned including indirect export :	Nil	US \$ 28333
(ii) Foreign exchange used :		
Euro	2520	1500
Us \$	1142161	680842
CHF	12144	—
Hongkong \$	—	—
Swiss F.	232	—
Pound	208	—
Turkish Lira	513	—
UAE Dirham	—	615
SA Rand	—	1611

A. Power and fuel consumption	<u>Current year</u>	<u>Previous year</u>
(1) Electricity :		
(a) Purchased		
Unit (KWH in lacs)	5.98	5.65
Total Amount (Rs)	Rs. 34,77,105	Rs. 29,26,023
Cost/Unit (Rs)	5.82	5.18
(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	0.94
(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 :

- (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

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 : 30/04/2008, 30/06/2008, 31/07/3008, 10/08/2008, 16/08/2008, 31/10/2008, 31/01/2009, 23/03/2009

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 29th September, 2007
Mr Tushar Patel	Executive Director (M.D.)	3	08	0	0	Yes
Mr. Vimal Ambani	Non-Executive & independent	5	00	0	0	No
Mr. Pavan Bakeri	Non-Executive & independent	6	08	0	0	No
Mr. Ishwar Patel	Non-Executive & independent	0	00	0	0	No
Mr. Miten Mehta	Non-Executive & independent	1	08	0	0	Yes
Mr. G. Ravishankar	Non-Executive & Independent	0	08	0	0	No

As required by the law, the appointment(s) and remuneration(s) of any executive Director(s) requires the approval of shareholders; such approvals are for a period of not more than 5 years and when eligible, they can be re-appointed at the end of the term. One third of other Directors retire every year and, when eligible, qualify for re-appointment.

AUDIT COMMITTEE

Term of Reference :

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The

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.

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.

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
30th September, 2008	10.00 a.m	Parshwanath Chambers, 2nd floor, Nr. New RBI, Ashram Road, Ahmedabad-380 009

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, 2009 . 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 Annual 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.

GENERAL SHAREHOLDERS INFORMATION :

- A) Annual General Meeting :
- Day and date : Wednesday, 30th September, 2009
- Time : 10.00 a.m.
- Venue : Parshwanath Chambers, 2nd floor, Nr. New RBI, Income Tax, Ashram Road, Ahmedabad-380 014

- Third Quarter : By end of January 2010
 Fourth Quarter : By end of June 2010
 Annual general Meeting for the year 2009-10 : By end of September 2010
- C) Book Closure : 29th September, 2009 to 30th September 2009 (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 : 30/06/2009

Tushar Patel
 Managing Director

regarding corporate governance, hereby confirm that all board members and senior management of Sanrhea Technical Textiles Limited have affirmed the compliance of Code of business Conduct and ethics for the year ended on 31st March, 2009

for Sanrhea Technical Textiles Ltd.

Place : Ahmedabad
Date : 30th June, 2009

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 2009**, 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, 2009

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

- (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 : 30/06/2009

Tushar Patel
CEO & Managing Director

1. We have audited the attached balance sheet of **M/s. Sanrhea Technical Textiles Limited** as at **March 31, 2009**, 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.9,01,271/- 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 loss for the year would have been Rs.1,69,47,897/- (as against the reported figure of Rs.1,56,58,440/-). Investments would have been Rs.8,46,925 (as against the reported figure of Rs.12,36,382/-) and Loans and Advances would have been Rs.1,43,14,815/- (as against the reported figure of Rs.1,52,15,815/-).
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 Subject to Para 4(i) referred above 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 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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.

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 2009.
- (b) In the case of the profit & loss account, of the **LOSS** 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

Place: Ahmedabad
Date : June 30, 2009

Mem. No.: 34032

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SANRHEA TECHNICAL TEXTILES LTD., ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009.

- (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 party. The maximum amount involved during the year was Rs.2,36,097/- 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.

- taken from such parties is Rs. 1,02,37,229/
- [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.
- (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 provident fund, employees state insurance and fringe benefit 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, 2009 for the period of more than six months from the date they become payable except TDS on commission of Rs.0.10 lakh and payment of fringe benefit tax of Rs.0.66 lakhs which remains outstanding for a period of more than six months from the date it became payable. However, we are informed that Rs.0.10 lakh has been paid subsequently there against.

