

16th Gangotri
SANSKO SERVICES LTD.

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9TH ANNUAL REPORT 1997-98





GANGOTRI TEXTILES LIMITED

BOARD OF DIRECTORS

SRI RAMESH KUMAR TIBREWAL
MANAGING DIRECTOR

SRI MANOJ KUMAR TIBREWAL
WHOLETIME DIRECTOR

SRI MOHANLAL TIBREWAL

SRI K.N. SREEDHARAN

REGD. OFFICE

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

REGISTRARS AND SHARE TRANSFER AGENTS

S.K.D.C. CONSULTANTS LTD.
P.B. No. 2979,
No. 11, STREET No. 1,
SETH NARAYANDOSS LAYOUT,
TATABAD, COIMBATORE - 641 012.

BANKERS

STATE BANK OF INDIA
(INDUSTRIAL FINANCE BRANCH)

AUDITORS

M/s. THAKKER & SANGHANI
CHARTERED ACCOUNTANTS
65, SYRIAN CHURCH ROAD No. 3,
COIMBATORE - 641 001.

M/s. SRIKISHEN & CO
CHARTERED ACCOUNTANTS
NO.11 STREET NO.1
SETH NARAYANADOSS LAYOUT, TATABAD
COIMBATORE - 641 012.

M/s. AGARWAL KEJRIWAL & CO
CHARTERED ACCOUNTANTS
1 GANESH CHANDRA AVENUE
4th FLOOR
CALCUTTA - 700 013.

FACTORIES

UNIT I : SF No. 496 A/497
KITAMPALAYAM POST
PALLADAM TALUK
COIMBATORE - 641 659.

UNIT II : 3/161 PONNANDAMPALAYAM
KANIYUR POST
KARUMATHAMPATTY
AVINASHI TALUK
COIMBATORE - 641 659.

UNIT III : KUMBHOJGIRI ROAD
VILLAGE ALATE
T.K. HATKANANGALE
DIST. KOLHAPUR
MAHARASHTRA - 416 109.

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CONTENTS	PAGE NO.
NOTICE TO SHAREHOLDERS	3
DIRECTORS' REPORT	5
AUDITORS' REPORT	9
BALANCE SHEET	11
PROFIT AND LOSS ACCOUNT	12
SCHEDULES TO BALANCE SHEET	13
SCHEDULES TO PROFIT AND LOSS ACCOUNT	17
NOTES TO ACCOUNTS	22
CASH FLOW STATEMENT	27



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Ninth Annual General Meeting of the Company will be held on Saturday the 26th day of September, 1998 at 3.30 PM at Banquet Hall-Legend, The Residency, 1076 Avanashi Road, Coimbatore - 641 018 to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the year ended 31st March 1998 and the Balance Sheet as on that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in the place of Sri Manoj Kumar Tibrewal, a Director, who retires by rotation and being eligible seeks reappointment.
4. To appoint a Director in the place of Sri Mohanlal Tibrewal a Director, who retires by rotation and being eligible seeks reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following as an ordinary resolution with or without modification in terms of Section 293 (1) (a) and other related provisions of the Companies Act 1956.

RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 to mortgaging and or creating charge by the Board of Directors of the Company of all the movable and immovable properties of the Company wherever situate, present and future and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of Industrial Development Bank of India (IDBI) to secure its Rupee Term Loan aggregating

Rs. 1140 lakhs (Rupees one thousand one hundred and forty lakhs only) sanctioned under Project Finance Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses and other monies payable by the Company to IDBI respectively under its Loan Agreement/Letters of sanction/Memorandum of Terms and conditions entered into by the Company in respect of the said term loan.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

The Company during the year 1997-98 has acquired an existing unit with 384 rotors together with complete infrastructure at Kolhapur, in the state of Maharashtra. This has been commissioned on 20.11.97. Further this unit was expanded by installing another 576 rotors on 30.3.1998. Overall this unit has an installed capacity of 960 rotors. The total cost of the project including the cost of expansion is Rs. 1525 lakhs which has been funded as follows.

1. Term Loan sanctioned by IDBI	: Rs.	1140 lakhs
2. From out of internal accruals	: Rs.	385 lakhs
Total		: Rs. 1525 lakhs

In terms of the Loan Agreement entered into by the Company with IDBI, the Company has to create a charge on the fixed assets of the Company as well as the movable assets subject to prior charges in favour of banks to the Company in respect of working capital facilities extended by them. In addition, on the happening of certain events, in terms of the loan agreement, IDBI has the power to take over the management of the business and concern of the Company. In terms of Section 293(1)(a) of

the Companies Act, 1956 the mortgage of the whole of any undertaking, or substantially the whole of any undertaking of the Company or otherwise transfer of the undertaking can be done only on the strength of an ordinary resolution passed by the members of the Company. Hence this resolution.

None of the Directors are concerned or interested in the subject matter of the resolution.

