



ISO 9001:2015 REGISTERED FIRM

**SANRHEA**  
TECHNICAL TEXTILES LIMITED

Date: 01.09.2021

To,  
**BSE limited**  
Department of Corporate Services  
P J Towers, Dalal Street,  
Mumbai - 400001.  
**Security Code : 514280**

Dear Sir/Madam,

**Subject : Notice of 38th Annual General Meeting along with Annual Report of the Company for the Financial Year 2020-21.**

This is to inform that the 38th Annual General Meeting ("AGM") of the Company will be held on Tuesday, 21st September, 2021 at 9:00 a.m. through Video Conferencing / Other Audio Visual Means in accordance with the applicable circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2020-21, which is being sent through electronic mode to the Members.

The Annual Report containing the Notice is also uploaded on the Company's website and can be accessed at [www.sanrhea.com](http://www.sanrhea.com)

Kindly take the same on your record.

Yours Faithfully,

**For, Sanrhea Technical Textiles Limited**

**Dharmesh Patel**  
(Company Secretary)



**Encl. : As Above**

**Corporate Office & Works :** Dr. Ambedkar Road, Kalol (N.G.) 382721. **Phone :** (02764) 225204, 227831 **Fax :** (02764) 227696.

**Regd. Office :** Parshwanath Chambers, 2nd Floor, Nr. New RBI, Income Tax, Ahmedabad – 380 014.

**Tel. Fax :** (079) 27545646 **Email :** [sanrhea@gmail.com](mailto:sanrhea@gmail.com) **Web. :** [www.sanrhea.com](http://www.sanrhea.com)

**CIN :** L17110GJ1983PLC006309

**38<sup>th</sup>  
Annual  
Report  
2020-21**

***SANRHEA***  
***TECHNICAL TEXTILES LIMITED***



# MANAGEMENT SYSTEM CERTIFICATE

Certificate no.:  
180807-2015-AQ-IND-RvA

Initial certification date:  
26 June 2012

Valid:  
26 June 2021 – 25 June 2024

This is to certify that the management system of  
**Sanrhea Technical Textiles Ltd.**  
2891, Dr. Ambedkar Road, Near G E B, Kalol, District: Gandhinagar – 382 721, Gujarat, India

has been found to conform to the Quality Management System standard:  
**ISO 9001:2015**

This certificate is valid for the following scope:  
**Manufacture and supply of industrial woven fabrics**

Place and date:  
Chennai, 22 June 2021

For the issuing office:  
DNV - Business Assurance  
ROMA, No. 10, GST Road, Alandur,  
Chennai - 600 016, India



Sivadasan Madiyath  
Management Representative

**CORPORATE INFORMATION**

**Board of Directors**

Shri Tushar Patel	- <i>Managing Director</i>
Smt. Tejal Patel	- <i>Non-Executive Director</i>
Shri Miten Mehta	- <i>Independent Director</i>
Shri Vimal Ambani	- <i>Independent Director</i>
Shri Biren Patel	- <i>Independent Director (Appointed w.e.f.14.09.2020)</i>
Shri Mahendrasingh Hada	- <i>Additional Director - Executive (Appointed w.e.f. 30.04.2021)</i>

**Key Managerial Personnel**

Shri Jasubhai Patel	- <i>CFO</i>
Shri Dharmesh Patel	- <i>Company Secretary</i>

**Auditors**

Arpit Patel & Associates  
(Chartered Accountants)

**Registrar & Transfer Agent**

M/s. Link Intime India Pvt. Ltd.  
5<sup>th</sup> Floor, 506 TO 508,  
Amarnath Business Centre - 1 (ABC-1),  
Beside Gala Business Centre,  
Nr. St. Xavier's College Corner,  
Off C G Road, Elliesebridge,  
Ahmedabad - 380006.  
Tel No.: +91 79 26465179, Fax: +91 79 26465179  
E-mail ID: ahmedabad@linkintime.co.in

**Bankers**

Punjab National Bank (earlier known as United Bank of India)  
Sardar Vallabhbhai Sahakari Bank Ltd.

**Registered Office**

Parshwnath Chambers, 2<sup>nd</sup> Floor,  
Near New RBI Building, Income Tax,  
Ashram Road, Ahmedabad-380014

**Manufacturing Units**

Dr. Ambedkar Road,  
Near G.E.B.  
Kalol - 382721.

<b>Contents</b>	<b>Page No.</b>
Notice	02
Directors' Report	21
Independent Auditors' Report	36
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Notes to Account	49

**NOTICE**

Notice is hereby given that the 38th Annual General Meeting (AGM) of the members of For Sanrhea Technical Textiles Limited (“the Company”) will be held on Tuesday, 21<sup>st</sup> September, 2021 at 9.00 a.m. through Video Conferencing / Other Audio Visual Means (VC) to transact the following business :

**ORDINARY BUSINESS:**

**Item no. 1 - To adoption of Financial Statements**

To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors (‘the Board’) and Auditors thereon.

**Item no. 2 - To appoint of Smt. Tejal Patel (DIN 01130165), as a Director liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Smt. Tejal Patel (DIN 01130165), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

**SPECIAL BUSINESS:**

**Item no. 3 - To appoint of Shri Mahendrasingh Hada (DIN: 09161284), as an Executive Director**

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

“**RESOLVED THAT** pursuant to provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and on the recommendations of Nomination & Remuneration Committee and the Board of Directors, the consent of the Company be and is hereby accorded to appoint Shri Mahendrasingh Kishansingh Hada (DIN: 09161284) as a Director, designated as Executive Director of the Company, for a period of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024 on terms and conditions that may be determined by the Board of Directors and whose office shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** any of the Directors for the time being be and are hereby severally authorized to sign and execute all such documents and papers (including appointment letter etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may be considered expedient and necessary in this regard.

**RESOLVED FURTHER THAT** any one of the Directors for the time being be and are hereby severally authorised to sign the certified true copy of the resolution of the resolution to be given as and when required.”

**Item no. 4 - Issuance of Warrants convertible into Equity Shares to Promoter of the Company on a Preferential Basis**

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 Sections 23(1)(b), 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI

LODR Regulations”), the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the uniform listing agreement entered into by the Company with BSE Limited (the “**Stock Exchange**”) and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Securities and Exchange Board of India (the “**SEBI**”), Stock Exchange, Ministry of Corporate Affairs (“**MCA**”) and/or any other competent authorities (hereinafter singly or collectively referred to as the “**Appropriate Authorities**”) and subject to necessary approvals, permissions, consents and sanctions as may be necessary from the Appropriate Authorities in this regard and further subject to such terms, conditions, alterations, corrections, changes, variations and/ or modifications as may be prescribed or imposed by the Appropriate Authorities while granting any such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “**the Board**”, which term shall include any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the consent and approval of the Members of the Company be and is hereby accorded to the Board and the Board be and is hereby authorised on behalf of the Company to create, offer, issue and allot on preferential basis, from time to time in one or more tranches upto 7,28,072 warrants (“**Equity Warrants**” or “**Warrants**”) on a preferential basis to Shri Tushar Patel and 4,81,928 warrants (“**Equity Warrants**” or “**Warrants**”) to Smt. Tejal Patel, being Promoters (as defined in the ICDR Regulations), each convertible into, or exchangeable for, one equity share of face value of Rs. 10 each (the “**Equity Shares**”) at a price (including the warrant subscription price and the warrant exercise price) of Rs. 20.75/- each aggregating to Rs. 2,51,07,500 (Rupees Two Crore Fifty One Lakh Seven Thousand Five Hundred only), on such terms and conditions as may be determined by the Board in accordance with the provisions of Chapter VII of the ICDR Regulations or other applicable laws.

**RESOLVED FURTHER THAT** in terms of the provisions of Chapter V of the SEBI ICDR Regulations the Equity Shares are not frequently traded and the issue price of Warrants is Rs. 20.75/- per Warrant, which is computed as per regulation 165 of the SEBI ICDR Regulations. The Relevant Date is August 20, 2021, being the date which is 30 (thirty) days prior to the date of this Annual General Meeting i.e. September 21, 2021.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of Warrants to Shri Tushar Patel and Smt. Tejal Patel, (“**Warrant Holder**”) under the Preferential Issue shall be subject to the following terms and conditions:

1. The Warrant Holder shall, subject to the SEBI ICDR Regulations and other applicable rules, regulations and laws, be entitled to apply for and be allotted one Equity Share against each Warrant.
2. In accordance with the provisions of Chapter V of SEBI ICDR Regulations, 25% (Twenty-Five Per Cent) of the Warrant Issue Price, shall be paid by the Shri Tushar Patel and Smt. Tejal Patel, Promoters of the Company on or before allotment of the Warrants and the balance consideration i.e. 75% (Seventy-Five Per Cent) of the Warrant Issue Price shall be paid by the Shri Tushar Patel and Smt. Tejal Patel, Promoters of the Company at the time of exercise of option to apply for fully paid-up Equity shares of Rs.10/- each of the Company, against each such Warrants held by the Warrant Holder.
3. The Warrant Holder shall be entitled to exercise his option to convert any or all of the Warrants into equity shares of the Company in one or more tranches after giving a written notice to the Company, specifying the number of Warrants proposed to be exercised along with the aggregate Warrant Exercise Price payable thereon, without any further approval from the Members of the Company prior to or at the time of conversion. The Company shall accordingly, issue and allot the corresponding number of equity shares of the Company to the Warrant Holder.
4. The Warrant Holder shall make payment of Warrant Subscription Price and Warrant Exercise Price from its own bank account into to the designated bank account of the Company.
5. In terms of Regulation 166 of the SEBI ICDR Regulations, the price of Warrants determined above and the number of Equity Shares to be allotted on exercise of the Warrants shall be subject to appropriate adjustments, if applicable. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the Warrants shall continue to be locked in till the time such amount is paid by the Warrant Holder.

## **Annual Report 2020-21**

---

6. Upon exercise of the option by Warrant Holder(s), the Company shall issue and allot appropriate number of Equity Shares and perform all such actions as are required including to credit the same to the designated securities demat account of the Warrant Holder.
7. The Warrant Holder shall be entitled to all future corporate actions including but not limited to issue of bonus / rights, if any, and the Company shall reserve proportion of such entitlement for the Warrant Holder.
8. The tenure of Warrants shall not exceed 18 (eighteen) months from the date of allotment. If the entitlement against the Warrants to apply for the Equity Shares of the Company is not exercised by the Warrant Holder within the aforesaid period of 18 (eighteen) months, the entitlement of the Warrant Holder to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid by the Warrant Holder on such Warrants shall stand forfeited.
9. The Warrants shall be issued and allotted in dematerialised form within a period of 15 (fifteen) days from the date of passing of the Special Resolution by the Members, provided that where the issue and allotment of the said Warrants is pending on account of pendency of any approval for such issue and allotment by any regulatory authority, the issue and allotment shall be completed within a period of 15 (fifteen) days from the date of such approval.
10. The Equity Shares so allotted on exercise of the Warrants shall be in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu with the then existing Equity Shares of the Company, including entitlement to voting powers and dividend.
11. The Warrants by itself, until exercised and converted into equity shares, shall not give to the Warrant Holder any rights with respect to that of an Equity shareholder of the Company.
12. The Warrants and Equity Shares issued pursuant to the exercise of the Warrants shall be locked-in as prescribed under Chapter V of SEBI ICDR Regulations.
13. In the event that the Company completes any form of capital restructuring prior to the exercising of the Warrants, then, the number of Equity Shares that are issued against the exercise of each Warrant and the price payable for such Equity Shares, shall be appropriately adjusted in a manner that, to the extent permitted by applicable laws, Warrant Holder: (a) receives such number of Equity Shares that Warrant holder would have been entitled to receive; and (b) pays such consideration for such Equity Shares to the Company which Warrant holder would have been required to pay, had the Warrants been exercised immediately prior to the completion of such capital restructuring.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Warrants, subject to the provisions of the Act and the SEBI ICDR Regulations, without being required to seek any further consent or approval of the Members.

**RESOLVED FURTHER THAT** the monies received by the Company from the Shri Tushar Patel and Smt. Tejal Patel, Promoters of the Company for subscription of the Warrants pursuant to the Preferential Issue shall be kept by the Company in a separate account opened by the Company for this purpose and shall be utilized by the Company in accordance with the provisions of the Act.

**RESOLVED FURTHER THAT** the pre-preferential allotment shareholding of the Warrant Holder, if any, in the Company shall also be subject to lock-in as per the provisions of Chapter V of SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable to give effect to the above resolution, including without limitation to issue and allot Equity Shares upon exercise of the Warrants, to issue clarifications on the issue and allotment of Warrants and thereafter allotment of Equity Shares further to exercise of the Warrants, effecting any modifications to the foregoing (including to determine, vary, modify or alter any of the terms and conditions of the Warrants including deciding the size and timing of any tranche of the Warrants), entering into contracts, arrangements, agreements, memoranda, documents to give effect to the resolution above (including for appointment of agencies, consultants, intermediaries and advisors for managing issuance of

**Sanrhea Technical Textiles Limited**

Warrants and listing and trading of Equity Shares issued on exercise of Warrants), including making applications to the Stock Exchange for obtaining of in-principle approval, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (“NSDL”), Central Depository Services (India) Limited (“CDSL”) and/ or such other authorities as may be necessary for the purpose, and to take all such steps as may be necessary for the admission of the Warrants and Equity Shares (to be issued on exercise of the Warrants) with the depositories, viz. NSDL and CDSL and for the credit of such Warrants / Shares to the respective dematerialised securities account of the Warrant Holder.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to vary, modify or alter any of the relevant terms and conditions, including size of the Preferential Issue and consequent proportionate reduction (subject to rounding off adjustments) of the number of Warrants to be allotted to the Shri Tushar Patel and Smt. Tejal Patel, Promoters of the Company, provide any clarifications related to issue and allotment of Warrants, listing of equity shares on Stock Exchange and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of Warrants and Equity Shares and listing thereof with the Stock Exchange as appropriate and utilisation of proceeds of the Preferential Issue and further to authorise all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and the decision of the Board shall be final and conclusive.”

By order of the Board of Directors  
**For Sanrhea Technical Textiles Limited**

Place: Ahmedabad  
Date : 24.07.2021

**Dharmesh Patel**  
Company Secretary

**Notes:**

1. In view of the global outbreak of the Covid-19 pandemic, social distancing is a norm to be followed. Accordingly, the Ministry of Corporate Affairs (“MCA”) vide its General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/ 2020 dated April 13, 2020, followed by General Circular No. 20/2020 dated May 5, 2020 read with General Circular No.02/2021 dated January 13, 2021 (collectively referred to as “MCA Circulars”) has permitted the holding of the annual general meeting through Video Conferencing (“VC”) or through Other Audio-Visual Means (“OAVM”), without the physical presence of the Members at a common venue. The Securities and Exchange Board of India (“SEBI”) vide its circular dated January 15, 2021 read with May 12, 2020 (“SEBI Circulars”) has granted relaxation in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars and SEBI Circulars, the 38th Annual General Meeting (“Meeting” or “AGM”) of the Company is being held through VC / OAVM on **Tuesday, September 21, 2021 at 9:00 a.m. (IST)**. The proceedings of AGM deemed to be conducted at the Registered Office of the Company situated.
2. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC OR OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.
3. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility. Corporate Members/ Institutional Investors intending to appoint their



## Annual Report 2020-21

---

authorized representatives pursuant to Section 113 of the Act, to attend the AGM through VC or OAVM or to vote through remote e-voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail to [csdoshiac@gmail.com](mailto:csdoshiac@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) latest by Monday, September 20, 2021 (upto 10:30 a.m.).

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. As per the provisions of Clause 3.A.II. of the General Circular No. 20/ 2020 dated May 5, 2020, the matters of Special Business as appearing at Item Nos. 3 & 4 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.
6. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos. 3 & 4 of the Notice is annexed hereto. The relevant details, pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards -2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at the AGM is provided as annexure to the Notice. Requisite declarations have been received from Director/s for seeking appointment/re-appointment.
7. **The Members can join the AGM through VC/OAVM mode 10 minutes before and 5 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.** Pursuant to Regulation 44(6) of Listing Regulations, the Company is also providing live webcast of proceedings of the AGM. The Members will be able to view the proceedings on National Securities Depository Limited's ('NSDL') e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
8. Further, pursuant to the MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / the Registrar / Depositories. The Notice convening the AGM has been uploaded on the website of the Company at [www.sanrhea.com](http://www.sanrhea.com) and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
9. **Book Closure**  
The Register of Members and the Share Transfer Books of the Company will be closed from **Wednesday, September 8, 2021 to Monday, September 13, 2021** (both days inclusive) for the purpose of this AGM.
10. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd. ("**Registrar**" or "**RTA**") at [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in) for assistance in this regard.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc., to their Depository Participant ("DP") in case the shares are held in electronic form and to the Registrar in case the shares are held in physical form, quoting their folio number and enclosing the self-attested supporting document. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.
12. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination

are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. The said forms can be downloaded from the RTA's website at <https://web.linkintime.co.in/client-downloads.html>. Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form, quoting your folio no.