- (x) The company has accumulated losses of Rs.1,26,70,334 as at 31st March,2009 which is less than fifty per cent of its net worth. The company has incurred cash losses of Rs.1,27,83,323 during the financial year covered by our audit. However, the company has not incurred cash losses in the immediately preceding financial year. The amount of accumulated losses and cash losses mentioned above is arrived at after considering item mentioned at 4(i) and 4(iii) in Auditors' Report but without considering item mentioned at 4(ii) in Auditors' Report the effect of which could not be ascertained.
- (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

Place: Ahmedabad
Date : June 30, 2009

Mem. No.: 34032

	SCH.	31/03/2009 Rupee	31/03/2008 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
		<u>30,000,000</u>	<u>34,277,563</u>
[2] Deferred Government Grant		1,447,193	1,622,514
[3] Loan Funds:			
[a] Secured Loans	3	42,532,626	38,209,496
[b] Unsecured Loans	4	22,754,218	21,379,996
		<u>65,286,844</u>	<u>59,589,492</u>
Total		<u>96,734,037</u>	<u>95,489,569</u>
APPLICATION OF FUNDS:			
[1] {A} Fixed Assets :	5		
Gross Block		74,419,485	74,029,075
Less: Depreciation		43,975,179	39,904,710
Net Block		30,444,306	34,124,365
{B} Capital Work in Progress		6,086,454	4,960,726
		<u>36,530,760</u>	<u>39,085,091</u>
[2] Investments:	6	1,236,382	1,211,382
[3] Deferred Tax Assets		—	—
[4] Current Assets, Loans & Advances:			
[a] Inventories	7	19,005,261	18,254,399
[b] Sundry Debtors	8	19,463,877	26,227,734
[c] Cash & Bank Balances	9	4,213,187	817,587
[d] Loans & Advances	10	15,215,815	17,155,444
Sub Total (A):		<u>57,898,140</u>	<u>62,455,164</u>
[5] Less: Current Liabilities & Provisions:			
[a] Current Liabilities	11	8,652,694	5,656,294
[b] Provisions	12	1,659,428	1,605,774
Sub Total (B):		<u>10,312,122</u>	<u>7,262,068</u>
Net Current Assets	(A-B)	47,586,018	55,193,096
[6] Misc. Expenditure (to the extent not written off)	13	—	—
[7] P&L Account	14	11,380,877	—
Total		<u>96,734,037</u>	<u>95,489,569</u>
Significant Accounting Policies	19		
Notes to Financial Statements	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, 2009

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-

Tushar Patel

Managing Director

Sd/-

Miten Mehta

Director

Ahmedabad

Date : June 30, 2009

	SCH.	Rupees	Rupees
INCOME:			
Sales	15	133,893,499	121,836,401
Less : Excise Duty on sales		8,733,838	9,049,244
Net Sales		125,159,661	112,787,157
Other Income	16	366,636	304,427
Total :::		125,526,297	113,091,584
EXPENDITURE:			
Manufacturing & Other Expenses	17	130,833,765	101,041,622
Finance Charges	18	6,040,294	5,139,450
Depreciation		4339895	4438578
Less : Withdrawn from Deferred Government Grant		175321	73051
		4,164,574	4,365,527
		141,038,633	110,546,599
Profit / (Loss) before Taxation		(15,512,336)	2,544,985
Provision for Taxation			
- Current Tax (includes Rs. Ni. P.Y. 17,000 short provision of earlier year)		—	287,000
- Deferred Tax (Refer Note No. 12)		—	—
- Fringe Benefit Tax		147,000	164,000
- Excess Provision of Tax Written Back		896	—
Profit / (Loss) for the year		(15,658,440)	2,093,985
Balance of Profit & Loss Account - Opening balance B/F		4,277,563 ^T	2,033,814
Add : Transitional Provision on Employees Benefits written back		—	149,764
Balance Carried to Balance Sheet		(11,380,877)	4,277,563
Basic & diluted earnings per share (in Rs.)		(5.22)	0.70
Face value Rs. 10/- per share (Refer Note No.13, Sch-20)			
Significant Accounting Policies	19		
Notes to Financial Statements	20		
This is the Profit & Loss Account referred to in our report of even date		FOR & ON BEHALF OF BOARD OF DIRECTORS	
For, KANTILAL PATEL & CO., CHARTERED ACCOUNTANTS		Sd/- Tushar Patel	Managing Director
ARPIT K. PATEL PARTNER		Sd/- Miten Mehta	Director
Ahmedabad		Ahmedabad	
Date : June 30, 2009		Date : June 30, 2009	

