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8th Annual Report 1996-97





## GANGOTRI TEXTILES LIMITED

### BOARD OF DIRECTORS

RAMESH KUMAR TIBREWAL - MANAGING DIRECTOR  
 MANOJ KUMAR TIBREWAL  
 MOHANLAL TIBREWAL  
 USHA DEVI TIBREWAL  
 K.N. SREEDHARAN

MD	✓		BKC	✓
CS	R/A		DPY	10/
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓		SHI	✓
YE	✓			

### AUDITORS

THAKKER & SANGHANI  
 CHARTERED ACCOUNTANTS  
 16/77 SYRIAN CHURCH ROAD NO. 1  
 COIMBATORE - 641 001

### BANKERS

THE SOUTH INDIAN BANK LIMITED

### REGD OFFICE

14, EAST PERIASWAMY ROAD  
 R.S.PURAM  
 COIMBATORE - 641 002

### REGISTRARS AND SHARE TRANSFER AGENTS

SREE KRISHNA DATA CENTRE  
 P.B. NO. 2979  
 NO.11, STREET NO.1  
 SETH NARAYANDOSS LAYOUT  
 TATABAD, COIMBATORE - 641 012

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## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighth Annual General Meeting of the Company will be held on *Monday, the 29th day of September, 1997 at 3.30 P.M. at Banquet Hall - Legend, The Residency, 1076 Avanashi Road, Coimbatore 641 018* to transact the following business set out in the agenda below :

### AGENDA

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the year ended 31st March, 1997, Balance sheet as on that date and the Auditors' Report thereon.
2. To declare the dividend.
3. To appoint a Director in the place of Smt. Usha Tibrewal who retires by rotation and being eligible seeks reappointment.
4. To appoint a Director in the place of Sri K.N. Sreedharan who retires by rotation and being eligible seeks reappointment.
5. To appoint Auditors and to fix their remuneration and in that regard to consider and pass the following resolutions with or without modification as ordinary resolutions.
  - a) That M/s. Thakker & Sanghani, Chartered Accountants, Coimbatore the retiring auditors of the Company and M/s. Srikishen & Co., Chartered Accountants, Coimbatore be and they are hereby appointed as Auditors of the Company to hold office as Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and they will be paid a remuneration as may be determined by the Board of Directors in consultation with the said Auditors.
  - b) That in terms of Section 228 (3) (a) of the Companies Act, 1956 and all other related provisions M/s. Agarwal Kejriwal & Co., Chartered Accountants, Calcutta be and they are hereby appointed to audit the accounts of the Calcutta branch office of the Company

and they will be paid a remuneration as may be determined by the Board of Directors in consultation with the said branch Auditors.

6. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Section 198, 269, 309 and all other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act and subject to such approvals as may be necessary, Sri Ramesh Kumar Tibrewal be and is hereby appointed as the Managing Director of the Company, for a period of 5 years with effect from 1.4.1997 upon the terms and conditions set out below.

#### REMUNERATION

- a) Salary : Rs. 50,000/- p.m.
- b) Commission : 1% of the net profit.
- c) Perquisites : In addition to the salary and commission, the Managing Director shall also be entitled to perquisites like furnished accommodation or where accommodation is not provided 50% of the salary as House Rent Allowance, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance, etc. in accordance with the rules of the Company.
- d) Company's contribution to provident fund and super annuation fund as per the rules of the company to the extent these, either singly or together are not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or perquisites. Gratuity payable shall not exceed half-a-month's salary for each completed year of service. The Managing Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

Provision of a Company's car with driver for use on company's business and telephone facility at his residence will not be considered as



perquisites. Personal long distance calls on telephone and use of the car for personal purposes shall be billed by the Company to the Managing Director.

The minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of office as Managing Director shall be :

The monthly remuneration fixed above and contribution to provident fund, gratuity fund and super annuation fund.

7. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution.

"RESOLVED that in accordance with the provisions of Section 198, 269, 309 and all other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act and subject to such approvals as may be necessary, Sri Manoj Kumar Tibrewal be and is hereby appointed as the Whole Time Director of the Company, for a period of 5 years with effect from 1.4.1997 upon the terms and conditions set out below.