13. The format of the Register of Members prescribed by the MCA under the Act require the Company/Registrar and Share Transfer Agent to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing additional details will be provided upon request to be made to RTA/the Company. Members holding shares in physical form are requested to submit the filled in form to the RTA in physical mode. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or RTA.
14. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates and selfattested copies of the PAN card of the holders for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
15. During the AGM, Members may access the electronic copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act. Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com), latest by Monday, September 20, 2021 (upto 10:30 a.m.).
16. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
17. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form.
18. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting during the AGM will be provided by NSDL.
19. **Alternatively, Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-Voting by providing demat account number / Folio number, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card).** In case of Individual Shareholders holding securities in demat mode are requested to follow steps mentioned below in Para 29 below under Step 1 (A) i.e. "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
20. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.
21. Members of the Company holding shares either in physical form or in electronic form as on the cut-off date of **Tuesday, September 14, 2021** may cast their vote by **remote e-Voting**. **The remote e-Voting period commences on Friday, September 17, 2021 at 9:00 a.m. and ends on Monday, September 20, 2021 at 5:00 p.m.** The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

## Annual Report 2020-21

---

The voting rights of the Members (for voting through remote e-Voting before the AGM and e-Voting during the AGM) shall be in proportion to their share of the paid-up equity share capital of the Company as on the **cut-off date of Tuesday, September 14, 2021**. Subject to receipt of requisite number of votes, the Resolutions passed by remote e-voting are deemed to have been passed as if they have been passed at the AGM i.e. **Tuesday, September 21, 2021**. The Notice of the AGM indicating the instructions of remote e-voting process can be downloaded from the NSDL's website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or the Company's website [www.sanrhea.com](http://www.sanrhea.com).

22. Members will be provided with the facility for voting through electronic voting system during the video conferencing proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote during such proceedings of the AGM. Members who have cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolution(s) for which the member has already cast the vote through remote e-Voting.
23. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e. **Tuesday, September 14, 2021**, shall be entitled to avail the facility of remote e-voting before the AGM as well as e-Voting during the AGM. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after the dispatch of this Notice and holding shares as on the cut-off date, i.e. **Tuesday, September 14, 2021**, may obtain the User ID and password by sending a request along with the requisite documents as mentioned in Para 19 above, at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned **Para 29 below under Step 1 (A) i.e. "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
24. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-voting facility. The e-voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
25. **Shri Ashish Doshi partner of SPANJ & ASSOCIATES**, Practising Company Secretaries (Membership No. FCS 3544 & CP No. 2356) has been appointed as the Scrutinizer by the Board for providing facility to the Members of the Company to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.
26. The Scrutinizer will submit his report to the Chairman or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges on which the Company's shares are listed, NSDL and RTA and will also be displayed on the Company's website at [www.sanrhea.com](http://www.sanrhea.com).
27. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's email address at [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com) before 5.00 p.m. on Thursday, September 16, 2021. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.
28. Members who would like to express their views/ask questions as a speaker at the Meeting may preregister themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com) between **Friday, September 17, 2021 at 9:00 a.m. and ends on Monday, September 20, 2021 at 5:00 p.m. Only those Members**

who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

**29. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:**

The remote e-voting period begins on **Friday, September 17, 2021** at 9:00 A.M. and ends on **Monday, September 20, 2021** at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. **Tuesday, September 14, 2021**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being **Tuesday, September 14, 2021**.

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
Individual Shareholders holding securities in demat mode with <b>NSDL</b> .	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

## Annual Report 2020-21

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
<b>Individual Shareholders (holding securities in demat mode) login through their depository participants</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
<b>a) For Members who hold shares in demat account with NSDL.</b>	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
<b>b) For Members who hold shares in demat account with CDSL.</b>	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
<b>c) For Members holding shares in Physical Form.</b>	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - (c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on **“Forgot User Details/Password?”** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?”** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.



## **Annual Report 2020-21**

---

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

#### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

- (a) After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
- (b) Select “EVEN” of the company Sanrhea Technical Textiles Limited to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
- (c) Now you are ready for e-Voting as the Voting page opens.
- (d) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
- (e) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (g) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **30. General Guidelines for shareholders**

- (a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csdoshiac@gmail.com](mailto:csdoshiac@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) latest by Monday, September 20, 2021 (upto 10:30 a.m.).
- (b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- (c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

### **31. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- (a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) by email to [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com).
- (b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAAR (self attested scanned copy of Aadhaar Card) to [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
- (c) Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

- (d) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**32. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- (a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- (c) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**33. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- (a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- (b) Members are encouraged to join the Meeting through Laptops for better experience.
- (c) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (e) Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at dk.sanrhea@gmail.com. The same will be replied by the company suitably.

**Company's Details:**

**SANRHEA TECHNICAL TEXTILES LIMITED**

Parshwanath Chambers, 2nd Floor, Nr. New RBI, Income Tax, Ahmedabad - 380 014.

E-mail ID: sanrhea@gmail.com

**Registrar and Transfer Agent:**

**LINK INTIME INDIA PRIVATE LIMITED**

5TH Floor, 506 TO 508, Amarnath Business Centre - 1 (ABC-1), Beside Gala Business Centre,

Nr. St. Xavier's College Corner, Off C G Road, Elliesebidge, Ahmedabad - 380006.

Tel No.: +91 79 26465179, Fax: +91 79 26465179

E-mail ID: ahmedabad@linkintime.co.in

**Scrutinizer :**

**SPANJ & ASSOCIATES**

Practising Company Secretaries

TF/1, Anison Building, SBI Lane, Nr. Stadium Circle, C. G. Road, Ahmedabad - 380009

E-mail ID: csdoshiac@gmail.com



## **Annual Report 2020-21**

### **Statement pursuant to Section 102(1) of the Companies Act, 2013, as amended ('Act') and Secretarial Standard - II on General Meeting**

#### **Item No. 3**

Shri Mahendrasingh Hada (DIN: 09161284), was appointed as an Additional Director (Executive) upto ensuing Annual General Meeting of the Company. He is BSC graduate from Rajasthan University is serving the Company since last 21 years as General Manager and established his name in the Textile Industry over two generations.

His has wide and rich experience in the field of Technical Textiles and having gained substantial technical knowledge. He manages Company's Production and Marketing and takes the business to new markets and newer heights. Today the business stands strong and is the market leader in manufacturing of various specialised industrial fabrics.

The Board is confident about Shri Mahendrasingh Hada (DIN: 09161284), being able to function and discharge his duties in an able and competent manner.

Based on recommendation of Nomination and Remuneration Committee, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Mahendrasingh Hada (DIN: 09161284), as an Executive Director. Accordingly, the Board recommends passing of the Special Resolution in relation to appointment of Shri Mahendrasingh Hada (DIN: 09161284), as an Executive Director for the term of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024, for the approval by the shareholders of the Company.

The Board recommends the resolution as set out in the accompanying notice for the approval of members as a Special Resolution.

None of the Directors, Key Managerial Personnel (KMP) or their respective relatives are, in any way, concerned or interested, financially or otherwise, except as shareholders in general in the said resolution.

#### **Disclosure as required under Schedule V to the Companies Act, 2013 is given hereunder:**

##### **I. GENERAL INFORMATION:**

###### **1. Nature of Industry:**

The Company Sanrhea, an ISO 9001:2015 approved Company set up its facility to manufacture industrial fabrics in 1997 as a small convertor and has grown over the years to become one of the largest and most reputed manufacturers of RFL - Dipped fabrics for Conveyor Belts, Tyres and other Rubber Products. The company has today established itself as one of the most accepted and respected manufacturer of various industrial fabrics & technical fabrics in India.

###### **2. Date or expected date of commencement of commercial production:**

The Company is a manufacturing industrial fabric since 1997 and as such there is no date of commencement of commercial production.

###### **3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable

###### **4. Financial performance based on given indicators**

During the year under report, performance of the company is upto the mark. Sales of the Company are Rs. 3,896.46 lakh as compare to Rs. 3,431.44 lakh in the previous year. Gross Profit of the Company is Rs. 457.63 lakh as compare to Rs. 162.51 lakh for the previous year. After providing Depreciation, Finance Charges and Taxation, the company has incurred Net Profit of Rs. 199.03 lakh. The performance of the year is good as compared to previous year.

**5. Foreign investments or collaboration:**

The Company is a regular Exporter of RFL - Dipped fabrics for Conveyor Belts, Tyres and other Rubber Products.

**II. INFORMATION ABOUT THE APPOINTEE:**

As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the particulars of Directors who are proposed to be appointed are given below.

**1. Background Details:**

Shri Mahendrasingh Hada is BSC graduate from Rajasthan University is serving the Company since last 21 years as General Manager and established his name in the Textile Industry over two generations. His has wide and rich experience in the field of Technical Textiles and having gained substantial technical knowledge. He manages Company's Production and Marketing and takes the business to new markets and newer heights. Today the business stands strong and is the market leader in manufacturing of various specialised industrial fabrics.

**2. Past Remuneration:**

Shri Mahendrasingh Hada had drawn remuneration of Rs. 14.72 Lakhs during the financial year 2020-21 as General Manager of the Company.

**3. Recognition or Awards:**

Not applicable.

**4. Job Profile and Suitability of the Appointee:**

Shri Mahendrasingh Hada has been associate with the Company since last couple of years and has been contributing in his role towards achievement of the common objectives of the organization. Hence, on that basis the recommendation of the Nomination and Remuneration Committee and approval of the Board, Shri Mahendrasingh Hada is suitable candidates for appointment as Executive Director of the Company.

**5. Remuneration Proposed:**

The appointee will be paid remuneration as following or such other limit as may be ascertained under the provisions of Schedule V of the Act, payable as per rules and policies of the Company, for a term of three years w.e.f. 30th April, 2021.

No.	Name of the Director	Designation	Remuneration (p/m)
1.	Shri Mahendrasingh Hada	Executive Director	Upto 2,00,000

**6. Comparative remuneration profile with respect to the industry, size of the Company, profile of the position and person:**

Taking into account the size of the Company, industry benchmark in general, profile, position, responsibilities, capabilities and the involvement of Shri Mahendrasingh Hada in the Company, the proposed remuneration to the appointee is reasonable and in line with the remuneration levels in the Industry, across the country and befits his position.

**7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any**

Apart from receiving managerial remuneration and holding of 0.76% of Equity Shares of the Company, he does not have any other pecuniary relationship with the Company.

## Annual Report 2020-21

---

### III. OTHER INFORMATION

#### 1. Reasons of loss or inadequate profits:

- Uncertainty and availability of raw material;
- Direct competition with China.

#### 2. Steps taken or proposed to be taken for improvement

- The company has started to keep reasonable quantity of raw material in advance.
- To overcome with biggest competitor, our Company is consistently improving quality in products and developing new products for domestic market as well as international market.

#### 3. Expected increase in productivity and profits

The Company is committed to build the business operations within budget and considering that the business operates on a going concern basis, it is believed that financial position of the Company will improve further in near future. The big thrust that the Government has given to the development of Roads and Ports in India, and the pace at which the Highways are being added will have a very positive effect on the Cement, Steel, and Mining Industry, which will revive the demand for our prime product segment of Conveyor Belting Fabrics. This will also have a positive effect on the Automobile and Tyre Industry, where our other product line finds its market.

### IV. Disclosures:

1. The remuneration package of all the managerial persons are given in the respective resolutions.
2. The above explanatory statement (together with Annexure thereto) shall be construed to be memorandum setting out the terms of the appointment/re-appointment as specified under Section 190 of the Companies Act, 2013.

### Item No. 4

In order to further strengthen its capital base and balance sheet, the Company made a fresh issue of convertible warrants aggregating to ₹ 2,51,07,500 (Rupees Two Crore Fifty One Lakh Seven Thousand Five Hundred only). In accordance with Sections 23(1)(b), 42, 62(1)(c) and other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time, approval of members of the Company by way of Special Resolution is required to issue of Convertible Warrants ("Warrants") to the entities belonging to Promoter Group, on a preferential basis in compliance with applicable provisions of SEBI (ICDR) Regulations.

The details in relation to the Preferential Issue as required under the SEBI ICDR Regulations and the Act read with the rules issued thereunder, are set forth below:

#### i) Particulars of the Preferential Issue including date of passing of Board Resolution

The Board of Directors in its meeting held on July 24, 2024, had approved the issue of convertible Warrants and accordingly proposes to issue and allot in aggregate up-to ₹ 12,10,000 convertible Warrants at a price of ₹ 20.75/- each, aggregating up-to ₹ 2,51,07,500 (Rupees Two Crore Fifty One Lakh Seven Thousand Five Hundred only), each convertible into 1 (One) Equity Share of the face value of ₹ 10/- (Rupees Ten Only) each ("the Equity Shares") at a price of ₹ 20.75/- per share to the entities belonging to Promoter Group, on a preferential basis in compliance with applicable provisions of SEBI (ICDR) Regulations.

**ii) Object of the preferential issue of Equity Warrants and details of utilization of proceeds:**

As a part of growth strategy, your Company plans to issue Equity Warrants to Promoter Group to further increase the Equity base of the Company, to augment long term resources to meet near term working capital requirements, reduce/ repay the debt obligations of the Company.

**iii) Relevant Date**

In terms of the provisions of Chapter V of the SEBI ICDR Regulations, relevant date for the Preferential Issue is August 20, 2021, being the date 30 days prior to the date of this Annual General Meeting ("AGM").

**iv) Basis on which the price has been arrived**

The Equity Shares of the Company are listed on BSE Limited ("BSE"). The Equity Shares are not frequently traded in terms of the SEBI ICDR Regulations and price is computed as per regulation 165 of the SEBI ICDR Regulations.

In terms of the applicable provisions of the ICDR Regulations, the minimum issue price at which the Warrants shall be allotted is ₹ 20.67/-.

The pricing of the Warrants to be allotted on preferential basis is ₹ 20.75/- per Warrants, which is higher than above mentioned price.

**v) Intent of the Promoters, directors or key managerial personnel of the Company to subscribe to the Preferential Issue; contribution being made by the Promoters or Directors either as part of the Preferential Issue or separately in furtherance of the objects:**

Sr. No.	Name of the proposed allottee	No. of Warrants
1	Shri Tushar Patel	728072
2	Smt. Tejal Patel	481928

None of the Directors or Key Managerial Personnel of the Company intends to subscribe Warrants proposed to be issued under the Preferential Issue or otherwise contribute to the Preferential Issue or separately in furtherance of the objects specified herein above except mentioned above.

**vi) Time frame within which the Preferential Issue shall be completed**

Pursuant to the SEBI ICDR Regulations, in case of Warrants, it will be issued and allotted by the Company within a period of Fifteen (15) days from the date of passing of this resolution provided that where the issue and allotment of the said Warrants is pending on account of pendency of any regulatory approval, then such issue and allotment shall be completed within a period of Fifteen (15) days from the date of receipt of last of such approvals.

**vii) Principal terms of assets charged as securities**

Not applicable.

## Annual Report 2020-21

### viii) The shareholding pattern of the Company before and after the preferential issue of Equity Warrants

Sr. No.	Particulars	Pre-preferential allotment shareholding*	% of holding	Post preferential allotment of Warrants/ Exercise of Warrants into Equity Shares**	% of holding
<b>A</b>	<b>Promoter's Holding</b>				
	Indian Promoters	1344000	35.46	2554000	51.08
	Bodies Corporate	1010450	26.66	1010450	20.21
	<b>Sub-Total A</b>	<b>2354450</b>	<b>62.12</b>	<b>3564450</b>	<b>71.29</b>
<b>B</b>	<b>Non-Promoters Holding</b>	-	-	-	-
	Insurance Companies	-	-	-	-
	Mutual Funds	-	-	-	-
	Banks, Financial Institutions, (Central Govt. State Govt. Institutions / Non-Government Institutions)	-	-	-	-
	Foreign Institutional Investors (FIIs)	-	-	-	-
	Venture Capital Fund	-	-	-	-
	<b>Sub-Total B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Public Shareholding</b>	-	-	-	-
	Bodies Corporates	151895	4.01	151895	3.04
	Hindu Undivided Family	75464	1.99	75464	1.51
	Resident Individuals	1206266	31.83	1206266	24.12
	Non Resident Indians	1500	0.04	1500	0.03
	Clearing Members	425	0.01	425	0.01
	Trust	-	-	-	-
	<b>Sub-Total C</b>	<b>1435550</b>	<b>37.88</b>	<b>1435550</b>	<b>28.71</b>
	<b>Grand Total</b>	<b>3790000</b>	<b>100.00</b>	<b>5000000</b>	<b>100.00</b>

#### Notes:

\* Pre-preferential allotment shareholding pattern is as on June 30, 2021.