	31ST MARCH, 2009 Rupees	31ST MARCH, 2008 Rupees
A Cash Flow arising from Operating Activities:		
Net Profit before taxation	(15,512,336)	2,544,985
Add back : a) Depreciation	4,164,574	4,365,527
b) Interest Charges	6,040,294	5,139,450
c) Misc. Exps. Written off	0	1,754
d) Fixed assets written off	0	26,541
	10,204,868	9,533,272
Deduct : a) Dividend Income	7,500	0
b) Interest Income	111,810	109,133
c) Profit on sale of assets	3,968	5,351
	123,278	114,484
Operating profit before working capital changes	(5,430,746)	11,963,773
Adjustments for : a) Trade and other Receivables	8,678,117	(14,859,335)
b) Inventories	(750,862)	(4,475,040)
c) Trade Payable	3,316,757	(60,909)
Cash Generated from operations	5,813,266	(7,431,511)
Less: Taxes paid	388,087	115,579
Net Cash Inflow (Outflow) in course of Operating Activities	5,425,179	(7,547,090)
B. Cash Flow Arising from Investing Activities:		
a) Acquisition of Fixed Assets	(765,868)	(2,054,762)
b) Capital work in progress	(1,125,728)	(393,003)
c) Sale/Purchase of Investments (Net)	(25,000)	(39,225)
d) Realisation of Fixed Assets	110,000	12,000
e) Government Subsidy received	0	1,695,565
f) Interest Received	111,235	113,741
g) Dividend Received	7,500	695
Net Cash Inflow (Outflow) in course of Investing Activities	(1,687,861)	(664,989)
C Cash Flow from Financing Activities		
a) Repayment of borrowing	(1,917,396)	(2,111,229)
b) Proceeds from borrowing	7,304,449	12,464,492
c) Acceptance/Repayment of deposits (Net)	329,626	875,175
Cash generated from finance activity	5,716,679	11,228,438
a) Interest Paid	(6,058,397)	(5,122,494)
Net Cash Inflow (outflow) in course of Financing Activities	(341,718)	6,105,944
Net increase (Decrease) in Cash & Cash quivalets (A+B+C)	3,395,600	(2,106,135)
Add: Balance at the beginning of the year		
Cash on hand	35,030	106,392
Balances with Banks	782,587	2,817,330
	4,213,187	817,587
Closing balance of Cash & Cash equivalents		
Closing balance comprises		
Cash on hand	25,793	35,030
Balances with banks (include Rs.10,00,000/- towards Bank Guarantee) (P.Y. Rs.Nil as Bank guarantee)	4,187,394	782,557
	4,213,187	817,587

Note : The cash flow is prepared as per indirect method as set out in AS 3, issued by The Institute of Chartered Accountants of India.

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, 2009

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-

Tushar Patel *Managing Director*

Sd/-

Miten Mehta *Director*

Ahmedabad

Date : June 30, 2009

	31/03/2009 Rupees	31/03/2008 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
	50,000,000	50,000,000
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:::	30,000,000	30,000,000
SCHEDULE- '2' RESERVES & SURPLUS		
Balance As per Profit & Loss Account	—	4,277,563
Total:::	—	4,277,563
SCHEDULE- '3' SECURED LOANS		
A] Term Loans		
From a Bank (Against H.P. of Vehicles)	301,024	834,320
From a Bank (Term Loan)	13,507,219	14,347,219
Interest Accrued & due	171,179	190,506
	13,678,398	14,537,725
(Against Hypothecation of New and existing plant & machineries, third party corporate gurantee & Guranteed By M.D.) (Principal repayable within one year Rs. 43,20,000/- P.Y.Rs.36,00,000/-)		
B] Working Capital Loans		
From a Bank	21,618,678	16,977,708
(Against Hypothecation of stock,Book Debts, plant & machineries, third party corporate gurantee & Guranteed By M.D.)		
From a Bank (Against Hypothecation of New Twister Machine)	6,934,526	5,859,743
Total:::	42,532,626	38,209,496