#### REMUNERATION

- a) Salary : Rs. 20,000/- p.m.
- b) Commission : 1% of the net profit.
- c) Perquisites : In addition to the salary and commission, the Whole Time Director shall also be entitled to perquisites like furnished accommodation and where accommodation is not provided 50% of the salary as House Rent Allowance, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance, etc. in accordance with the rules of the Company.
- d) Company's contribution to provident fund and super annuation fund as per the rules of the company to the extent these, either singly or together are not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or

perquisites. Gratuity payable shall not exceed half-a-month's salary for each completed year of service. The Whole Time Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

Provision of a Company's car with driver for use on company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for personal purposes shall be billed by the Company to the Whole Time Director.

The minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profits, in any financial year during the tenure of office as Whole Time Director shall be :

The monthly remuneration fixed above and contribution to provident fund, gratuity fund and super annuation fund.

#### NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be received by the Company at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Registers of the Company will remain closed from 2nd September to 29th September 1997 (both days inclusive).

By Order of the Board  
for **GANGOTRI TEXTILES LIMITED**

(Sd/-) **RAMESH KUMAR TIBREWAL**  
Managing Director

Coimbatore  
11.06.1997

## EXPLANATORY STATEMENT

### SUBJECT NO. 6

Sri Ramesh Kumar Tibrewal was appointed as the Managing Director of the Company, when the Company was a Private Limited Company and subsequently his remuneration was increased to Rs.18,000/- per month. His appointment was made for a term of 5 years, when the Company was a private limited company and that tenure is to coming to a close on 25.10.97.

Notwithstanding, it is now proposed to appoint Sri Ramesh Kumar Tibrewal for the first time, after the Company became a Public Limited Company as the Managing Director of the Company for a period of 5 years from 1.4.1997 on the remuneration and perquisites as detailed in the resolution.

When the Company was a private limited company and when it became a listed Public Limited Company in 1994, the Company had only one production centre with 6 Open End Frames with a total of 1152 rotors. Since then under the stewardship of Mr. Ramesh Kumar Tibrewal, the Company has grown in strength and over the 3 years, the installed capacity has been increased to 2496 rotors in two different locations. The expansion scheme to increase the installed capacity by 1344 rotors is in progress and it is expected to go into production by 1st of July 1997. The turnover of the Company which was very small, as the company went into public, reached Rs.45.75 crores for the year ended 31.3.1997 and this is expected to go up still further with the completion of the expansion scheme.

In view of the size and multi location situation, it is proposed to enhance the remuneration of the Managing Director in the manner indicated in the resolution. The remuneration is well below the ceiling fixed by Schedule XIII of the Companies Act. Accordingly the said resolution is submitted for your approval.

Mr. Ramesh Kumar Tibrewal and Mrs. Usha Tibrewal are interested / concerned in the resolution.

### SUBJECT NO. 7

Sri Manoj Kumar Tibrewal is a Director of the Company since inception. He has been assisting the Managing Director in the day to day administration.

It is now proposed to appoint him for the first time as the Whole Time Director of the Company for a period of 5 years from 1.4.1997 on the remuneration and other perquisites as detailed in the resolution.

In view of the size and multi location situation, it is proposed to appoint Sri Manoj Kumar Tibrewal as the Whole Time Director on the remuneration as indicated in the resolution. The remuneration is well below the ceiling fixed by Schedule XIII of the Companies Act. Accordingly the said resolution is submitted for your approval.

Mr. Manoj Kumar Tibrewal and Mr. Mohanlal Tibrewal are interested / concerned in this resolution.

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## DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Eighth Annual Report of the Company alongwith Audited Statement of Accounts for the year ended 31st March, 1997.

### FINANCIAL RESULTS

	Year Ended 31.03.'97 (Rs. In Lacs)	Year Ended 31.03.'96 (Rs. in Lacs)
Sales Turnover	4574.95	3730.88
Profits before Interest and Depreciation	898.67	765.09
Less :		
(a) Interest	264.53	220.34
(b) Depreciation	179.14	168.06
Balance Profit	455.00	376.69
Less : Donations	0.35	0.12
Income Tax of prior year	9.35	3.66
Investment Fluctuation Reserve	1.06	—
	444.24	372.91
Balance brought forward from previous year	4.61	3.70
Profit available for appropriation	448.85	376.61
<b>Your Directors recommend the following appropriations :</b>		
Provision for Taxes	112.00	76.00
Dividend	96.00	96.00
Transfer to General Reserve	235.00	200.00
Surplus carried over	5.85	4.61
	448.85	376.61

### DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs.2/- per share on the equity shares of the Company. This dividend is payable to such shareholders whose names stand registered as on 2.9.1997.