\*\* The above Post preferential allotment of Warrants/ Exercise of Warrants into Equity Shares shareholding pattern assumes that the Preferential Issue of Equity Warrants issued pursuant to this resolution are converted into equity shares, failing which, the percentage will change accordingly.

ix) Identity of the natural persons who are the ultimate beneficial owners of the Equity Warrants proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue

## Sanrhea Technical Textiles Limited

The Warrants are proposed to be allotted Shri Tushar Patel and Smt. Tejal Patel forming part of the promoter group of the Company. Details of Shareholding of Promoters and Promoter Group are as under:

Sr. No.	Particulars	Pre-Shareholding*		No of Equity Shares allotted post exercise of Warrants	Post Shareholding**	
		No. of Shares	% of holding		No. of Shares	% of holding
1	Shri Tushar Patel	757200	19.98	728072	1485272	29.71
2	Smt. Tejal Patel	304100	8.02	481928	786028	15.72

### Notes:

\* Pre-preferential allotment shareholding pattern is as on June 30, 2021.

\*\* The above Post preferential allotment of Warrants/ Exercise of Warrants into Equity Shares shareholding pattern assumes that the Preferential Issue of Equity Warrants issued pursuant to this resolution are converted into equity shares, failing which, the percentage will change accordingly.

### x) Change in control

As a result of the proposed Preferential Issue of Equity Warrants, and upon conversion of the Equity Warrants, there will be no change in the control of the Company.

### xi) Lock-in-period

The entire pre-preferential allotment shareholding of the allottees and Equity Shares arising on conversion of said warrants shall be under lock-in as per the requirements of Chapter V of SEBI ICDR Regulations, 2018.

### xii) The Company hereby undertakes that:

- None of the Company, its Directors or Promoter have been declared as willful defaulter as defined under the ICDR Regulations. None of its Directors or Promoter is a fugitive economic offender as defined under the ICDR Regulations.
- The Company is eligible to make the Preferential Allotment to its Promoter under Chapter V of the ICDR Regulations.
- the Company will re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.
- The Company hereby undertakes that it shall re-compute the price of the Warrants in terms of the provisions of the ICDR where it is required to do so, until the amount so payable is not paid within the time stipulated under ICDR Regulations, the Warrants shall continue to be locked -in till the time such amount is paid by the proposed allottees.
- The Equity Shares held by the proposed allottees in the Company are in dematerialized form only.

### xiii) Auditor's certificate

The certificate from M/s. Arpit Patel & Associates, Chartered Accountants, being the Statutory Auditors of the Company certifying that the preferential issue is being made in accordance with the requirements of Chapter V of the SEBI ICDR Regulations, 2018 shall be available for inspection at the Corporate office of the Company on all working days (excluding Saturday) during 10:00 A.M. to 5:00 P.M. up to the date of Annual General Meeting and shall also be available during the Annual General Meeting. The members desirous to inspect the auditor certificate may send an email at [dk.sanrhea@gmail.com](mailto:dk.sanrhea@gmail.com), for inspection of said certificate electronically during the AGM, at-least 5 days before the date of AGM, in advance.

### xiv) Other disclosures

- During the period, commencing from July 24, 2020 till the date of Notice of this AGM, the Company has not made any preferential issue of Warrants/Equity Shares.
- Report of the registered valuer is taken for the proposed Preferential Issue.

## Annual Report 2020-21

- No member of the promoter group of the Company have sold or transferred any Equity Shares during the six months preceding the Relevant Date.

In accordance with Sections 23(1)(b), 42, 62(1)(c) of the Act read with applicable rules thereto and relevant provisions of the SEBI ICDR Regulations, approval of the Members for issue and allotment of the Warrants to entities belonging to the Promoter Group and issue, is being sought by way of a "Special Resolution" as set out in the said item no. 4 of the Notice. Provided that, the aforesaid Preferential Issues would be within the Authorised Share Capital of the Company.

The Board of Directors believes that the proposed Preferential Issue are in the best interest of the Company and its Members and, therefore, recommends the Special Resolution at Item no.4 of the accompanying Notice for approval by the Members of the Company.

Except Shri Tushar Patel and Smt. Tejal Patel, none of the Directors, Key Managerial Personnel (KMP) or their respective relatives are, in any way, concerned or interested, financially or otherwise in the Resolution mentioned at Item no. 4 of the accompanying Notice.

By order of the Board of Directors  
**For Sanrhea Technical Textiles Limited**

Place: Ahmedabad  
Date : 24.07.2021

**Dharmesh Patel**  
Company Secretary

### Annexure to Notice

**Details of the Director seeking appointment /re-appointment in the forthcoming Annual General Meeting**  
[in pursuance to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

Name	Smt. Tejal Patel	Shri Mahendrasingh Hada
Date of Birth	06/12/1967	17/09/1963
Qualifications	B.Com	BSC
Expertise in Specific Functional Areas	Finance	Production and Marketing
Date of first appointment in the current designation	13/02/2015	30/04/2021
Relationship with other Directors / Key Managerial Personnel	Spouse of Shri Tushar Patel and not related to any other Director / KMP	-
Directorships held in other Public Companies (excluding foreign companies)	-	-
Membership/ Chairmanship of Committees across Public Companies	-	-
Memberships/ Chairmanship of Committees of other Public Companies	-	-
Shareholding % in the Company	8.02	0.76%

By order of the Board of Directors  
**For Sanrhea Technical Textiles Limited**

Place: Ahmedabad  
Date : 24.07.2021

**Dharmesh Patel**  
Company Secretary

**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present the 38<sup>th</sup> Annual Report together with the audited financial statement of the company for the year ended on **31<sup>st</sup> March, 2021**.

The summarized financial results for the year ended **31<sup>st</sup> March, 2021** are as under:

**Financial Results:**

Particulars	2020-21 (₹ in Lakhs)	2019-20 (₹ in Lakhs)
Gross Income	3909.95	3437.62
Gross Profit	457.63	162.51
<b>Less:</b>		
Depreciation	98.65	90.89
Finance Charges	132.50	134.71
Total tax expenses	28.79	35.86
Other Comprehensive Income	(1.34)	10.03
Net Profit/(Loss)	199.03	(108.98)
Balance of P&L Account B/F	157.30	266.28
Appropriation:		
Transfer to General Reserve	-	-
Balance of Profit/Loss Carried Forward	356.33	157.30

**Operations:**

During the year under report, performance of the company is upto the mark. Sales of the Company are ₹ 3,896.46 lakh as compare to ₹ 3,431.44 lakh in the previous year. Gross Profit of the Company is ₹ 457.63 lakh as compare to ₹ 162.51 lakh for the previous year. After providing Depreciation, Finance Charges and Taxation, the company has incurred Net Profit of ₹ 199.03 lakh. The performance of the year is good as compared to previous year.

**Dividend:**

In order to maintain reserve, the Directors have not declared dividend during the reporting period.

**Change in the Nature of Business:**

There has been no change in the nature of the business during the financial year 2020-21.

**Transfer to Reserves:**

The company has not transferred any amount to General Reserve.

**Deposits:**

The Company has not accepted any Deposits from the public and it is therefore not required to comply with the requirement under the Companies (Accounts) Rules, 2014.

**Change in Share Capital:**

During the financial year 2020-21, there has been no change in the share capital of the company.

**Disclosure regarding Issue of Equity Shares with Different Rights:**

The company has not issued any equity shares with differential voting rights during the financial year and it is therefore not required to make disclosures specified in Rule 4(4) of Companies (Share Capital and Debenture) Rules, 2014.



## **Annual Report 2020-21**

---

### **Disclosure regarding issue of Sweat Equity Shares:**

The company has not issued any Sweat Equity Shares during the financial year and it is therefore not required to make disclosures specified in Rule 8(13) of Companies (Share Capital and Debenture) Rules, 2014.

### **Disclosure regarding issue of Employee Stock Option:**

The company has not issued any shares under Employee Stock Option Scheme during the financial year and it is therefore not required to make disclosures specified in Rule 12(9) of Companies (Share Capital and Debenture) Rules, 2014.

### **Annual Return:**

As provided under Section 92(3) & 134(3)(a) of the Act, Annual Return for FY 2020-21 is uploaded on the website of the Company and can be accessed at [http://www.sanrhea.com/for\\_investors.html#annualreturn](http://www.sanrhea.com/for_investors.html#annualreturn)

### **Number of Meetings of the Board of Directors and Audit Committee:**

A calendar of Meetings was prepared and circulated in advance to the Directors.

During the year under review Five Board Meetings were held on 25.05.2020, 25.07.2020, 14.09.2020, 12.11.2020 and 12.02.2021 respectively. Four Audit Committee Meetings were convened on 25.07.2020, 14.09.2020, 12.11.2020 and 12.02.2021 respectively. Meeting of Nomination and Remuneration Committee was held on 14.09.2020. Stakeholders Relationship Committee and Independent Directors' meeting was held on 12.02.2021. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### **Particulars of Loan, Guarantees and Investment:**

During the reporting period, your Company has not make any loans, guarantees or investments under section 186 of the Companies Act, 2013 and rules thereof.

### **Particulars of Contracts or Arrangements with Related Parties:**

With reference to Section 134(3)(h) of the Companies Act, 2013, all contracts and arrangements with related parties under Section 188(1) of the Act, entered by the Company time to time.

During the year, the Company has not entered into any contract or arrangement with related parties which could be considered 'material' according to the policy of the Company on Materiality of Related Party Transactions.

Your attention is drawn to the Related Party disclosures set out in the Notes forming part of the Account. Further Form AOC 2 is not forming part of the Report, as the there is no transactions during the reporting year.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Particulars relating to conservation of Energy, Technology Absorption, Foreign exchange earnings and outgo, are given separately in the Annexure hereto and form part of this report as **Annexure - I**.

### **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report as **Annexure - II**.

### **Material changes and commitments affecting the financial position of the company:**

There are no material changes and commitments affecting financial position of the company which have occurred between the end of financial year and date of report.

### **Subsidiaries, Joint Ventures and Associate Companies:**

During the year under review, Company does not have any subsidiary company and none of the companies has become or ceased to be Company's subsidiaries, joint ventures or associate companies.

**Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies:**

During the year under review, none of the companies have become or ceased to be Company's subsidiaries, joint ventures or associate companies, therefore Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies is not require to be given.

**Directors:**

**Appointment/Re-appointment**

Pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, offer themselves for re-appointment at every AGM. Consequently, Smt. Tejal Patel (DIN: 01130165), Director will retire by rotation at the ensuing AGM, and being eligible, offer herself for re-appointment in accordance with the provisions of the Companies Act, 2013.

The brief resume of the Director being re-appointed, the nature of her expertise in specific functional areas, names of companies in which he hold Directorships, Committee Memberships/ Chairmanships and shareholding etc., are furnished in the explanatory statement to the notice of the ensuing AGM.

The Directors recommend her re-appointment at the ensuing AGM.

Pursuant to provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and on the recommendations of Nomination & Remuneration Committee and the Board of Directors, Shri Mahendrasingh Hada was appointed as an Additional Director, designated as Executive Director of the Company, for a period of 3 (three) years with effect from 30.04.2021 on terms and conditions that may be determined by the Board of Directors subject to the approval of Shareholders of the Company at the ensuing AGM.

Based on recommendation of Nomination and Remuneration Committee, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Mahendrasingh Hada (DIN: 09161284), as an Executive Director. His has wide and rich experience in the field of Technical Textiles and having gained substantial technical knowledge. He manages Company's Production and Marketing and takes the business to new markets and newer heights. Today the business stands strong and is the market leader in manufacturing of various specialised industrial fabrics.

Accordingly, the Board recommends passing of the Special Resolution in relation to appointment of Shri Mahendrasingh Hada (DIN: 09161284), as an Executive Director for the term of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024 for the approval by the shareholders of the Company.

The Directors recommend his appointment at the ensuing AGM.

The brief resume of the Directors being re-appointed, the nature of their expertise in specific functional areas, names of companies in which they hold Directorships, Committee Memberships/ Chairmanships and their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing AGM.

**Key Managerial Personnel:**

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

Shri Tushar Patel	: Managing Director
Shri Jasubhai Patel	: CFO
Shri Dharmesh Patel	: Company Secretary
Shri Mahendrasingh Hada	: Additional Director - Executive (Appointed w.e.f. 30.04.2021)

## **Annual Report 2020-21**

---

### **Declaration by Independent Director:**

As per the requirements of the Companies Act, 2013, the company being a listed company require to appoint independent Directors being a listed company. Therefore requirement for obtaining Declaration by the Independent Directors pursuant to section 149(6) Companies Act, 2013 is applicable to the company.

### **List of the Independent directors:**

Shri Vimal Ramniklal Ambani

Shri Miten Ashwin Mehta

Shri Biren Patel : Independent Director (Appointed w.e.f.14.09.2020)

The Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in SEBI.

### **Directors' Responsibility Statement:**

In accordance with the provisions of Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, the Board of Directors states:

- 1) that in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date.
- 3) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) that the annual financial statements have been prepared on a going concern basis;
- 5) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- 6) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **Particulars of Employees:**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

### **Managerial Remuneration:**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is attached herewith as **Annexure – III**.

Details Of Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operations In Future:

The Company has not received any significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in Future.

**Insurance:**

The Company has taken adequate insurance to cover the risks to its people, plants and machineries, buildings and other assets.

**Risk Management Policy:**

The company has taken sufficient insurance for the properties against risks of fire, strike, riot and earthquake. All the Assets of the company including Inventories, Buildings, Machinery is adequately insured.

The Company has laid down a Risk Management Policy and identified threat of such events which if occurs will adversely affect either / or, value to shareholders, ability of company to achieve objectives, ability to implement business strategies, the manner in which the company operates and reputation as "Risks". Further such Risks are categorized in to Strategic Risks, Operating Risks & Regulatory Risks. A detailed exercise is carried out to identify, evaluate, manage and monitoring all the three types of risks. Audit Committee has been constituted to oversee the risk management process in the Company required under Section 134(3)(n) of the Companies Act, 2013.

**Corporate Social Responsibility:**

Under Section 135 of the Companies Act, 2013 the provision of Corporate Social Responsibility is not applicable to the company for the financial year 2020-21.

**Audit Committee:**

The Company has constituted the audit committee as per requirement of section 177 of the Companies Act, 2013 read with rule (6) of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 being a Listed company.

**Vigil Mechanism:**

The Company has established vigil mechanism and framed whistle blower policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy.

**Nomination and Remuneration Committee:**

The company has constituted Nomination and Remuneration Committee pursuant to section 178 of the Companies Act, 2013 read with rule (6) of the Companies (Meetings of Board and its Powers) Rules, 2014 being a Listed company The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

**Board Evaluation:**

Pursuant to Section 134(3)(p) of the Companies Act, 2013 read with rule 8(4) of the Companies (Accounts) Rules, 2014, the Board, in consultation with its Nomination & Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and Individual Directors, including Independent Directors.

**Corporate Governance:**

Provision relating to Corporate Governance is not applicable to the company vide SEBI Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014 and as per SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, therefore, Corporate Governance report is not forming part of the Annual Report.

**Disclosures under Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the financial year 2020-21, the company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31 March, 2021.

## **Annual Report 2020-21**

---

### **Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed PCS Jitendra Leeya, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure - IV**.

### **Statutory Auditors:**

M/s. Arpit Patel & Associates, Chartered Accountants (Firm registration number 144032W) was appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on August 29, 2019. They have confirmed that they are not disqualified from continuing as Auditors of the Company. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

### **Cost Auditor:**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014 is not applicable to the company for the year under review.

### **Internal Financial Control System:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Auditor places Internal Audit reports before the Board of Directors.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant Audit observations and corrective actions thereon are presented before the Board.

### **Auditor's Report:**

The Auditors' Report for the financial year 2020-21 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### **Acknowledgement:**

Your directors place on record their gratitude to the Central Government, State Governments and Company's Bankers for the assistance, co-operation and encouragement they extended to the company. Your directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of investors, vendors, dealers, business associates and employees in ensuring an excellent all around operational performance.