	Rupees	Rupees
SCHEDULE - '4' UNSECURED LOANS		
Fixed Deposit (Interest Free)	9,610,305	9,280,679
Intercompany Borrowings	8,432,797	8,976,897
From Managing Director (Interest Free)	4,711,116	3,122,420
Total:::	22,754,218	21,379,996

SCHEDULE- '5' FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	Opening Balance as on 01/04/2008 Rs.	Additions Rs.	Deletion Rs.	Closing Balance As on 31/03/2009	Upto 31/03/2008 Rs.	For the Year Rs.	Upto 31/03/2009 Rs.	As on 31/03/2009 Rs.	As on 31/03/2008 Rs.	
1. Building (On Leased Land)	3,792,427	—	—	3,792,427	391,031	123,537	—	514,568	3,277,859	3,401,396
2. Furniture & Fixtures	85,381	—	—	85,381	82,402	539	—	82,941	2,440	2,979
3. Vehicles	3,770,146	2,600	375,458	3,397,288	2,635,259	269,964	269,426	2,635,797	761,491	1,134,887
4. Plant & Machinery	63,796,711	763,268	—	64,559,979	35,463,331	3,621,784	—	39,085,115	25,474,864	28,333,380
	71,444,665	765,868	375,458	71,835,075	38,572,023	4,015,824	269,426	42,318,421	29,516,654	32,872,642
Leased Assets :										
5. Vehicles	2,584,410	—	—	2,584,410	1,332,687	324,971	—	1,656,758	927,652	1,251,723
Total	74,029,075	765,868	375,458	74,419,485	39,904,710	4,339,895	269,426	43,975,179	30,444,306	34,124,365
Previous Year	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	
Capital Work In Progress :										
Building	349,903	1,125,728	—	1,475,631						
Plant & Machinery	4,610,823	—	—	4,610,823						
Total	4,960,726	1,125,728	—	6,086,454						

Face Value (Rs.)	Qty. as on 01/04/08	Acquired during the year	Sold during Year	Qty. as on 31/03/09	As on 31/03/09 (Rs.)	As on 31/03/08 (Rs.)
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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 Vallabhbhai Sahakari Bank Ltd.	25	6,169	1,000	—	7,169	179,225	154,225
[b] Avantika Investments Pvt. Ltd.	100	1,460	—	—	1,460	649,700	649,700
[c] Reliance Enterprises Ltd.	10	998	—	—	998	18,000	8,000
Sub Total (2)						846,925	821,925
Total [1] + [2]						1,236,382	1,211,382

NOTE

Aggregate value of Quoted Investments

Cost Price		389,457	389,457
Market Price		—	—

Aggregate value of Unquoted Investments

Cost Price		846,925	821,925
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	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
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SCHEDULE- '7' INVENTORIES

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

Raw Materials (includes Rs. Nil(P.Y.Rs. 3,38,310/-) Goods in Transit)	9,788,776	10,646,936
Stock In Process	4,668,576	3,037,577
Finished Goods	3,519,702	3,188,005
Stores & Spares	1,028,207	1,381,881
Total:::	19,005,261	18,254,399

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

Debts Over Six months	901,271	999,953
Other debts	18,562,606	25,227,781
Total:::	19,463,877	26,227,734

SCHEDULE- '9' CASH & BANK BALANCES:

(a) Cash on Hand	25,793	35,030
(b) Balance with scheduled Banks:		
In Current Accounts	3,182,844	777,807
In Fixed Deposit Account (For Bank Gurantee)	1,000,000	—
(c) Balance with Non Scheduled Bank	4,550	4,750
In Current Accounts with The Sardar Vallabhbhai Sahakari Bank Ltd. (Maximum balance outstanding during the Year Rs. 4750/- P.Y. Rs. 4750/-)		
Total:::	<u>4,213,187</u>	<u>817,587</u>