As a result of the amendment to the Income Tax Act, 1961 introduced by the Finance Act of 1997, the procedure of deduction of tax from dividends has been done away with. Accordingly the shareholders

will be getting their dividends without any deduction of tax.

### PERFORMANCE

For the first time since the company went into commercial production one full year has lapsed without increasing its production capacity. The Company had 2496 rotors functioning throughout the year without any additions. The turnover for the year has reached Rs.45.75 crores as against Rs.37.31 crores achieved in the previous year, thus registering

an increase in turnover to the tune of 22.62% over the previous year.

The year 1996-97 for the textile industry in general and for many companies in particular was not a good one. However, compared to the year immediately preceding, the cotton prices were not that high as in the previous year. It is also to be stated that throughout the year under review the yarn prices remained depressed and in fact the lowest prices were experienced during the year 1996-97 in so far as Open End Spun Yarn is concerned.

The financial position in the industrial sector in general remained difficult throughout the year, even the credit disbursements by institutions and banks were not forthcoming to the desired extent and at the desired point of time. These factors put on-pressure on the margins achieved by the Company.

Notwithstanding these adverse factors prevailing in the industry in general, in so far as your company is concerned the directors are glad to inform you that the working has resulted in better profits in absolute terms as compared to the previous year.

#### EXPANSION

Your Directors are glad to inform you that the expansion of Unit No. 1 by installation of additional 1344 rotors with the required back process is under way and is expected to become operational this year.

This expansion programme is expected to cost Rs.13.40 crores of which Rs.9.25 crores is being met out from the term loan sanctioned by IDBI under the Project Finance Scheme. The balance is being met out of the internal generation.

#### PROSPECTS

It has to be mentioned that there is a very good demand for the yarn of your company in the market. The quality of the yarn has been well accepted by the market and as on date the yarn manufactured by your company commands the price equivalent to that of well established mills.

Your Directors are therefore confident that the future years will bring about better financial performance.

#### PUBLIC DEPOSITS

Public Deposits accepted by your Company are within the prescribed limits and the provisions of Section 58-A of the Companies Act 1956 and the rules framed thereunder are complied with. There are no unclaimed deposits as on 31.3.1997.

#### DIRECTORS

The directors are due for retirement by rotation at this Annual General Meeting are Mrs. Usha Devi Tibrewal and Sri K.N. Sreedharan, both the directors being eligible offer themselves for re-appointment.

During the year under review Tamilnadu Industrial Investment Corporation Ltd. who had nominated Mr. G. Govardhan as the director of the board of your company withdrew the said nomination with effect from 9.1.1997 and accordingly Sri G. Govardhan ceased to be a director from that date. The Directors wish to place on record their deep sense of appreciation to the valuable guidance provided by Sri G. Govardhan during the tenure as a Director of the Board of Directors of the Company.

#### AUDITORS

M/s. Thakker & Sanghani, Chartered Accountants are the retiring Auditors of the Company and having furnished the certificate in writing in terms of Section 224 (1B), they are eligible for reappointment. Your Board would like to reappoint the said M/s. Thakker & Sanghani and in addition would like to have M/s. Srikishen & Co., Chartered Accountants also as Auditors of the Company, so that the Company will have the benefit of the advice of two firms of Auditors. And in so far as the audit of accounts are concerned it will be a joint audit. Parallely your Directors have also decided to appoint M/s. Agarwal Kejriwal & Co., Chartered Accountants as branch auditors of the Company to audit the accounts of the Calcutta Branch.

The Directors are of the view that in the light of the increasing volume of business and with the turnover rising constantly and with further expansion plan on hand, it is in the interest of the Company to have the accounts of the Company to have two auditors for the Head Office and a separate branch auditor for the Calcutta Office.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.**

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1956, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

There are no employees who are in receipt of remuneration in excess of the limits specified under sub-section (2A) of Section 217 of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Your Directors wish to thank and record their appreciation to SIPCOT / TILC / IDBI and the Company's banker The South Indian Bank Ltd. for their valuable

and timely financial assistance and support provided to the Company. The Board also wishes to thank the shareholders, suppliers, customers and all others who have directly or indirectly contributed to the company's business.

Last but certainly not the least your Directors wish to gratefully acknowledge and thank the employees at all levels for their dedicated service.

By Order of the Board  
for **GANGOTRI TEXTILES LIMITED**

(Sd/-) **RAMESH KUMAR TIBREWAL**  
Managing Director

(Sd/-) **MANOJ KUMAR TIBREWAL**  
Director

Coimbatore  
11.06.1997

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