By order of the Board of Directors  
**For Sanrhea Technical Textiles Limited**

Place : Ahmedabad  
Date : 30.06.2021

**Tushar Patel**  
Managing Director  
[DIN: 00031632]

**Tejal Patel**  
Director  
[DIN: 01130165]

**(A) Conservation of energy :**

(i) Steps taken for conservation of energy :

- Energy conservation continues to be the key focus area of your Company. The Company is making continuous effort for energy conservation. Effective measures have been taken to monitor consumption of energy during the process of manufacture.
- Continuous monitoring and awareness amongst employees has helped to avoid wastage of energy.
- Maintain proper air circulation inside the production area to regulate the heat released by the extruder units.
- Continuously we take necessary activities to educate and encourage employees to establish energy efficient practices.

(ii) Steps taken by the Company for utilising alternate sources of energy: Nil

(iii) Total energy consumption and energy consumption per unit of production:

Particulars	2020-21	2019-20
Unit (KWH in Lakhs)	15.62	14.25
Total Amount (in ₹)	11073408	10586653
Cost/Unit (in ₹)	7.09	7.43

**(B) Technology absorption-**

**(i) Research and Development:**

The company continues its surge in developing various specialised fabrics for various import substitution needs of the Engineering, Automobile and Rubber Component markets. A lot of new fabrics are currently in the developed or developing stage, and show a promising volume business for the company as they get commercially established.

**(ii) Technology absorption, adaptation and innovation:**

The company implemented its expansion as well as up gradation plans as programmed last year and has now additionally installed TFO's, Rapier Looms as well as the Upgraded Dipping line up and running. This has helped in furthering the quality standard of the company.

**(C) Foreign exchange earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows is as given below:

(Amount in ₹)

Particulars	Financial Year 2020-21	Financial Year 2019-20
Earning in Foreign Currency	14170320	9527915
Expenditure in Foreign Currency	64026641	75686735

**MANAGEMENT DISCUSSION AND ANALYSIS****OPERATIONS**

As you are all aware, it's been a year where the entire world has gone thru an unprecedented experience – A Pandemic that affected the entire world and all communities, trades and activities. Like most companies our company too had to take a shutdown well unto the end of May 2020, subsequent to which we gradually brought back our activities to full. I am though happy to share that the period subsequent to the reopening of activities has been robust for your company. Thanks to a lot of approvals from valued and premium customers and the well timed expansion just before the pandemic broke, we were able to capitalize on the situation. Though we had operations for merely nine and a half months, the company's Annual Sales and Other Income have been ₹ 3,910 lakhs. The Gross Profit of the year stood at ₹ 457.63 lakhs as against a profit of ₹ 162.51 lakhs, in the previous year. After Depreciation of ₹ 99 lakhs and Finance Charges ₹ 132 lakhs the company earned a Net Profit of ₹ 199 lakhs.

**STRATEGY, OUTLOOK AND MARKET**

The management is fully driven by the positive response it has got from its customers and is not only working on optimally utilizing the current capacity, but is actively working on internal upgradation and additions to increase the current installations production capability. The company's product concentration continues to be Chafer Fabrics for the Tyre Industry. Its past dependence on Conveyor Belting Fabrics has been proportionately reduced. The company continues its exercise on the development of various specialized fabrics to cater to the very niche requirements of segments of the Rubber and Auto-Component Industry. Almost 20 % of the companies output now caters to this very specialized and high value segment. The company continues its exports and has a few well established customers over UAE, Spain, Malaysia and Sri Lanka. Though not very large, 4 % of the companies sales were generated from the export market.

Though the market outlook for the company look very strong and bright into the coming future, the company apprehends an unreliable and uncertain situation as regard to the yarns that it primarily sources from China. Not only are there very few sources of these very specialized yarns other than in China, but most of them are not competitive. The company continues its effort to establish supplies from all such alternate options.

**EXPANSION CUM DIVERSIFICATION**

The company has already taken up the exercise of increasing its dipping capacity by approximately 20% and has also placed order for one more TFO. This is with a view to not only optimally utilize the companies currently installed plant and machinery, but to also gear up the companies capacities to cater to the envisaged increase in the demand from the existing customers who have gone in for expansion. The company is also studying the prospect of putting up a full new greenfield plant of equal or slightly larger size in the coming years.

**Interest Coverage Ratio**

During the year the Interest coverage Ratio has improved significantly in FY 2020-21 to 3.45 as compared to 1.13 in previous year FY 2019-20 due to increase in net operating income.

**Debt-Equity Ratio**

The Company's net debt-equity ratio has strengthened from 1.83 in FY 2019-20 to 1.30 in FY 2020-21 on account of improvement in performance of the Company.

**Operating Profit Margin (%)**

The Operating profit margin Ratio has improved significantly in FY 2020-21 to 14.35 as compared to 8.62 in previous year FY 2019-20. The initiatives taken by the Company during the year have resulted in reduction of its expenses and increase in volume of sales.

**Net Profit Margin (%)**

The Net profit margin Ratio has improved significantly in FY 2020-21 to 5.09 as compared to (3.17) in previous year FY 2019-20. The initiatives taken by the Company during the year have resulted in reduction of its expenses and increase in volume of sales.

**SWOT ANALYSIS**

**STRENGTH & WEAKNESS**

- The main competitive strength is the company's dedicated endeavour to establish very specialised products, and increase its presence in the same.
- A very diligent team at all levels of the organisation is one of the greatest strengths of the company – A strength that is the prime contributor to the development of all the specialised fabrics.
- The cost of inputs i.e. raw materials, energy etc., continue to be the biggest challenge to the company. There is no control nor predictability on the same and the company continues to be a victim to the same.
- A strong and growing India continues to be one of the biggest strengths and assurances for the company and its product line.

**OPPORTUNITIES & THREATS**

- Re-instated integrated facility accredited with quality and ISO certifications.
- Acceptance of the Company products in quality-conscious markets.
- High cost of existing working capital finance.
- Weak price trends, coupled with slower demand growth.
- Volatile rupee.

**RISKS AND CONCERNS**

The Company is exposed to normal Industry risk factors like demand-supply constraints, Governmental policies etc. To optimize capacity utilization cost-effectively, the Company has been trying to address working capital concerns. Also, with increasing Government concerns on environment protection and general awareness thereon, environment protection has to be a core focus area.

**CERTIFICATION**

Sanrhea Technical Textiles Limited is an ISO 9001 Certified by DNV.



**MANAGERIAL REMUNERATION**

Statement of particulars under Sections 134(3)(q) and 197(12) of the Companies Act, 2013\*

Particulars	Status
i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<b>Number of times</b>
	<b>Ratio of remuneration of each Director to median remuneration of Employees</b>
	<b>Percentage increase in Remuneration</b>
	Tushar Patel      1:0.78      NIL
ii) Percentage increase in remuneration of each of the Director, the Chief Financial Officer, the Chief Executive Officer, the Company Secretary or the Manager, if any, in the financial year	NIL
iii) Percentage increase in the median remuneration of employees in the financial year	NIL
iv) Number of permanent employees on the rolls of Company	102
v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Nil
vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration is as per the Remuneration Policy of the Company

\* Read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2021.

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2021**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of  
The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**Sanrhea Technical Textiles Limited**  
CIN: L17110GJ1983PLC006309  
Regd. Off: Parshwanath Chambers,  
2<sup>nd</sup> Floor, Nr. New R B I,  
Income Tax Circle, Ahmedabad - 380014

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SANRHEA TECHNICAL TEXTILES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives in electronic form in online system in view of the prevailing situation of COVID-19 in the country during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2021 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per **Annexure - A** for the Financial Year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

## Annual Report 2020-21

---

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities Regulations, 2018;

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (c), (d), (e), (g) and (h) of para (v) mentioned hereinabove during the period under review.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

VI. **I further report that** having regard to the compliance management system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof made available to me in electronic form, on test-check basis, the Company has compliance management system for the sector specific laws in textile sector applicable specifically to the Company, however in view of the prevailing situation of COVID-19 in the country, physical verification was not possible:

During the period under review the Company has endeavored to establish the compliance management system to adhere to the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove. However, During the year under review, I observed that, the website of the company was not fully updated, as per the requirement of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per provisions of The Companies Act, 2013, however, the Company had assured that necessary details will be updated on website shortly.

Further During the year under review, fine of Rs. 2,06,500/- has been imposed on company by the BSE Limited vide email dated January 18,2021 for Non-compliance with disclosure of related party transactions on consolidated basis under Regulation 23 (9) of the SEBI (LODR) Regulations, 2015. However, reply dated January 19, 2021 for the same was submitted to BSE Limited stating that Regulation 23 (9) of the SEBI (LODR) Regulations, 2015 was not applicable to Company as the paid up share capital is less than Rs. 10 Crore and Networth of the Company is less than Rs. 25 Crore as on 31.03.2020. Considering the fact of the case fine was waived by the BSE vide its email dated 25th June, 2021.

Further, I have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances of the laws and regulations mentioned hereinabove as applicable to the Company.

**I further report that**, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as required under Listing Regulations, 2015. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, during the year under review, Mr. Biren Suryakant Patel (DIN: 01010778) was appointed as an Additional Independent Director of the Company w.e.f. September 14, 2020 and he was regularized as an Independent Director of the Company for term of Five years in AGM of the Company held on December 28, 2020, Re-appointment of Mr. Tushar Mahendra Patel (DIN: 00031632) as a Managing Director of the Company for three years w.e.f. August 01, 2020 and Mr. Mahendrasingh Kishansingh Hada (DIN: 09161284) was appointed as an Additional Executive Director of the Company w.e.f. April 30, 2021 for the term of three years, subject to approval of members at ensuing General Meeting.

The company has endeavored to establish a system of sending adequate notice to all directors to schedule the Board Meetings, agenda and detailed notes on agenda at least seven days in advance, and a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever required.

-----  
**Sanrhea Technical Textiles Limited**

**I further report that**, the company has endeavored to establish adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period of the Company there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place : Ahmedabad

Date : 30.06.2021

**Jitendra Leeya**

Practising Company Secretary

ACS/FCS No.:A31232

C P No. : 14503

UDIN: A031232B000494321

Note: This report is to be read with my letter of even date which is annexed as **Annexure B** and forms an integral part of this report.

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors and Committees including Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee held during the period under report.
3. Minutes of General Body Meetings held during the period under report.
4. Statutory Registers/Records under the Act and rules made there under.
5. Agenda papers submitted to all the Directors / Members for the Board Meetings and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Act.
7. Intimations/Disclosure/Declaration received from Directors under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
8. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act and attachments thereof during the period under report.
9. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement entered into by the Company with the Stock Exchange and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the period under report.
10. Various policies framed by the Company from time to time as required under the Act as well as Listing Agreement and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with circulars issued by the SEBI from time to time.

To,  
The Members  
**Sanrhea Technical Textiles Limited**  
CIN: L17110GJ1983PLC006309  
Regd. Off: Parshwanath Chambers,  
2<sup>nd</sup> Floor, Nr. New R B I,  
Income Tax Circle, Ahmedabad - 380014

Sir,

Sub: Secretarial Audit Report for the Financial Year ended on 31st March, 2021.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on the secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Ahmedabad  
Date : 30.06.2021

**Jitendra Leeya**  
Practising Company Secretary  
ACS/FCS No.:A31232  
C P No. : 14503  
UDIN: A031232B000494321

Independent Auditor’s Report

To the Members of Sanrhea Technical Textiles Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Sanrhea Technical Textiles Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as the “financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the “Act”), in the manner so required and give a true and fair view in conformity with the accounting standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (‘SAs’), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note no. 42 of the Statement which describes the Management’s evaluation of COVID-19 impact on the future performance of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the Key Audit Matter
<p><b>Inventory Existence and Valuation</b></p> <p>The Company recognised inventory of ₹ 813.85 Lakhs at March 31, 2021. Inventory is held by Company's plants. We focused on this matter because of the:</p> <ul style="list-style-type: none"> <li>- significance of the inventory balance to the profit and statement of financial position</li> <li>- Complexity involved in determining valuation of Inventory.</li> </ul>	<p>Our audit procedure in this area included:</p> <ul style="list-style-type: none"> <li>- Testing the Company's controls by checking approvals over reviewing selling price and cost forecasts, authorising and recording of costs.</li> <li>- Testing of the valuation of inventory as per applicable Indian Accounting Standard -2.</li> <li>- Testing a sample of inventory items to assess whether they were recorded at a value higher than that for which they could be sold.</li> <li>- We attended inventory physical count on the date of reporting date. We performed following procedure at each location:                             <ul style="list-style-type: none"> <li>- selected a sample of inventory items and compared the quantities we counted with the quantities recorded and for the differences found during physical verification, if any, we have verified that the same has been accounted.</li> <li>- Made enquiries regarding non-moving inventory items and inspected the conditions of items counted.</li> </ul> </li> </ul> <p>There were no significant exceptions noted from these procedures.</p>

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditors' responsibilities relating to other information'.

**Responsibilities of Management and Board of Directors for the Financial Statements**

The Company's management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate



## **Annual Report 2020-21**

---

internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and the board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021, and

---

are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company, refer to our separate report in "**Annexure B**" to this report;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigation which would have impact on its financial position.
    - ii. The Company did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For Arpit Patel & Associates,**  
Chartered Accountants  
ICAI Firm registration number: 144032W

Place : Ahmedabad  
Date : June 30, 2021

**Arpit Patel**  
Partner  
Membership No.: 034032  
UDIN: 21034032AAAACA5134

**Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 1 under '*Report on Other Legal and Regulatory Requirements*' section of our report to the members of Sanrhea Technical Textile Limited of even date)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended March 31, 2021.

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified on an annual basis. In accordance with this programme, fixed assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) With respect to immovable properties of buildings, according to the information and explanations given to us and on the basis of our examination of the records of the Company, building shown in balance sheet is on leasehold, for which lease agreement is not registered in the name of the Company.
- (ii) As explained to us, inventories have been physically verified at reasonable intervals by the management during the period. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed during such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from public within the meaning of section 73 to 76 of the Act and rules made thereunder. Therefore, the provision of clause 3(v) of the order is not applicable.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Company is not required to maintain cost records pursuant to Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, cess, Goods and Services Tax, Custom Duty and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, cess, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable except in regards to Income Tax which is as follows:

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Income Tax	5.63	2020-21	15-06-2020	29-06-2021
Income Tax Act, 1961	Income Tax	11.27	2020-21	15-09-2020	29-06-2021

- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the company, there are no any disputed dues in respect of Provident fund, Income-tax, cess, Goods and Services Tax and Custom Duty deposited with the appropriate authorities.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from government or has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer and term loans during the year (including debt instruments). Accordingly, the provision of clause 3(ix) of the order is not applicable.
- (x) In our opinion and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of the Order is not applicable to the Company.
- (xiii) Based on our examination of records of the Company and according to the information and explanations given to us, the transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standard.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, provisions of clause 3(xiv) are not applicable to the Company.
- (xv) Based on the examinations of the records and according to the information and explanations given by the management, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For Arpit Patel & Associates,**  
Chartered Accountants  
ICAI Firm registration number: 144032W

Place : Ahmedabad  
Date : June 30, 2021

**Arpit Patel**  
Partner  
Membership No.: 034032  
UDIN: 21034032AAAACA5134

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sanrhea Technical Textiles Limited of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Sanrhea Technical Textiles Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management and Board of Directors' Responsibility for Internal Financial Controls**

The Management and the Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or

timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Arpit Patel & Associates,**  
Chartered Accountants  
ICAI Firm registration number: 144032W

**Arpit Patel**  
Partner  
Membership No.: 034032  
UDIN: 21034032AAAACA5134

Place : Ahmedabad  
Date : June 30, 2021

# Annual Report 2020-21

## Balance Sheet as at 31st March 2021

₹ in Lakhs

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2.1	610.75	626.36
(b) Right to Use	2.2	-	5.28
(c) Intangible assets	2.3	-	0.05
(d) Financial Assets			
(i) Investments	3	4.96	4.96
(ii) Other Financial Assets	4	27.12	11.80
(e) Non-current tax assets (Net)	5	6.60	7.44
(f) Deferred tax assets (Net)	6C	31.83	21.68
(g) Other assets	7	5.00	17.05
<b>Total Non-current assets</b>		<b>686.26</b>	<b>694.62</b>
<b>(2) Current assets</b>			
(a) Inventories	8	813.85	849.62
(b) Financial assets			
(i) Trade receivables	9	958.68	692.63
(ii) Cash and cash equivalents	10	24.84	30.95
(iii) Bank Balances other than (ii) above	11	7.54	13.48
(iv) Other Financial assets	12	96.03	41.36
(c) Other current assets	13	46.22	20.44
<b>Total current assets</b>		<b>1,947.16</b>	<b>1,648.48</b>
<b>TOTAL ASSETS</b>		<b>2,633.42</b>	<b>2,343.10</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	14	379.00	379.00
(c) Other equity	15	395.83	196.80
<b>Total equity attributable to owners of the company</b>		<b>774.83</b>	<b>575.80</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	202.69	172.06
(b) Provisions	17	81.74	75.51
<b>Total non-current liabilities</b>		<b>284.43</b>	<b>247.57</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	802.20	882.00
(ii) Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		513.77	542.01
(iii) Other financial liabilities	20	160.66	57.64
(b) Other current liabilities	21	36.64	18.51
(c) Provisions	22	20.32	19.57
(d) Liabilities for current tax (Net)	23	40.57	-
<b>Total current liabilities</b>		<b>1,574.16</b>	<b>1,519.73</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,633.42</b>	<b>2,343.10</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date