SCHEDULE '10' LOANS & ADVANCES

Advance recoverable in cash or in kind or for value to be received	4,117,738	9,178,661
Other deposits (Refer note no.6, Sch-20)	2,063,803	2,063,803
Advance Tax less provisions (Current Tax)	1,727,698	1,753,642
Balance with Excise Authorities	7,306,576	4,159,338
Total:::	<u>15,215,815</u>	<u>17,155,444</u>

SCHEDULE-'11' CURRENT LIABILITIES

Sundry Creditors (Refer note no. 7, Sch-20)	6,499,486	2,301,461
Other Current Liabilities	1,961,206	1,691,340
Bills Payable	—	1,530,798
Interest Accrued but not due	57,691	56,467
Unpaid MD's remuneration	134,311	76,228
Total:::	<u>8,652,694</u>	<u>5,656,294</u>

SCHEDULE- '12' PROVISIONS

Provisions less Advance Tax (Current Tax)	107,055	411,426
For Employees Benefits	1,372,201	1,050,620
Provision for Fringe Benefit Tax (Net)	180,172	143,728
Total:::	<u>1,659,428</u>	<u>1,605,774</u>

SCHEDULE-'13' MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Machinery parts :Replacement Account	—	1,754
Less: Written off during the year	—	(1,754)
Total:::	<u>—</u>	<u>—</u>

Balance of P & L Account	11,380,877	—
Total:::	11,380,877	—
SCHEDULE -'15' SALES		
Fabrics	131,277,228	120,474,266
Yarn	1,557,612	—
Conversion charges (Gross TDS Rs 5,677/-, P.Y. Rs. 21,172/-)	1,058,659	1,362,135
Total:::	133,893,499	121,836,401
SCHEDULE- '16' Other Income		
Dividend on long term investments (Gross TDS Rs, Nil, P.Y.Rs. NIL)	7,500	—
Other Interest (Gross TDS Rs. 17,220/-, P.Y. Rs.12,341/-)	102,484	64,418
On fixed Deposit with Bank (Gross TDS Rs.901/-, P.Y.Rs. 5,727/-)	9,326	44,715
	111,810	109,133
Waste Sales	187,863	156,480
Miscellaneous Income	55,495	33,463
Profit on sale of Fixed Assets	3,968	5,351
Total:::	366,636	304,427
SCHEDULE- '17' Manufacturing & Other Expenses		
1) Materials:		
Opening Stock		
Finished Goods	3,188,005	856,448
Less : Excise duty provided on op. stock	242,694	65,199
	2,945,311	791,249
Stock in Process	3,037,577	1,933,391
Add: Raw Materials consumed	108,031,797	81,631,276
Less : Closing Stock:		
Finished goods	3,519,702	3,188,005
Less : Excise duty/EC provided on cl. stock	139,274	242,694
	3,380,428	2,945,311
Stock in Process	4,668,576	3,037,577
	105,965,681	78,373,028
2) Employees Remuneration, Benefits and other charges:		
Salary, Wages and Bonus	7,558,250	7,392,290
Contribution to Provident Fund, Employees State Insurance Scheme, Pension Fund Scheme, Gratuity Labour Welfare Fund, Leave encashment etc.	1,003,607	702,924
Staff Welfare	350	13,952
	8,562,207	8,109,166

4) Weaving and other charges	1,397,577	1,844,862
5) Stores & Spares	2,243,816	1,825,063
6) (a) Rent	460,087	437,587
(b) Rates & Taxes	27,203	52,812
(c) Repairs:		
Machinery	252,067	267,154
Building	280,065	525,209
	532,132	792,363
(d) Exchange difference (Net)	340,355	(243,622)
(e) Insurance	219,964	168,287
(f) Directors fee	18,000	15,000
(g) Octroi & Freight	1,296,930	942,639
(h) Packing & Forwarding	1,980,722	1,805,927
(i) Post & Telephone	395,213	397,526
(j) Travelling & Conveyance	1,971,480	1,918,594
(k) General Charges	1,697,669	1,422,246
(including expenses like stationery legal, professional charges other fees etc.)		
(l) Commission & Brokerage	110,574	110,080
(m) Fixed Assets written off	—	26,541
(n) Payment to Auditors:		
Audit fee	75,000	60,000
Tax Audit fee	30,000	24,000
Other matters	9,000	8,000
Tax matters	18,500	21,000
Out of Pocket Exps.	4,550	4,500
	137,050	117,500
Total:::	130,833,765	101,041,622

SCHEDULE - '18' FINANCE CHARGES

Bank Interest on Term Loan	2,318,825	1,382,464
Other Bank Interest	2,540,636	2,630,284
Bank Charges/Commission	358,440	325,520
Other Interest	748,122	484,059
Other Financial Charges	37,038	69,621
Bill Discount Charges	37,233	247,502
Total:::	6,040,294	5,139,450

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) Revenue Recognition :

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contracted obligations have been satisfied, the property in goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained. The value of sales is inclusive of excise duty. Conversion charges are accounted on the basis of dispatch of material.

d) 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.

e) 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.

f) 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.

h) 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.

i) 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.

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

* 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 Provisions 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 31-3-2009 <u>Rupees</u>	As at 31-3-2008 <u>Rupees</u>
-------------------------------------	-------------------------------------

Disputed demands of Income tax in respect of earlier years for which appeals have been preferred before higher authorities.	9,39,112	9,39,112
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Note: A future cash outflow in respect of above depends on ultimate settlement / conclusions with the relevant authorities.

- | | | |
|--|----------|----------|
| (2) Estimated amounts of contracts remaining to be executed on capital account and not provided for (Net of Advances) | 2,90,749 | 4,50,097 |
| (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 purview of exempted borrowings 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 a 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. 9,01,271/- (P.Y. Rs. 9,99,953/-) 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,2009. Hence the disclosure relating to amounts unpaid as at the year end together with interest paid/ payable under this act have not been given. This is relied upon by auditors. | | |

expenses" (Schedule 17) in the Profit & Loss Account.

(ii) Defined Benefit Plan :

GRATUITY BENEFIT

	Defined benefit Obligation 31-03-09	Defined benefit Obligation 31-03-08
a) The amounts recognized in Balance Sheet are as follows:		
Present Value of funded Obligation	—	—
Fair Value of plan assets	—	—
Present value of unfunded obligations	1,203,500	8,61,850
Unrecognised past service cost	—	—
Net liability	1,203,500	8,61,850
Amount in the balance sheet:		
Liabilities	1,203,500	8,61,850
Assets	—	—
Net Liability	1,203,500	8,61,850
b) The amounts recognized in the statement of profit and loss are as follows:		
Current Service Cost	149,103	1,13,517
Interest on Obligation	67,741	66,201
Expected return on plan assets	—	—
Net Actuarial Losses (Gains) recognized in year	167,811	(86,203)
Past service cost	—	—
Losses (gains) on curtailments and settlement	—	—
Total Included in ' Employee benefit expense'	384,655	93,515
Actual return on plan assets	—	—
c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:		
Opening defined benefit Obligation	861,850	7,78,835
Service Cost	149,103	1,13,517
Interest Cost	67,741	66,201
Actuarial Losses (Gains)	167,811	(86,203)
Losses (Gains) on curtailments	—	—
Liabilities extinguished on settlement	—	—
Liabilities assumed in an amalgamation in the nature of purchase	—	—
Exchange differences on foreign plans	—	—
Benefits Paid	(43,005)	(10,500)
Closing defined benefit obligation	1,203,500	8,61,850
d) 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	—	—
Expected return	—	—
Actuarial gains and (Losses)	—	—
Assets distributed on settlements	—	—
Contribution by employer	—	—
Assets acquired in an amalgamation In the nature of purchase	—	—
Exchange differences on foreign plans	—	—
Benefit paid	—	—
Closing balance of fair value of plan assets	—	—

e) The major categories of plan assets as a percentage of total Plan assets are as follows:		
Government of India securities	0.00%	0.00%
High quality corporate bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurance company	0.00%	0.00%
f) Principal actuarial assumptions at the balance sheet date. (expressed as weighted averages):		
Discount rate	7.86%	8.50%
Proportion of employees opting for early retirement	—	—
Annual increase in salary costs	6.00%	6.00%
Future changes of maximum state health care benefits	—	—
g) 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, Amount for the current period are as follows:		
Defined benefit obligation	1,203,500	861,850
Plan assets	—	—
Surplus/(deficit)	(1,203,500)	(861,850)
Experience adjustments on plan Liabilities	—	—
Experience adjustments on plan assets	—	—
h) Movement in net liability recognized in balance sheet		
Net opening liability	861,850	778,835
P&L Charge	384,655	93,515
Benefits paid	(43,005)	10,500
Closing net liability	1,203,500	(861,850)