For ARPIT PATEL & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No.: 144032W

ARPIT K. PATEL

Partner

Membership No.: 034032

Place : Ahmedabad

Date: June 30 2021

For and on behalf of the Board of Directors

Tushar Patel

Managing Director

DIN: 00031632

Dharmesh Patel

Company Secretary

Membership No.: A33891

Place : Ahmedabad

Date: June 30 2021

Tejal Patel

Director

DIN: 01130165

Jasubhai Patel

Chief Financial Officer

## Statement of Profit and Loss for the year ended 31st March 2021

₹ in Lakhs

Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>I REVENUE</b>			
Revenue from operations	24	3,896.46	3,431.44
Other Income	25	13.49	6.18
<b>Total Income (I)</b>		<b>3,909.95</b>	<b>3,437.62</b>
<b>II EXPENSES</b>			
Cost of materials consumed	26	2,440.66	2,439.25
Changes in inventories of finished goods, Stock-in-Trade and working progress	27	59.41	(118.48)
Employee benefits expense	28	455.25	426.10
Finance costs	29	132.50	134.71
Depreciation and amortization expense	2	98.65	90.89
Other expenses	30	497.00	528.24
<b>Total Expenses (II)</b>		<b>3,683.47</b>	<b>3,500.71</b>
<b>III Profit before exceptional items and tax (I-II)</b>		<b>226.48</b>	<b>(63.09)</b>
<b>IV Exceptional Items</b>		-	-
<b>V Profit before tax (III-IV)</b>		<b>226.48</b>	<b>(63.09)</b>
<b>VI Tax expense:</b>			
(1) Current tax	6A	38.62	-
(2) Deferred tax	6B	(10.67)	35.40
(3) Short / (Excess) provision of earlier Year	6C	0.84	0.46
<b>Total tax expenses</b>		<b>28.79</b>	<b>35.86</b>
<b>VII Profit for the year / (Loss)</b>		<b>197.69</b>	<b>(98.95)</b>
<b>Other Comprehensive Income</b>			
(i) Other Comprehensive Income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of the defined benefit plans		1.86	(13.55)
Income Tax effect		(0.52)	3.52
		<b>1.34</b>	<b>(10.03)</b>
(ii) Other Comprehensive Income that will be reclassified to profit or loss in subsequent periods:		-	-
		-	-
<b>VIII Total Other Comprehensive Income (i+ii)</b>		<b>1.34</b>	<b>(10.03)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>199.03</b>	<b>(108.98)</b>
Earning per share (Face Value of ₹ 10 each)			
- Basic	35	5.22	(2.61)
- Diluted	35	5.22	(2.61)

The accompanying notes form an integral part of the financial statements

## As per our report of even date

**For ARPIT PATEL & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No.: 144032W

**ARPIT K. PATEL**  
 Partner  
 Membership No.: 034032

Place : Ahmedabad  
 Date: June 30 2021

## For and on behalf of the Board of Directors

**Tushar Patel**  
 Managing Director  
 DIN: 00031632

**Dharmesh Patel**  
 Company Secretary  
 Membership No.: A33891

Place : Ahmedabad  
 Date: June 30 2021

**Tejal Patel**  
 Director  
 DIN: 01130165

**Jasubhai Patel**  
 Chief Financial Officer



## Statement of Cash Flows for the year ended 31 March 2021

₹ in Lakhs

Particulars	For The year ended 31st March, 2021	For The year ended 31st March, 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	228.34	(76.64)
<b>Adjustments for:</b>		
Depreciation and amortization expenses	98.64	90.89
Profit on sale of Property, Plant & Equipment/ Investments (Net)	0.15	(1.49)
Property, Plant and Equipments written off	0.06	0.05
Dividend income	-	(0.30)
Interest income	(2.98)	(2.78)
Interest expenses	132.50	134.71
<b>Cash generated from operations before working capital changes</b>	<b>456.71</b>	<b>144.44</b>
<b>Adjustments for:</b>		
Decrease / (Increase) in Other Current Financial assets	(54.68)	30.99
Decrease / (Increase) in Other current assets	(25.78)	(1.11)
Decrease/ (Increase) in trade receivables	(266.06)	125.51
Decrease/ (Increase) in inventories	35.77	(221.11)
Decrease/ (Increase) in other non current financial assets	(0.09)	(3.30)
Decrease/ (Increase) in other Non current assets	12.04	168.71
(Decrease)/ Increase in other current liabilities	18.13	4.50
(Decrease)/ Increase in Other Current Financial liabilities	(1.26)	(0.69)
(Decrease)/ Increase in trade and other payables	(28.23)	223.22
(Decrease)/ Increase in long-term provisions	6.23	19.93
(Decrease)/ Increase in short-term provisions	0.75	3.13
<b>Cash generated from operating activities</b>	<b>153.53</b>	<b>494.22</b>
Direct taxes paid (Net of Refund)	(1.07)	(36.40)
<b>Net Cash flow generated from operating activities (A)</b>	<b>152.46</b>	<b>457.82</b>
<b>B. Cash flow from Investing activities</b>		
Purchase of fixed assets, including intangible assets and capital advances	(78.05)	(332.46)
Proceeds from sale of fixed assets	0.14	23.71
Interest received	2.99	2.30
Dividends received	-	0.30
Fixed Deposit (placed)/matured :		
- for more than 3 months but less than 12 months	5.95	(9.10)
- for more than 12 months	(15.23)	14.13
<b>Net Cash flow generated from investing activity (B)</b>	<b>(84.20)</b>	<b>(301.12)</b>

**Sanrhea Technical Textiles Limited**

₹ in Lakhs

Particulars	For The year ended 31st March, 2021	For The year ended 31st March, 2020
<b>C. Payment of principal portion of Lease Obligation</b>	(5.14)	(10.70)
Proceeds from long-term borrowings	190.80	79.82
Repayment / proceeds from long-term borrowings	(50.04)	(29.37)
Repayment / proceeds from short-term borrowings	(79.80)	(48.97)
Interest paid (including interest on Lease obligation)	(130.19)	(134.95)
<b>Net Cash flow generated from financing activity (C)</b>	<b>(74.37)</b>	<b>(144.17)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(6.11)</b>	<b>12.53</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30.95</b>	<b>18.42</b>
<b>Cash and cash equivalents at year end</b>	<b>24.84</b>	<b>30.95</b>
<b>Cash &amp; Cash Equivalent comprise of:</b>		
Cash on hand	2.34	8.03
With banks- on current account	2.36	1.14
With banks- on Margin Money Fixed Deposits with maturity of less than 3 months	20.14	21.78
<b>Total Cash and cash equivalents at the end of the year (Note No. 10)</b>	<b>24.84</b>	<b>30.95</b>

**Note:**

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- Changes in liabilities arising from Financial Activities ₹ In Lakh

Particulars	As at 01.04.2020	Cash Flows	Non Cash Changes		As at 31.03.2021
			Fair Value Changes	Current/ NonCurrent classification	
Borrowings Non Current	172.06	190.80	-	(160.18)	202.69
Other financial liabilities	50.04	(50.04)	-	160.18	160.18
Borrowings Current	882.00	(79.80)	-	-	802.20
<b>Particulars</b>	<b>As at 01.04.2019</b>	<b>Cash Flows</b>	<b>Non Cash Changes</b>		<b>As at 31.03.2020</b>
			<b>Fair Value Changes</b>	<b>Current/ NonCurrent classification</b>	
Borrowings Non Current	142.28	79.82	-	(50.04)	172.06
Other financial liabilities	29.37	(29.37)	-	50.04	50.04
Borrowings Current	930.97	(48.97)	-	-	882.00

The accompanying notes form an integral part of the financial statements

**As per our report of even date**

**For ARPIT PATEL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 144032W

**ARPIT K. PATEL**  
Partner  
Membership No.: 034032

Place : Ahmedabad  
Date: June 30 2021

**For and on behalf of the Board of Directors**

**Tushar Patel**  
Managing Director  
DIN: 00031632

**Dharmesh Patel**  
Company Secretary  
Membership No.: A33891

Place : Ahmedabad  
Date: June 30 2021

**Tejal Patel**  
Director  
DIN: 01130165

**Jasubhai Patel**  
Chief Financial Officer

## Statement of Changes in Equity for the year ended 31st March 2021

₹ in Lakhs

Particulars	Attributable to the equity holders of the company (Refer note no. 15)			
	Reserves & Surplus			
	Equity Share Capital	Retained Earnings	Securities premium Account	Total Equity
<b>As at April 1, 2019</b>	<b>379.00</b>	<b>266.28</b>	<b>39.50</b>	<b>305.78</b>
Add: Profit for the year		(98.95)	-	(98.95)
Add [Less]: Other Comprehensive income		(10.03)	-	(10.03)
<b>As at March 31, 2020</b>	<b>379.00</b>	<b>157.30</b>	<b>39.50</b>	<b>196.80</b>
<b>As at April 01, 2020</b>	<b>379.00</b>	<b>157.30</b>	<b>39.50</b>	<b>196.80</b>
Add: Profit for the year		197.69	-	197.69
Add [Less]: Other Comprehensive income		1.34	-	1.34
<b>As at March 31, 2021</b>	<b>379.00</b>	<b>356.33</b>	<b>39.50</b>	<b>395.83</b>

The accompanying notes form an integral part of the financial statements

**As per our report of even date****For ARPIT PATEL & ASSOCIATES**

CHARTERED ACCOUNTANTS  
Firm Registration No.: 144032W

**ARPIT K. PATEL**

Partner  
Membership No.: 034032

Place : Ahmedabad  
Date: June 30 2021

**For and on behalf of the Board of Directors**

**Tushar Patel**  
Managing Director  
DIN: 00031632

**Dharmesh Patel**  
Company Secretary  
Membership No.: A33891

Place : Ahmedabad  
Date: June 30 2021

**Tejal Patel**  
Director  
DIN: 01130165

**Jasubhai Patel**  
Chief Financial Officer

---

## SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Company Information:

SANRHEA TECHNICAL TEXTILES LIMITED is public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay & Ahmedabad stock exchanges in India. The company is engaged in the manufacturing of Industrial Fabrics like Conveyor Belting fabrics, Chafer fabrics for Tyres, Diaphragm fabrics for Auto industries, Liners etc. The company caters to both domestic and international markets.

### 1.2 Basis of Preparation of Financial Statements:

#### (i) Compliance with Ind-AS

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2016 (as amended).

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (ii) Current versus non-current classification

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.3. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

#### (iii) Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 00,000) as per the requirement of Schedule III, unless otherwise stated.

### 1.3 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

## Annual Report 2020-21

---

### 1.4 Critical estimates and judgments:

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgment are:

Estimation of Defined benefit obligation - refer note 1.16

Estimation of current tax expenses - refer note 1.8

Government grant - refer note 1.7

### 1.5 Fair value measurement:

The Company measures financial instruments, such as, derivatives at fair value as per Ind AS 113 at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 1.6 Revenue recognition:

The company earns revenue primarily from sale of Conveyor Belting fabrics, Chafer fabrics for Tyres , Diaphragm fabrics for Auto industries and Liners .

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services

Goods and Services Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of goods

Revenue from the sale of goods is recognised when control of the goods have passed to the buyer, usually on delivery of the goods. In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### Interest income

Interest income on financial asset is recognised using the effective interest rate (EIR) method.

---

**Dividends**

Dividend income from investment is accounted for when the right to receive is established, which is generally when shareholders approve the dividend.

**Other Income:**

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

**Contract Balances:**

**Trade receivables:**

A receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer note 1.17 Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities:**

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). recognised as revenue when the company performs under the contract.

**1.7 Government grants:**

- A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.
- B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.
- C Government grants related to assets are recognised as income in equal amounts over the expected useful life of the related asset.
- D When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

**1.8 Taxes:**

Tax expenses comprise of current and deferred tax.

**Current income tax**

- a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b Current tax items are recognised in correlation to the underlying transaction either in Profit & Loss, Other Comprehensive Income or directly in equity.

**Deferred tax**

- a Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b Deferred tax liabilities are recognised for all taxable temporary differences.

## Annual Report 2020-21

---

- c Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- e Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.
- f Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.
- g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.
- h The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent, the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT credit.

### 1.9 Property, Plant and Equipment:

Under the previous GAAP (Indian GAAP), fixed assets (including Capital work in progress) are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs, if capitalisation criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. The Company has elected to regard previous GAAP carrying values of property as deemed cost at the date of transition to Ind AS.

Capital Work in progress included in PPE is stated at cost, net accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term constructions projects if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Borrowing cost relating to acquisition/construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as prescribed under Part C of Schedule II of the Companies Act, 2013 except for the assets mentioned below for which useful lives estimated by the management. The identified component of fixed assets are depreciated over the useful lives and the remaining components are depreciated over the life of the principal assets.

Plant & Machinery	Estimated Useful Life
1) Triple Shift Process(SLM)	9 years
2) Single Shift Process(SLM)	20 years
3) Electric Installation(WDV)	20 years

Further, the Company evaluated the useful life of certain components of Plant and Machinery, the impact of which is not material. Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase. Leasehold land is amortised over the period of lease. Leasehold improvements are amortized over the period of lease or estimated useful life, whichever is lower.

#### **1.10 Intangible assets:**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The company has elected to regard previous GAAP carrying value of Intangible Assets as deemed cost at the date of transition to Ind AS.

Useful lives of intangible assets

Asset Description	Life of Asset (Years)
Computer Software	5 to 10 years

#### **1.11 Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



## Annual Report 2020-21

General borrowing costs are capitalised at the weighted average of such borrowings outstanding during the year.

### 1.12 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a lessee:

##### (i) Right-of-use assets

Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Assets	Estimated useful life
Right-of-use of office premises, parlour premises, warehouses	Over the balance period of lease agreement

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in relating to Impairment of non-financial assets.

##### (ii) Lease Liabilities

At the commencement date of the lease, company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### (iii) Short-term leases and leases of low-value assets

Company applies the short-term lease recognition exemption to its short-term leases. (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption

that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases for which company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**1.13 Inventories:**

Inventories are valued as under:

**a Raw Materials, Packing Materials and Stores & Spares :**

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on First-in-First-out basis.

**b Finished Goods & Work In Progress :**

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

**c Waste**

At net realizable value.

**d Stock-In-Trade :**

Valued at lower of cost or net realizable value and for this purpose cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**1.14 Impairment of financial assets & non-financial assets:**

**a Financial asset**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the Statement of Profit and Loss.

**b Non-financial assets**

Intangible assets and Property, Plant and Equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

## Annual Report 2020-21

---

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior year.

Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (i.e. Cash Generating Unit) (or group of Cash Generating Units) to which the goodwill relates. When the recoverable amount of the Cash Generating Unit is less than its carrying amount, an impairment loss is recognised. Impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at year end at the Cash Generating Unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 1.15 Provisions, Contingent Liabilities and Contingent Assets:

- A Provisions are recognised when the Company has present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources embodying economic benefits 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 Financial Statements. Contingent assets are not recognised in the financial statements but are disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Provisions and contingent liabilities are reviewed at each Balance Sheet date.

- B If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

### 1.16 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, short term compensated absences etc., and the expected cost of bonus, ex-gratia are recognised 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 recognised during the period in which the employees render the related services.

##### ii) Defined Benefit Plans:

The Employee's Gratuity Fund Scheme and compensated absences 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.

For defined benefit plans, the amount recognised as 'Employee benefit expenses' in the Statement of Profit and Loss is the cost of accruing employee benefits promised to employees over the year and the costs of individual events such as past/future service benefit changes and settlements (such events are recognised immediately in rate to the net defined benefit liability or asset is charged or credited to 'Finance costs' in the Statement of Profit and Loss. Any differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised immediately in 'Other comprehensive income' and subsequently not reclassified to the Statement of Profit and Loss.

All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligations under the defined benefit plans, to recognise the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefits plans are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

**C Long Term Employee Benefits**

The employees' long term compensated absences are company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the projected unit credit method as at the date of the balance sheet. In case of funded plans, the full value of plan assets is reduced from the gross obligation to recognise the obligation on the net basis.

**D Employee Separation Costs**

Compensation to employees who have opted for retirement under the voluntary retirement scheme of the Company is payable in the year of exercise of option by the employee. The Company recognises the employee separation cost when the scheme is announced and the Company is demonstrably committed to it.

**1.17 Financial instruments:**

**Initial recognition and measurement**

The company recognizes a financial asset in its balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction cost that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 inputs as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain in the Statement of Profit and Loss only to the extent the such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However trade receivables that do not contain a significant financing component are measured at transaction price.

### **Investments and other financial assets**

#### **(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- (1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

#### **(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

#### **(1) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

#### **(2) Fair value through other comprehensive Income**

Assets that do not meet the criteria for amortised cost are measured at fair value through Other Comprehensive Income. Interest income from these financial assets is included in other income.

### **Equity instruments:**

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss. However where the Company's management makes an irrevocable choice on initial recognition to present fair value gains and losses on specific equity investments in other comprehensive income (Currently no such choice made), there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss.

### **Derecognition**

A financial asset ( or, where applicable, a part of a financial asset or part of a group of similar financial assets ) is derecognized (i.e.removed from the company's balance sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The company transfers its contractual rights to receive cash flows of the financial assets and has substantially transferred all the risk and rewards of ownership of the financial assets;
- iii. The company retains the contractual rights to receive cash flows but assumes a contractual obligations to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

- iv. The company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial assets, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On De-recognition of a financial asset, (except as mentioned in ii above for financial assets measured a FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

**Financial liabilities:**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

**1.18 Cash and cash equivalents:**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**1.19 Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**1.20 Key accounting estimates and judgements :**

The preparation of the Company's Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**A. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or

## Annual Report 2020-21

---

improvements in production or from a change in market demand of the product or service output of the asset.

### **B. Defined Benefit Obligation**

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 28 & 38 of Financial statement.

### **1.21 Recent accounting pronouncements:**

Amendment to Ind AS 116 "Leases" – Insertion of practical expedient for COVID-19 related lease concessions

The amendment provides lessee with a practical expedient and an exemption to assess whether a COVID-19 related rent concession is a lease modification to payments originally due on or before June 30, 2021. Amendment also requires disclosure of the amount recognised in statement of profit and loss to reflect changes in lease payments that arise from such concession. Company has not recognised any amount as reversal of lease liability in the statement of profit and loss.

### **1.22 Standard Issued but not yet effective:**

As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

2.1 Property, Plant and Equipment (Refer Note No 1.9)								₹ in Lakhs
Gross Carrying Amount								Total
	Building (On Leased Land)	Furniture & Fixtures	Vehicles	Plant & Machinery	Computers	Office Equipment		
As at 1st April, 2019	136.36	1.85	182.49	250.54	2.49	2.75		576.48
Additions	11.70	-	101.49	218.86	0.41	-		332.46
Disposals	-	-	(20.89)	(33.73)	-	-		(54.62)
<b>At 31st March, 2020</b>	<b>148.06</b>	<b>1.85</b>	<b>263.09</b>	<b>435.67</b>	<b>2.90</b>	<b>2.75</b>		<b>854.32</b>
Additions	11.76	1.40	-	62.59	0.59	1.73		78.07
Disposals	-	-	(0.61)	-	-	-		(0.61)
Discard	-	-	-	(0.02)	-	-		(0.02)
<b>At 31st March, 2021</b>	<b>159.82</b>	<b>3.25</b>	<b>262.48</b>	<b>498.24</b>	<b>3.49</b>	<b>4.48</b>		<b>931.76</b>
Depreciation								
At 1st April, 2019	(11.38)	(0.85)	(77.17)	(88.06)	(1.58)	(0.99)		(180.03)
Depreciation charge for the year	(4.68)	(0.39)	(41.01)	(32.78)	(0.69)	(0.73)		(80.28)
Disposals	-	-	17.34	15.01	-	-		32.35
<b>At 31st March, 2020</b>	<b>(16.06)</b>	<b>(1.24)</b>	<b>(100.84)</b>	<b>(105.83)</b>	<b>(2.27)</b>	<b>(1.72)</b>		<b>(227.96)</b>
Depreciation charge for the year	(5.10)	(0.34)	(46.26)	(40.50)	(0.60)	(0.57)		(93.37)
Disposals	-	-	0.32	-	-	-		0.32
Discard	-	-	-	-	-	-		-
<b>At 31st March, 2021</b>	<b>(21.16)</b>	<b>(1.58)</b>	<b>(146.78)</b>	<b>(146.33)</b>	<b>(2.87)</b>	<b>(2.29)</b>		<b>(321.01)</b>
Net carrying value:								
<b>At 31st March, 2021</b>	<b>138.66</b>	<b>1.67</b>	<b>115.70</b>	<b>351.91</b>	<b>0.62</b>	<b>2.19</b>		<b>610.75</b>
<b>At 31st March, 2020</b>	<b>132.00</b>	<b>0.61</b>	<b>162.25</b>	<b>329.84</b>	<b>0.63</b>	<b>1.03</b>		<b>626.36</b>

**Note :** Vehicles include vehicles amounting to ₹ 262.40 (PY. ₹ 263.00) which held in the name of Director/ officer of the Company.



## Annual Report 2020-21

### 2.2 Right of use Asset (Refer Note No 1.12)

₹ in Lakhs

	Right of use	Total
<b>Gross Carrying Amount</b>		
As at 1st April, 2019	-	-
Reclassified on account of adoption of Ind AS 116	15.84	15.84
Additions	-	-
Disposals	-	-
<b>At 31st March, 2020</b>	<b>15.84</b>	<b>15.84</b>
Reclassified on account of adoption of Ind AS 116	-	-
Additions	-	-
Disposals	-	-
<b>At 31st March, 2021</b>	<b>15.84</b>	<b>15.84</b>
<b>Amortization</b>		
At 1st April, 2019	-	-
Charge for the year	(10.56)	(10.56)
Discard	-	-
<b>At 31st March, 2020</b>	<b>(10.56)</b>	<b>(10.56)</b>
Charge for the year	(5.28)	(5.28)
Discard	-	-
<b>At 31st March, 2021</b>	<b>(15.84)</b>	<b>(15.84)</b>
<b>Net Carrying Amount:</b>		
<b>At 31st March, 2021</b>	-	-
<b>At 31st March, 2020</b>	<b>5.28</b>	<b>5.28</b>

### 2.3 Intangible assets (Refer Note No 1.10)

₹ in Lakhs

	Software	Total
<b>Gross Carrying Amount</b>		
As at 1st April 2019	0.46	0.46
Purchase	-	-
Discard	-	-
<b>At 31st March, 2020</b>	<b>0.46</b>	<b>0.46</b>
Purchase	-	-
Discard	(0.46)	(0.46)
<b>At 31st March, 2021</b>	-	-
<b>Amortization</b>		
At 1 April 2019	(0.36)	(0.36)
Charge for the year	(0.05)	(0.05)
Discard	-	-
<b>At 31st March, 2020</b>	<b>(0.41)</b>	<b>(0.41)</b>
Charge for the year	-	-
Discard	0.41	0.41
<b>At 31st March, 2021</b>	-	-
<b>Net Carrying Amount:</b>		
<b>At 31st March, 2021</b>	-	-
<b>At 31st March, 2020</b>	<b>0.05</b>	<b>0.05</b>

## 3 Non-current Investments

₹ in Lakhs

		31st March, 2021	31st March, 2020
<b>(I) Investment in Equity Instruments (Quoted) (Valued at Fair Value through Other Comprehensive Income)</b>			
33 [31st March, 20 : 33] Kinetic Lease Finance Ltd. of ₹ 10/- each fully paid up		-	-
<b>Sub Total ( I )</b>		-	-
<b>(II) Investment in Equity instruments (Unquoted) (Valued at Fair Value through Other Comprehensive Income)</b>			
(i) Avantika Investments Pvt.Ltd.			
1,300 [31st March, 20 : 1,300] Equity shares of ₹ 100 each fully paid up		2.08	2.08
<b>Sub Total ( II )</b>		<b>2.08</b>	<b>2.08</b>
<b>(III) Investment in Equity instruments (Unquoted) (Valued at Amortised cost)</b>			
Sardar Vallabhbhai Sakhari Bank Ltd.			
11,519 [31st March, 20 : 11,519] Equity shares of ₹ 25 each fully paid up		2.88	2.88
<b>Sub Total ( III )</b>		<b>2.88</b>	<b>2.88</b>
<b>Total ( I + II + III )</b>		<b>4.96</b>	<b>4.96</b>
Aggregate Amount of Quoted Investments	in ₹	-	-
Aggregate Amount of Unquoted Investments	in ₹	4.96	4.96
Fair Value of Quoted Investments	in ₹	-	-
Aggregate Amount of Impairment in value of Investments	in ₹	-	-

## 4 Other Non-current Financial Assets

₹ in Lakhs

		31st March, 2021	31st March, 2020
<b>Security deposits</b>			
Unsecured, considered good		11.89	11.80
Margin Money Fixed Deposits with maturity of More than twelve months		15.23	-
<b>Total</b>		<b>27.12</b>	<b>11.80</b>

## 5 Non-current Tax assets (Net)

₹ in Lakhs

		31st March, 2021	31st March, 2020
Advance income-tax (net of provision for taxation)		6.60	7.44
<b>Total</b>		<b>6.60</b>	<b>7.44</b>

## Annual Report 2020-21

### 6 Income tax

₹ in Lakhs

#### A. Income tax recognised in Statement of Profit or Loss:

	31st March, 2021	31st March, 2020
<b>Current Tax:</b>		
Current tax	38.62	-
Tax in respect of earlier year	0.84	0.46
<b>Total Current Tax</b>	<b>39.46</b>	<b>0.46</b>
<b>Deferred Tax:</b>		
Deferred tax	(10.67)	35.40
<b>Total deferred tax</b>	<b>(10.67)</b>	<b>35.40</b>
<b>Total tax expense</b>	<b>28.79</b>	<b>35.86</b>
<b>Effective income tax rate</b>	<b>12.71%</b>	<b>(56.84)%</b>

#### B. A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

₹ in Lakhs

	31st March, 2021	31st March, 2020
Profit before tax	226.48	(63.09)
Enacted tax rate in India (Normal rate)	27.82%	26.00%
<b>Expected income tax expense/ (benefit) at statutory tax rate</b>	<b>63.01</b>	<b>(16.40)</b>
Expenses disallowed for tax purposes	3.83	10.25
Income exempt from tax	-	(0.08)
Tax pertaining to prior years	0.84	0.46
Other adjustments	(38.89)	41.63
<b>Tax expense for the year</b>	<b>28.79</b>	<b>35.86</b>
Movement in MAT credit entitlement:		
Balance at the beginning of year	16.46	17.51
Add: MAT credit entitlement availed during the year	-	-
(Less) Utilisation of MAT credit entitlement	(0.50)	(1.05)
<b>Balance at the end of year</b>	<b>15.96</b>	<b>16.46</b>

The company expects to utilize the MAT credit within a period of 15 years from the date when MAT credit arised.

**Sanrhea Technical Textiles Limited**

**C Movement In Deferred Tax Assets And Liabilities** ₹ in Lakhs

Movement during the year ended 31st March, 2021	As at April 01, 2020	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	MAT Utilization / Short / Excess Provision	As at March 31, 2021
<b>Deferred Tax Asset/(Liabilities)</b>					
Depreciation	(32.79)	24.32	-	-	(8.47)
43 B expenses	38.01	(13.15)	(0.52)	-	24.34
<b>Total</b>	<b>5.22</b>	<b>11.17</b>	<b>(0.52)</b>	<b>-</b>	<b>15.87</b>
MAT Credit Entitlements (Net)	16.46	-	-	(0.50)	15.96
<b>Total</b>	<b>21.68</b>	<b>11.17</b>	<b>(0.52)</b>	<b>(0.50)</b>	<b>31.83</b>
<b>Movement during the year ended March 31, 2020</b>					
Movement during the year ended March 31, 2020	As at April 01, 2019	Credit/(charge) in statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	MAT Utilization / Short / Excess Provision	As at March 31, 2020
<b>Deferred Tax Asset/(Liabilities)</b>					
Depreciation	19.67	(52.46)	-	-	(32.79)
43 B expenses	16.38	18.11	3.52	-	38.01
<b>Total</b>	<b>36.05</b>	<b>(34.35)</b>	<b>3.52</b>	<b>-</b>	<b>5.22</b>
MAT Credit Entitlements (Net)	17.51	-	-	(1.05)	16.46
<b>Total</b>	<b>53.56</b>	<b>(34.35)</b>	<b>3.52</b>	<b>(1.05)</b>	<b>21.68</b>

**7 Other Non-current Assets** ₹ in Lakhs

	31st March, 2021	31st March, 2020
Capital Advances	5.00	17.05
<b>Total</b>	<b>5.00</b>	<b>17.05</b>

**8 Inventories** ₹ in Lakhs

	31st March, 2021	31st March, 2020
(Refer Note No 1.13)		
Raw materials and chemicals	511.23	489.05
Work-in-progress	219.89	196.31
Finished goods	77.47	160.46
Stores & spares	5.26	3.80
<b>Total</b>	<b>813.85</b>	<b>849.62</b>

## Annual Report 2020-21

### 9 Trade receivables ₹ in Lakhs

	31st March, 2021	31st March, 2020
(Refer Note No 41)		
Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	958.68	662.27
Trade Receivables which have significant increase in credit Risk	-	30.36
Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>958.68</b>	<b>692.63</b>
Impairment Allowance (allowance for bad and doubtful debts)		
Secured, considered good	-	-
Unsecured, considered good	-	-
Trade Receivables which have significant increase in credit Risk	-	-
Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>958.68</b>	<b>692.63</b>

No trade or other receivables are due from director or other officers of the company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

	31st March, 2021	31st March, 2020
<b>Reconciliation of allowances for doubtful debts</b>		
<b>Particulars</b>		
Balance at the beginning of the year	-	-
Add: Allowance for the year	-	-
(Less): Actual Write off during the year( net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

### 10 Cash and Cash Equivalents ₹ in Lakhs

	31st March, 2021	31st March, 2020
Cash on hand	2.34	8.03
Balances with banks		
(i) On current accounts	2.36	1.14
(ii) Margin Money Fixed Deposits with maturity of less than 3 months	20.14	21.78
<b>Total</b>	<b>24.84</b>	<b>30.95</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposit rates are made for verifying periods of between one day to three months, depending on the immediate cash requirements of the company and earn interest at the respective short term deposit rates.

**Sanrhea Technical Textiles Limited**

<b>11 Balance with Bank other than cash and cash equivalents</b>	₹ in Lakhs	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Margin money fixed deposit with maturity more than 3 months but less or equal to twelve months	7.54	13.48
<b>Total</b>	<b>7.54</b>	<b>13.48</b>
<b>12 Other Current Financial Assets</b>	₹ in Lakhs	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind		
Unsecured, considered good	84.31	19.98
Interest accrued but not due	1.94	1.95
Other Receivable (export and others)	9.18	15.19
Security deposits		
Unsecured, considered good	0.60	4.24
<b>Total</b>	<b>96.03</b>	<b>41.36</b>
<b>13 Other Current Assets</b>	₹ in Lakhs	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Balances with Government Authorities	32.87	7.71
Other Advances ( Creditors)		
Advance to Employees	7.06	5.97
Prepaid expenses	6.29	6.76
<b>Total Issued, Subscribed and Fully Paid-up Equity Share Capital</b>	<b>46.22</b>	<b>20.44</b>
<b>14 Equity Share Capital</b>	₹ in Lakhs	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
<b>Authorised</b>		
5000000 (31st March, 2020: 5000000) Equity Shares of ₹ 10 /- each	500.00	500.00
<b>Issued, Subscribed and Fully Paid-up Equity Shares</b>		
3790000 (31st March, 2020: 3790000) Equity Shares of ₹ 10 /- each	379.00	379.00
<b>Total Issued, Subscribed and Fully Paid-up Equity Share Capital</b>	<b>379.00</b>	<b>379.00</b>

## Annual Report 2020-21

### a. Reconciliation of the Shares Outstanding at the beginning and at the end of the Reporting Period

₹ in Lakhs

Equity Shares	31st March, 2021		31st March, 2020	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the period	37,90,000	379.00	37,90,000	379.00
Add : Allotment on Conversion of Warrants	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>37,90,000</b>	<b>379.00</b>	<b>37,90,000</b>	<b>379.00</b>

### b. Terms/rights attached to Equity Shares

The Company has only one class of equity shares carrying par value of ₹10/- per share, carrying equal rights as to dividend, voting and in all other respects.