Notes : 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

(10) Related Party Transactions:

A) Name of related party & description of relationship with whom transactions taken place:

a. Key Management Personnel:

1. T.M. Patel

b. Relatives of key Management person:

1. K.M. Patel

2. M.A. Patel

3. Tejal 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. Avantika Investment Pvt. Ltd.

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	Loan Taken				
a)	Mahendra Credit & Investments Co.P.Ltd.	— (—)	— (—)	4,40,000 (63,10,000)	4,40,000 (63,10,000)
b)	M.A.Patel- HUF	— (—)	11,70,000 (34,00,000)	— (—)	11,70,000 (34,00,000)
c)	Tushar Patel	40,03,350 (22,77,482)	— (—)	— (—)	40,03,350 (22,77,482)
d)	Tejal T.Patel	— (—)	— (1,86,740)	— (—)	— (1,86,740)
	Loan Repaid				
a)	Mahendra Credit & Investments Co.P.Ltd.	— (—)	— (—)	4,84,100 (28,91,889)	4,84,100 (28,91,889)
b)	M.A.Patel- HUF	— (—)	7,20,199 (26,45,000)	— (—)	7,20,199 (26,45,000)
c)	Tejal T.Patel	— (—)	1,20,175 (66,565)	— (—)	1,20,175 (66,565)
d)	Tushar Patel	24,14,654 (4,56,975)	— (—)	— (—)	24,14,654 (4,56,975)
e)	Tejal Trading P.Ltd	— (—)	— (—)	— (16,45,657)	— (16,45,657)
4	Loan Given				
a)	Tejal T.Patel	— (—)	2,36,097 (—)	— (—)	2,36,097 (—)
b)	Tejal Trading P.Ltd	— (—)	— (—)	— (8,14,343)	— (8,14,343)
	Loan Received Back				
a)	Tejal T.Patel	— (—)	2,36,097 (—)	— (—)	2,36,097 (—)
b)	Tejal Trading P.Ltd	— (—)	— (—)	— (8,14,343)	— (8,14,343)

personnel, management
person: influenced by key
management personnel
or their relatives:

5 Balances with Related Parties as on 31-3-2009 for

Loan Taken

a) Mahendra Credit & Investments Co.P.Ltd.	— (—)	— (—)	34,32,797 (34,76,897)	34,32,797 (34,76,897)
b) M. A. Patel HUF	— (—)	96,10,305 (91,60,504)	— (—)	96,10,305 (91,60,504)
c) Tushar Patel	47,11,116 (31,22,420)	— (—)	— (—)	47,11,116 (31,22,420)
d) Others		— (1,20,175)	5,00,000 (5,00,000)	5,00,000 (6,20,175)

Against corporate Guarantee Taken

a) Mahendra Credit & Investments Co.P.Ltd.	— (—)	— (—)	20,00,000 (20,00,000)	20,00,000 (20,00,000)
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Note :

- a) 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.
- b) Director's sitting fees is shown separately in accounts.
- c) Payment to Key Management personnel in form of Managing Director's remuneration is shown in Note No. 14
- d) Figures in brackets relate to previous year

(11a) The company has acquired Motor Cars on Finance lease on or after April 1, 2001 amounting to Rs.25,84,410 /- (previous year Rs. 25,84,410/-). The minimum lease rentals outstanding as on 31st March 2009 in respect of these assets are as follows :

Due	Total of Minimum lease payments outstanding on 31/03/09	Future interest outstanding as on 31/03/09	Present value of minimum lease payment
Within one year	3,07,210	6,184	3,01,024
Later than one year And not later than five years	0	0	0
Total	3,07,210	6,184	3,01,024

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). Rent paid for such property for the year amounts to Rs. 4,19,587 (P.Y. Rs. 4,19,587)