### c. Details of shareholders holding more than 5% shares in the Company.

₹ in Lakhs

Equity shares of ₹ 10 each fully paid Name of the Shareholder	31st March, 2021		31st March, 2020	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Tushar Patel	7,57,200	19.98%	7,57,200	19.98%
Tejal Patel	3,04,100	8.02%	3,04,100	8.02%
Mahendra Credit & Investments Co. Pvt. Ltd.	8,90,750	23.50%	8,90,750	23.50%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownerships of shares.

## 15 Other Equity

₹ in Lakhs

	31st March, 2021	31st March, 2020
<b>Securities Premium</b>		
Balance as per last financial statements	39.50	39.50
Add : Addition During the year	-	-
<b>Closing Balance</b>	<b>39.50</b>	<b>39.50</b>
<b>Surplus in the Statement of Profit &amp; Loss</b>		
Balance as per last financial statements	157.30	266.28
Profit for the year	197.69	(98.95)
Other Comprehensive Income for the year	1.34	(10.03)
Closing Balance	356.33	157.30
<b>Total Other Equity</b>	<b>395.83</b>	<b>196.80</b>

16 Non-current Borrowings	₹ in Lakhs	
	31st March, 2021	31st March, 2020
<b>Vehicle Loans (secured)</b>		
From Others	39.72	48.76
From Bank	103.61	123.97
<b>Term Loan (secured)</b>		
From a Bank	219.54	49.37
<b>The above amount includes</b>		
"Amount disclosed under the head Other Current Financial Liabilities" (Refer Note No. 20)	(160.18)	(50.04)
<b>Total</b>	<b>202.69</b>	<b>172.06</b>

a Repayment Schedule of Loans	₹ in Lakhs				
	Sanctioned Terms Months	Sanctioned/ Disbursed Amount	As at 31.03.2021	Rate of Interest	No. of Instalments outstanding
Vehicle Loans	30 to 68	8 Lakhs to 52.30 Lakhs	143.33	7.27 % to 10.50 %	23 to 46 Monthly
Term Loans	08 to 60	60 Lakhs to 115 Lakhs	219.54	7.50 % to 11.25 %	1 to 40 Monthly

- b Vehicle Loan obligations are secured by hypothecation of vehicles taken on lease.
- c Term loan from bank is secured against mortgage of movable property.

17 Non-current Provisions	₹ in Lakhs	
	31st March, 2021	31st March, 2020
Provision for Employee Benefits		
Gratuity (Refer Note No. 38)	81.74	75.51
<b>Total</b>	<b>81.74</b>	<b>75.51</b>

18 Current Borrowings	₹ in Lakhs	
	31st March, 2021	31st March, 2020
Intercompany Borrowings (unsecured)	123.29	192.00
Cash credit from banks (secured)	678.91	690.00
<b>Total</b>	<b>802.20</b>	<b>882.00</b>

**(i) Cash credit from banks are secured against**

- a Indian rupee Working Capital loan from a nationalised bank carries interest @ 10.75 % p.a. The loan is secured by hypothecation of Stock, Book Debts, Plant & Machineries , a group company guarantee & guaranteed by Managing Director of the company.
- b Indian rupee Working Capital loan from Co operative bank carries interest @ 11 % p.a. The loan is secured by hypothecation of Twister machines.

**(ii) Inter Corporate Borrowing carries interest @ 11.00 % p.a.**



## Annual Report 2020-21

19 Trade payables		₹ in Lakhs	
	31st March, 2021	31st March, 2020	
Total outstanding dues of Micro Enterprises & Small Enterprises (Refer Note No. 40)	-	-	
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises	513.77	542.01	
<b>Total</b>	<b>513.77</b>	<b>542.01</b>	

  

20 Other Financial Liabilities (Current)		₹ in Lakhs	
	31st March, 2021	31st March, 2020	
Current maturities of long-term borrowings (Secured) (Refer Note No. 16)	160.18	50.04	
Interest accrued but not due on borrowings	0.48	1.20	
Unpaid MD's Remuneration	-	1.26	
Lease Liability	-	5.14	
<b>Total</b>	<b>160.66</b>	<b>57.64</b>	

  

21 Other Current Liabilities		₹ in Lakhs	
	31st March, 2021	31st March, 2020	
Contract Liability (Advance from Customers)	8.92	0.91	
Statutory Dues Payable	27.72	17.60	
<b>Total</b>	<b>36.64</b>	<b>18.51</b>	

  

22 Current Provisions		₹ in Lakhs	
	31st March, 2021	31st March, 2020	
Provision for Employee Benefits			
Compensated Absences	14.54	10.66	
Gratuity (Refer Note No. 38)	5.78	8.91	
<b>Total</b>	<b>20.32</b>	<b>19.57</b>	

  

23 Liabilities for Current Tax (Net)		₹ in Lakhs	
	31st March, 2021	31st March, 2020	
Tax Balances: (Provisions Less Advance Tax)	40.57	-	
<b>Total</b>	<b>40.57</b>	<b>-</b>	

**24 Revenue from contracts with customers**

**24.1 Disaggregated revenue informaton**

₹ in Lakhs

	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Set out below is the disaggregation of the Company's revenue from contracts with customers :		
Type of goods Or Services		
Sales of Products		
Industrial Fabrics	3,880.03	3,424.83
Other Operating revenue	16.43	6.61
<b>Total</b>	<b>3,896.46</b>	<b>3,431.44</b>
Sales of Products		
In India	3,754.76	3,339.83
Outside India	141.70	91.61
<b>Total</b>	<b>3,896.46</b>	<b>3,431.44</b>
Timing of revenue recognition		
Goods transferred at a point in time	3,896.46	3,431.44
<b>Total</b>	<b>3,896.46</b>	<b>3,431.44</b>
<b>Revenue</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
<b>Segments :</b>		
Industrial Fabrics Division	3,896.46	3,431.44
<b>Total</b>	<b>3,896.46</b>	<b>3,431.44</b>

Segment reporting as defined in Indian Accounting Standard 108 is not applicable since the entire operation of the Company relates to only one segment i.e. Industrial fabrics. Similarly, revenue of international segment does not exceed 10 % of the total revenue and hence there is also no reportable geographical segment.

**24.2 Contract Balances**

₹ in Lakhs

<b>Particulars</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Trade receivables	958.68	692.63
Contract liabilities	8.92	0.91

**Set out below is the amount of revenue recognised from :**

<b>Particulars</b>	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Amounts included in contract liabilities at the beginning of the year	0.91	2.73
Performance obligations satisfied in previous years	0.91	2.57

## Annual Report 2020-21

### 24.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

₹ in Lakhs

Particulars	31st March, 2021	31st March, 2020
Revenue as per contracted price	3,913.10	3,453.03
Adjustments :		
Shortage/Quality Claims	0.85	13.31
Sales Return	15.79	8.28
<b>Revenue from contract with customers</b>	<b>3,896.46</b>	<b>3,431.44</b>

### 24.4 Performance obligation

Information about the Company's performance obligations are summarised below:

#### Industrial Fabrics

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 0 to 180 days from delivery, usually backed up by financials arrangements.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 are, as follows:

₹ in Lakhs

Particulars	31st March, 2021	31st March, 2020
Within one year	-	-

## 25 Other income

₹ in Lakhs

	For the year ended	
	31st March, 2021	31st March, 2020
<b>Interest income on</b>		
Bank deposits	2.39	1.99
Security deposit	0.60	0.79
<b>Dividend income on</b>		
Long-term investments	-	0.30
Profit on sale of Property, Plant & Equipment/ Investments (Net)	-	1.49
Foreign Exchange Fluctuation	8.04	-
Miscellaneous Income	2.46	1.61
<b>Total</b>	<b>13.49</b>	<b>6.18</b>

<b>26 Cost of Materials Consumed</b>	₹ in Lakhs	
	<b>For the year ended</b>	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
<b>i) Raw Materials</b>		
Inventory at the beginning of the year	489.05	387.16
Add: Purchases	2,462.83	2,541.14
Less: Inventory at the end of the year	(511.22)	(489.05)
<b>Total Cost of Materials Consumed</b>	<b>2,440.66</b>	<b>2,439.25</b>
<b>27 Changes in inventories of finished goods, Stock-in -Trade and work-in- progress</b>	₹ in Lakhs	
	<b>For the year ended</b>	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
<b>Inventories at the Closing of the year</b>		
Work-in-Progress	219.89	196.31
Finished Goods	77.47	160.46
<b>Sub Total (i)</b>	<b>297.36</b>	<b>356.77</b>
<b>Inventories at the Beginning of the year</b>		
Work-in-Progress	196.31	162.36
Finished Goods	160.46	75.93
<b>Sub Total (ii)</b>	<b>356.77</b>	<b>238.29</b>
<b>Total (ii-i)</b>	<b>59.41</b>	<b>(118.48)</b>
<b>28 Employee Benefit Expenses</b>	₹ in Lakhs	
	<b>For the year ended</b>	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Salaries, Wages and Bonus	413.49	388.29
Contribution to provident and other fund	27.15	27.48
Gratuity Contribution & Provisions (Refer Note No. 38)	11.94	9.77
Staff welfare Expense	2.67	0.56
<b>Total</b>	<b>455.25</b>	<b>426.10</b>
<b>29 Finance costs</b>	₹ in Lakhs	
	<b>For the year ended</b>	
	<b>31st March, 2021</b>	<b>31st March, 2020</b>
Bank Interest	84.21	89.03
Bank charges	10.92	11.55
Finance Charges	14.92	12.39
Other Interest	22.45	21.74
<b>Total</b>	<b>132.50</b>	<b>134.71</b>

## Annual Report 2020-21

### 30 Other Expenses

₹ in Lakhs

	For the year ended	
	31st March, 2021	31st March, 2020
Consumption of stores and spares	43.96	76.70
Power and fuel	167.01	158.30
Weaving & Other job work charges	42.34	33.43
Freight and forwarding charges	101.58	117.44
Directors Sitting Fees	-	0.15
Rent	8.59	8.71
Rates and taxes	0.55	0.58
Foreign Exchange Fluctuation	-	2.39
Insurance	11.44	8.65
Repairs and maintenance		
Plant and machinery	10.73	11.23
Buildings	8.72	9.88
Travelling and conveyance	19.62	48.14
Payment to auditor (Refer details below)	2.60	2.65
Property, Plant and Equipments written off	0.06	0.05
Loss on sale of Property, Plant & Equipment	0.14	-
Bad Debt written-off	30.36	-
Miscellaneous expenses	49.30	49.94
<b>Total</b>	<b>497.00</b>	<b>528.24</b>

#### 30.1 Payment to Auditor as:

₹ in Lakhs

	For the year ended	
	31st March, 2021	31st March, 2020
(a) Audit fee	1.60	1.62
(b) Tax Audit Fee	0.60	0.60
(c) Limited review & others	0.24	0.24
(d) Out of pocket expenses	0.16	0.19
<b>Total</b>	<b>2.60</b>	<b>2.65</b>

### 31 Contingencies and Commitments (Refer Note No. 1.15)

#### a. Contingent liabilities not provided for in respect of:

₹ in Lakhs

Sr. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
(a)	Claims against the Company /disputed liabilities not acknowledged as debts	-	-
(b)	Disputed Statutory Claims	-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

Outflow in respect of a (1) and (2) disputes /contingencies are dependent upon final outcome of the disputes or ultimate agreement to resolve the differences.

**b. Commitments**

- 1 Commitments on account of estimated amount of contracts remaining to be executed on capital account and not provided for relating to Tangible Assets is ₹ 10.84 lakhs (15.84 lakhs - 5.00 lakhs) [31st March, 2020 : ₹ 3.00 lakhs]

**32 Fair Value Measurement**

Financial Instrument by category and hierarchy

The fair value of the financial assets and liabilities are included at the amount of which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair Value of Cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amount largely due to short term maturities of these instruments
2. Financial instruments with fixed and variable interest rate are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair values of such instruments is not materially different from their carrying amounts:

For the financial assets and liabilities that are measured at fair values, the carrying amount are equal to the fair value.

• **Accounting classification and fair values**

₹ in Lakhs

Financial Assets & Financial Liabilities	As at 31st March, 2021				As at 31st March, 2020			
	Fair value Through OCI	Amortised Cost	Total Carrying Value	Total Fair Value	Fair value Through OCI	Amortised Cost	Total	Total Fair Value
<b>Financial Assets</b>								
Cash and Cash Equivalents (Refer note no 10)	-	24.84	24.84	24.84	-	30.95	30.95	30.95
Bank balances other than cash and cash Equivalents (Refer note no 11)	-	7.54	7.54	7.54	-	13.48	13.48	13.48
Investments (Refer note no 3)	2.08	2.88	4.96	4.96	2.08	2.88	4.96	4.96
Trade receivables (Refer note no 9)	-	958.68	958.68	958.68	-	692.63	692.63	692.63
Other Financial Assets (Refer note no 4 & 12)	-	123.15	123.15	123.15	-	53.16	53.16	53.16
<b>Total</b>	<b>2.08</b>	<b>1,117.09</b>	<b>1,119.17</b>	<b>1,119.17</b>	<b>2.08</b>	<b>793.10</b>	<b>795.18</b>	<b>795.18</b>
<b>Financial Liabilities</b>								
Borrowings (Refer note no 16 & 18)	-	1,004.89	1,004.89	1,004.89	-	1,054.07	1,054.07	1,054.07
Trade Payable (Refer note no 19)	-	513.77	513.77	513.77	-	542.01	542.01	542.01
Other Financial Liabilities (Refer note no 20)	-	160.66	160.66	160.66	-	57.64	57.64	57.64
<b>Total</b>	<b>-</b>	<b>1,679.32</b>	<b>1,679.32</b>	<b>1,679.32</b>	<b>-</b>	<b>1,653.72</b>	<b>1,653.72</b>	<b>1,653.72</b>

## Annual Report 2020-21

- Fair value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets which are measured at fair value as at Balance Sheet date, the classification of fair value calculations by category is summarized below:

₹ in Lakhs

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment (other than investment in subsidiaries, Joint Venture & Associates) (Refer note no 3)	-	-	4.96	-	-	4.96
<b>Total</b>						

### Significant Unobservable Inputs Used In Level 3 Fair Values

As at 31st March, 2021	Significant unobservable inputs	Sensitivity of input to fair value measurement
Non-current investments in unquoted equity shares	Discounted cash flow Discount rate: 11%	1% increase in discount rate will have decrease in investments by ₹ 0.11 lakhs and 1% decrease in discount rate will have an equal but opposite effect.

### 33 Capital risk Management

Equity Share capital and other equity are considered for the purpose of company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The Capital structure of the company is based on management's judgment of its strategic and day-to-day needs with a focus on total equity to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### 34 Financial risk management

The Company's business activities are exposed to a variety of financial risks, namely liquidity risk, market risks and credit risks. The company's senior management has the overall responsibility for establishing and governing the company's risk management framework. The company has constituted a Risk management committee, which is responsible for developing and monitoring the company's risk management policies. The company's risk management policies are established to identify and analyse the risks faced by the company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the company.

#### A. Management of Liquidity Risk

Liquidity risk is the risk that the company will face in meeting its obligation associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have

## Sanrhea Technical Textiles Limited

sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this management considers both normal and stressed conditions.

Due to dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability of under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

The following table shows the maturity analysis of the company's financial liabilities based on the contractually agreed undiscounted cash flows along with its carrying value as at the Balance sheet date.

### Exposure as at 31st March 2021 ₹ in Lakhs

Particulars	< 1 year	1-5 years	Beyond 5 years	Total
<b>Financial Liabilities</b>				
Borrowings (Refer note no 16 & 18)	802.20	202.69	-	1,004.89
Trade Payable (Refer note no 19)	513.77	-	-	513.77
Other Financial Liabilities (Refer note no 20)	160.66	-	-	160.66
<b>Total Financial Liabilities</b>	<b>1,476.63</b>	<b>202.69</b>	<b>-</b>	<b>1,679.32</b>

### Exposure as at 31st March 2020 ₹ in Lakhs

Particulars	< 1 year	1-5 years	Beyond 5 years	Total
<b>Financial Liabilities</b>				
Borrowings (Refer note no 16 & 18)	882.00	172.06	-	1,054.06
Trade Payable (Refer note no 19)	542.01	-	-	542.01
Other Financial Liabilities (Refer note no 20)	57.64	-	-	57.64
<b>Total Financial Liabilities</b>	<b>1,481.65</b>	<b>172.06</b>	<b>-</b>	<b>1,653.71</b>

### Financial Arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Expiring within one year (Bank overdraft and other facilities)	191.09	55.00
Expiring beyond one year (bank loans)	-	-

## B. Management of Market Risk

The company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- Foreign Currency risk
- Price risk
- Interest rate risk

The above risks may affect the company's income and expenses, or the value of its financial instruments. The company's exposure to and management of these risks are explained below:

### (i) Foreign Currency risk

Particular of unhedged foreign currency exposures as at the reporting date.