	<u>As at 31-3-09</u>	<u>As at 31-3-08</u>
Deferred Tax liability on account of -		
a) Depreciation difference between I.T. and Accounts	18,74,067	19,73,893
Deferred Tax Assets on account of		
b) Unabsorbed Depreciation	18,74,067	19,73,893
	<u> </u>	<u> </u>
Deferred Tax	<u> </u>	<u> </u>

(13) Earnings Per Share:

- a) 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.
- b) 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

	<u>2008-09</u>	<u>2007-08</u>
	Rupees	Rupees
(a) Salary	3,89,988	3,90,000
(b) Contribution to P.F., Gratuity & Other funds	43,200	43,335

(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:

		<u>2008-09</u>	<u>2007-08</u>
		Qty.	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	6,39,136	6,01,142
Dipping	Kgs	5,61,849	3,59,835

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 73,275 (P.Y. 56,753) kgs. produced on Job work basis for others and 5,39,031 (P.Y. 3,59,835) Kgs. Dipped in-house
- (4) Actual production of Twisting & Weaving includes 9,815 (P.Y. 7,738) kgs. produced by third party on job work basis.

	Unit	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	25,101	58.65	1,82,313	391.30
ii) Fabrics (Dipped In House)	Kgs.	5,38,717	1,254.12	3,48,124	813.44
iii) Yarn	Kgs.	11,770	15.58	—	—

C) Stock*

	Units	Opening Stock as on				Closing stock as on			
		1-4-2009		1-4-2008		31-3-2009		31-3-2008	
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
i) Fabrics	Kgs.	269	0.55	2,888	5.73	2,086	4.28	269	0.55
ii) Fabrics (Dipped In-house)	Kgs.	14,486	31.33	1,313	2.84	15,116	30.91	14,486	31.33

*After adjustment of shortages/surplus

D) Raw Material consumed:

	Unit	2008-2009		2007-2008	
		Qty.	Amount	Qty.	Amount
i) Yarn *	Kgs.	5,64,334	950.07	5,30,272	742.25
ii) Fabric	Kgs.	—	—	3,625	5.44
iii) V.P.Latex	Kgs.	95,040	79.29	47,740	38.07
iv) Resorcinol	Kgs.	4,507	15.24	5,642	9.64
v) Others		—	35.72	—	20.91
			1080.32		816.31

* (Includes 11,770(P./Y.Nil) Kgs. for yarn sale)

E) Value of Raw material consumed:

	2008-2009		2007-2008	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	825.45	76.41	530.67	65.30
(b) Indigenous	254.87	23.59	285.64	34.70
	1080.32	100.00	816.31	100.00

F) Value of Stores & Spares consumed

	2008-2009		2007-2008	
	Rs.in lacs	% of total Consumption	Rs.in lacs	% of total consumption
(a) Imported	0.00	0.00	0.00	0.00
(b) Indigenous	22.44	100.00	18.25	100.00
	22.44	100.00	18.25	100.00

(a) Value of Imports (Raw Material/Parts)	7,24,59,240	4,21,44,633
(b) Expenditure in Foreign Currency	1,78,345	1,91,831
Traveling Expenses	1,355	—
(c) Earning in Foreign Currency Value - Exports of Fabrics (FOB Value)	13,58,680	—

(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	31-03-2009		

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	96734	Total Assets	96734
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Sources of Funds

Paid-up Capital	30000	Reserves & Surplus	-
Deferred Govt. Grant	1447	Secured Loans	42533
Unsecured Loans	22754		

Application of Funds

Net Fixed Assets	36531	Investments	1236
Net Current Assets	47586	Misc. Expenditure	-
Accumulated Losses	11381		

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

Turnover & Other Income	125527	Total Expenditure	141039
Profit/(Loss) Before Tax	(15512)	Profit/(Loss) After Tax	(15658)
Earnings per Share in Rs.	(5.22)	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, 2009

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-
Tushar Patel *Managing Director*

Sd/-
Miten Mehta *Director*

Ahmedabad
Date : June 30, 2009

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 26th Annual General Meeting of the
Company to be held on Wednesday, the 30th September, 2009 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this _____ days of _____ 2009.

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 26th 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 Wednesday, the 30th September, 2009, 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.

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