## Annual Report 2020-21

Currency exposure as at 31st March 2021 ₹ in Lakhs

Particulars	USD	EURO
Trade receivables	0.68	-
Trade Payable	0.56	0.33

Currency exposure as at 31st March 2020 ₹ in Lakhs

Particulars	USD	EURO
Trade receivables	1.26	-
Trade Payable	0.31	0.37

### Management Policy

The company manages foreign currency exposures within the prescribed limits, through use of forward exchange contracts. Foreign currency exchange rate exposure is partly balanced by purchasing of goods/commodities in the respective currencies.

### Sensitivity to Risk

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	₹ in Lakhs			
	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	5% increase	5% decrease	5% increase	5% decrease
USD	0.44	(0.44)	3.58	(3.58)
EURO	(1.42)	1.42	(1.54)	1.54
Increase/ decrease in profit & loss	(0.98)	0.98	2.04	(2.04)

### (ii) Price Risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

### Sensitivity Analysis

The table below summarizes the impact of increases/decreases of the BSE index on the Company's equity and Gain/Loss for the period. The analysis is based on the assumption that the index has increased by 5 % or decreased by 5 % with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

A change of 5% in market index would have following Impact on profit before tax

Particulars	₹ in Lakhs	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020
BSE Index 100 - Increase by 5%	-	-
BSE Index 100 - Decrease by 5%	-	-

The above referred sensitivity pertains to quoted equity investments. Profit for the year would increase/decrease as a result of gains/losses on equity securities as at Fair Value through Profit or Loss (FVTPL).

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

**Exposure to interest rate risk**

**Interest rate sensitivity**

**A change of 50 bps in interest rates would have following Impact on profit before tax**

	₹ in Lakhs	
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
50 bp decrease would increase the profit before tax by	3.39	3.45
50 bp increase would decrease the profit before tax by	(3.39)	(3.45)

**C Management of Credit Risk**

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through out each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business,
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counterparty,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The Ageing analysis of Account receivables has been considered from the date the invoice falls due

## Annual Report 2020-21

₹ in lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
0-3 months	921.77	588.59
3-6 months	30.25	72.69
6-12 months	5.03	0.99
Above 12 months	1.63	30.36
<b>Total</b>	<b>958.68</b>	<b>692.63</b>

### 35 Earnings per Share (EPS) as per Indian Accounting Standard 33:

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

₹ in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Net Profit as per Statement of Profit & Loss	197.69	(98.95)
No. of weighted average outstanding Equity Shares for Basic EPS	37.90	37.90
No. of weighted average outstanding Equity Shares for Diluted EPS	37.90	37.90
Earning per Equity Share of ₹ 10/- each (Basic)	5.22	(2.61)
Earning per Equity Share of ₹ 10/- each (Diluted)	5.22	(2.61)

### 36 Related Party Transactions as per Indian Accounting Standard 24:

The disclosure in pursuance to Indian Accounting Standard-24 on "Related Party disclosures" is as under:

#### (a) Name of Related Parties & Relationship

SN	Name	Relationship	Manner
1	Tushar M. Patel	Managing Director	Key Management Personnel
2	Tejal T. Patel	Non-Executive Director	Key Management Personnel
3	Dharmesh Patel	Company Secretary	Key Management Personnel
4	Jasu Patel (C.F.O.)	Chief financial officer	Key Management Personnel
5	M. A. Patel HUF	Relatives of Key Management Personnel	Relative as HUF of KMP
6	Mahendra Credit & Investments Co. Pvt. Ltd.	Enterprises owned or significantly influenced by Key Management Personnel or their relatives:	KMP sharing more than 20 % in profits
7	Avantika Investments Pvt. Ltd.	Enterprises owned or significantly influenced by Key Management Personnel or their relatives:	KMP sharing more than 20 % in profits
8	Tejal Trading Pvt. Ltd.	Enterprises owned or significantly influenced by Key Management Personnel or their relatives:	KMP sharing more than 20 % in profits
9	Miten Mehta	Non-Executive Director	
10	Vimal Ambani	Non-Executive Director	
11	Biren Patel	Non-Executive Director	

**Sanrhea Technical Textiles Limited**

(b) Transactions during the year with related parties mentioned in (a) above, in ordinary course of business & balances outstanding as at the year end:

₹ in Lakhs

Transaction	Total	Key Managerial Person	Relative of Key Managerial Person	Enterprise significantly influenced by Key Managerial Person	Non Executive Directors
<b>(a) Rent Paid</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	- 0.01	-	-	0.01	-
	P.Y. (0.01)	-	-	(0.01)	-
(ii) Tejal Trading Pvt. Ltd.	5.28	-	-	5.28	-
	P.Y. (11.71)	-	-	(11.71)	-
<b>(b) Interest Paid</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	14.43	-	-	14.43	-
	P.Y. 15.03	-	-	15.03	-
<b>(c) Managerial Remuneration</b>					
(i) Dharmesh Patel	5.87	5.87	-	-	-
	P.Y. (5.10)	(5.10)	-	-	-
(ii) Jasu Patel	7.37	7.37	-	-	-
	P.Y. (6.32)	(6.32)	-	-	-
(iii) Tushar Patel	61.63	61.63	-	-	-
	P.Y. (49.40)	(49.40)	-	-	-
<b>(d) Purchase</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	5.57	-	-	5.57	-
	P.Y. (5.19)	-	-	(5.19)	-
(ii) Tejal Trading Pvt. Ltd. (Capital Goods)	20.00	-	-	20.00	-
	P.Y. -	-	-	-	-
<b>(e) Loan Taken</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	-	-	-	-	-
	P.Y. (30.70)	-	-	(30.70)	-
<b>(f) Loan Repaid</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	23.72	-	-	23.72	-
	P.Y. (24.74)	-	-	(24.74)	-
<b>(g) Balances with Related Parties as on 31-3-2021</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	123.29	-	-	123.29	-
	P.Y. (147.00)	-	-	(147.00)	-

## Annual Report 2020-21

Transaction	Total	Key Managerial Person	Relative of Key Managerial Person	Enterprise significantly influenced by Key Managerial Person	Non Executive Directors
<b>(h) Trade Payables</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	-	-	-	-	-
	P.Y. (0.79)	-	-	(0.79)	-
<b>(i) Against corporate Guarantee Taken</b>					
(i) Mahendra Credit & Investments Co. Pvt. Ltd.	20.00	-	-	20.00	-
	P.Y. (20.00)	-	-	(20.00)	-
(ii) Tushar Patel	612.38	612.38	-	-	-
	P.Y. (620.52)	(620.52)	-	-	-
<b>(j) Advance for Capital Goods</b>					
(i) Tejal Trading Pvt. Ltd.	-	-	-	-	-
	P.Y. 17.04	-	-	17.04	-

Note: 1. No amount has been provided as doubtful debts or advances / written off or written back in respect of debts due from / to above parties. Figures in brackets relate to previous year.

2. The transaction with related parties are made on terms equivalent to those that prevail in arm's length transactions.

### Compensation to Key Managerial Personnel of the Company:

₹ in Lakhs

Nature of Benefits	For the year ended 31st March 2021	For the year ended 31st March 2020
Short-term employee benefits	74.87	60.82
Post-employment gratuity benefits *	-	-
<b>Total</b>	<b>74.87</b>	<b>60.82</b>

Note: \* Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. Post-employment gratuity benefits of Key Managerial Personnel has not been included in (b) above.

### 37 Segment Information as per Indian Accounting Standard 108:

Segment reporting as defined in Indian Accounting Standard 108 is not applicable since the entire operation of the Company relates to only one segment i.e. Industrial fabrics. Similarly, revenue of international segment does not exceed 10 % of the total revenue and hence there is also no reportable geographical segment.

### 38 Post Retirement Benefit Plans as per Indian Accounting Standard 19:

As per Actuarial Valuation as on 31st March, 2021 and 31st March, 2020 and recognised in the financial statements in respect of Employee Benefit Schemes:

**Sanrhea Technical Textiles Limited**

**A. Amount recognised in the Balance Sheet** ₹ in Lakhs

<b>Gratuity:</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Present value of plan liabilities	(87.51)	(84.42)
Fair value of plan assets	-	-
Deficit/(Surplus) of funded plans	(87.51)	(84.42)
Unfunded plans		
<b>Net plan liability/ (Asset)*</b>	<b>(87.51)</b>	<b>(84.42)</b>

**B. Movements in plan assets and plan liabilities** ₹ in Lakhs

<b>Gratuity:</b>	<b>For the year ended 31st March, 2021</b>			<b>For the year ended 31st March, 2020</b>		
	<b>Plan Assets</b>	<b>Plan liabilities</b>	<b>Net</b>	<b>Plan Assets</b>	<b>Plan liabilities</b>	<b>Net</b>
<b>As at 1st April</b>	-	<b>84.42</b>	<b>84.42</b>	-	<b>63.00</b>	<b>63.00</b>
Current service cost	-	6.17	6.17	-	4.87	4.87
Employee contributions	-	(6.99)	(6.99)	-	(1.90)	(1.90)
Interest cost	-	5.77	5.77	-	4.90	4.90
Actuarial (gain)/loss arising from changes in financial Assumptions	-	0.12	0.12	-	5.03	5.03
Actuarial (gain)/loss arising from experience adjustments	-	(1.98)	(1.98)	-	8.52	8.52
<b>As at 31st March</b>	-	<b>87.51</b>	<b>87.51</b>	-	<b>84.42</b>	<b>84.42</b>

The liabilities are split between different categories of plan participants as follows:

**Defined benefit obligation and employer contribution**

<b>Particulars</b>	<b>Gratuity</b>	
	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
Active members	90	88

**C. Amount recognised in the Statement of Profit and Loss as Employee Benefit Expenses**

₹ in Lakhs

<b>Gratuity:</b>	<b>For the year ended 31st March 2021</b>	<b>For the year ended 31st March 2020</b>
Current service cost	6.17	4.87
Finance cost/(income)	5.77	4.90
Past service cost	-	-
<b>Net impact on the Profit / (Loss) before tax</b>	<b>11.94</b>	<b>9.77</b>
Remeasurement of the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	(1.86)	13.55
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
<b>Net Gain recognised in the Other Comprehensive Income before tax</b>	<b>(1.86)</b>	<b>13.55</b>

## Annual Report 2020-21

### D. Assets

Gratuity:	As at 31st March, 2021	As at 31st March, 2020
<b>Gratuity:</b>		
Unquoted	-	-
Government Debt Instruments	-	-
Corporate Bonds	-	-
Insurer managed funds		
Others	-	-
<b>Total</b>		

### E. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date

The significant actuarial assumptions were as follows:

Gratuity:	As at 31st March, 2021	As at 31st March, 2020
<b>Financial Assumptions</b>		
Discount rate	6.84%	7.77%
Salary Escalation Rate	6.00%	6.00%
Attrition Rate	2.00%	2.00%
<b>Demographic Assumptions</b>		
Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.	N.A.	N.A.

### F. Sensitivity

The sensitivity of the defined benefit obligation to changes in the weighted key assumptions are:

₹ in Lakhs

Gratuity:	As at 31st March, 2021			As at 31st March, 2020		
	Change in assumption	Increase in present value of plan liabilities	Decrease in present value of plan liabilities	Change in assumption	Increase in present value of plan liabilities	Decrease in present value of plan liabilities
Discount rate	100 bps	(5.53)	6.36	100 bps	(5.39)	6.18
Salary Escalation Rate	100 bps	5.79	(5.07)	100 bps	5.53	(4.86)
Attrition Rate	100 bps	0.36	(0.41)	100 bps	0.35	(0.40)

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

**G. The defined benefit obligations shall mature after year end 31st March, 2021 as follows:**

₹ in Lakhs

Gratuity :	As at 31st March, 2021	As at 31st March, 2020
1st Following year	5.84	8.91
2 nd Following year	3.19	2.28
3 rd Following year	18.55	3.36
4 th Following year	8.47	19.99
5 th Following year	20.26	8.15
Thereafter	104.87	112.90

**Risk Exposure - Asset Volatility**

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk derivatives to minimize risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments % which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit.

**Leave obligations**

The leave obligations cover the Company's liability for sick and earned leave. The amount of the provision of ₹ 14.54 lakhs [31st March, 20: ₹ 10.66 lakhs] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

**Defined contribution plans**

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 27.13 lakhs (P.Y ₹ 27.46 lakhs).

**39 Disclosure as per IND AS 116:**

**The changes in the carrying value of ROU assets for the year ended March 31, 2021 are as follows :**

₹ in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	5.28	-
Reclassified on account of adoption of Ind AS 116	-	15.84
Additions	-	-
Changes on account of lease modification	-	-
Depreciation	(5.28)	(10.56)
<b>Closing Balance</b>	<b>-</b>	<b>5.28</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.



## Annual Report 2020-21

The break-up of current and non-current lease liabilities as at March 31, 2021 is as follows :

₹ in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current lease Liabilities	-	5.14
Non-current lease Liabilities	-	-
<b>Total</b>	<b>-</b>	<b>5.14</b>

The movement in lease liabilities during the year ended March 31, 2021 is as follows:

₹ in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	5.14	-
Reclassified on account of adoption of Ind AS 116	-	15.84
Finance cost accrued during the period	0.14	1.01
Changes on account of lease modification	-	-
Payment of lease liabilities	(5.28)	(11.71)
Translation difference	-	-
<b>Closing Balance</b>	<b>-</b>	<b>5.14</b>

The details of the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis are as follows :

₹ in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Less than one year	-	5.14
One to five years	-	-
<b>Total</b>	<b>-</b>	<b>5.14</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 8.59 Lakhs for the year ended March 31, 2021 and ₹ 8.71 Lakhs for the year ended March 31, 2020.

#### 40 Dues to Micro, Small and Medium Enterprises

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, 2021. Hence, the disclosure relating to amounts unpaid as at the year ended together with interest paid/payable under this act have not been given. This is relied upon by auditors.

41 The management believes, unsecured trade receivables amounting to ₹ 30.36 Lakhs outstanding for more than three years is now not receivable. The same is written off in current year ending March 31, 2021 and is classified under "Other expenses" in Statement of Profit and loss.

42 The Company continues to monitor the impact of Covid-19 on its business, including its impact on customers, supply-chain, employees and logistics. The company has made assessment of recoverability of company's assets such as Trade receivables, inventories, etc. using reasonably available information,

estimates and judgements and has determined there would be no material adjustment required. However, the impact assessment of COVID-19 is a continuous process, given the uncertainties associated with its nature and duration. The impact thereof might be different from that estimated as at the date of approval of financial statements by Board of Directors. The company will continue to closely monitor changes to future economic conditions.

- 43** The Code on Social Security, 2020 ('Code') has been notified in the Official Gazette of India on September 29, 2020, which could impact the contributions of the Company towards certain employment benefits. The effective date from which changes are applicable is yet to be notified and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in the period of notification of the relevant provisions.
- 44** Previous year figures have been regrouped/reclassified whenever necessary to correspond with current year's classification / disclosure.

The accompanying notes form an integral part of the financial statements

**As per our report of even date**

**For ARPIT PATEL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No.: 144032W

**ARPIT K. PATEL**  
Partner  
Membership No.: 034032

Place : Ahmedabad  
Date: June 30 2021

**For and on behalf of the Board of Directors**

**Tushar Patel**  
Managing Director  
DIN: 00031632

**Dharmesh Patel**  
Company Secretary  
Membership No.: A33891

Place : Ahmedabad  
Date: June 30 2021

**Tejal Patel**  
Director  
DIN: 01130165

**Jasubhai Patel**  
Chief Financial Officer

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

*If undelivered please return to:*

**SANRHEA TECHNICAL TEXTILES LIMITED**

CIN: L17110GJ1983PLC006309

Regd. Office : Parshwanath Chambers, 2<sup>nd</sup> Floor, Nr. New RBI, Income Tax, Ahmedabad – 380014