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 such proxy need not be a member.
2. Proxies must be received at the Registered Office of the

Company, not later than 48 hours before the commencement of the meeting.

3. The Register of the Members and Share Transfer Register of the Company will remain closed from 1st September 1998 to 26th September 1998 (both days inclusive)

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

Coimbatore
15.6.1998

RAMESH KUMAR TIBREWAL
Managing Director

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DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Ninth Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Year Ended 31.03.1998 (Rs. in Lakhs)	Year Ended 31.03.1997 (Rs. in Lakhs)
Sales Turnover	6,384.28	4,574.95
Profit before Interest and Depreciation	1,116.21	898.67
Less:		
(a) Interest	289.45	264.53
(b) Depreciation	258.26	179.14
	568.50	455.00
Add : 1. Surplus carried forward from prior years	5.85	4.61
2. Prior Year Income	0.52	-
	574.87	459.61
APPROPRIATIONS		
1. Donation	0.46	0.35
2. Investment Fluctuation Reserve	0.20	1.06
3. Income Tax for prior years	15.12	9.35
4. Provision for Taxes	81.00	112.00
5. Corporate Dividend Tax	9.60	-
6. Proposed Dividend on Equity Shares	96.00	96.00
7. Transfer to General Reserve	300.00	235.00
8. Surplus to be carried over	72.49	5.85
	574.87	459.61

DIVIDEND

Your Directors are pleased to recommend dividend at the rate of Rs. 2/- per share (20 %) on the equity shares of the company. This dividend is payable to such shareholders whose names stand registered as on 26.9.1998.

PERFORMANCE

During the year under review, the sales effected is Rs. 63.84 Crores as against Rs. 45.75 Crores last year, thus registering an increase to the tune of 39.5% over the previous year. The increase in turnover is due to the full expanded capacity

becoming operational and in spite of the sluggishness continued in the Textile Industry last year. The yarn price was depressed throughout the year and the off-take was not brisk.

Despite these adverse factors prevailing in the textile industry in general, you will observe that the performance and the working results of the company are relatively encouraging and satisfactory.

EXPANSION

Your Directors are glad to inform you that during the year under review, the company has acquired an existing unit with 384 rotors together with complete infrastructure at Kolhapur, in the state of Maharashtra for a consideration of Rs. 2.11 crores. This has been recommissioned and the commercial production commenced on 20.11.1997. Further this unit was expanded by installing another 576 rotors on 30.3.1998. Overall this unit has an installed capacity of 960 rotors.

The sales effected in this unit for the year ended 31st March 1998 is Rs. 67,86,447/-. Your Directors also feel that there will be a significant increase in the sales turnover of this unit in the coming year when the entire installed capacity would be operating throughout the year.

PROSPECTS

Textile spinning industry is undergoing an unprecedented and prolonged crisis. The financial crisis in the South East Asian countries has seriously affected exports to these countries by the spinning industry. The outlook for the industry as a whole appears to be none too encouraging.

However, your company is trying to control various expenses and also is generating good demand for the products of the company in select pockets. Your Directors are looking forward to the future with guarded optimism.

DEPOSITS

Public deposits accepted by your company are within the prescribed limits and the provisions of Section 58-A of the Companies Act, 1956 have been complied with.

There has been no unclaimed or overdue deposit as on 31.3.1998 or as on the date of this report.

INDUSTRIAL RELATIONS

The relationship with the employees continues to be cordial.

DIRECTORS

The following Directors are due to retire by rotation and being

eligible offer themselves for re-appointment.

1. Sri Manoj Kumar Tibrewal
2. Sri Mohanlal Tibrewal

AUDITORS

M/s. Thakker & Sanghani, Chartered Accountants, Coimbatore and M/s. Srikishen & Co., Chartered Accountants, Coimbatore, the auditors of the Company and M/s. Agarwal Kejriwal & Co., Chartered Accountants, Branch Auditors are due to retire at the ensuing Annual General Meeting to be held on 26.9.1998 and being eligible offer themselves for re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31st March 1998 is given in the annexure of this report.

There are no employees other than the Managing Director and Whole Time Director drawing more than the specified amount to form part of information under Section 217 of the Companies Act, 1956. Full particulars of the remuneration paid to the Managing Director and Whole Time Director forms part of the notes to the accounts.

ACKNOWLEDGEMENT

Your Directors wish to thank and record their appreciation to SIPCOT, TIIC, IDBI and the company's banker, State Bank of India for their valuable and timely financial assistance and support provided to the company throughout the year. Your Directors will be failing in their duty if the support and co-operation which has been extended by The South Indian bank Ltd., since the inception of the company is not placed on record. Your Directors also wish to thank the suppliers, customers and all others who have directly and indirectly contributed to the company's prosperity.

Your Directors wish to gratefully acknowledge and thank the employees at all levels for their dedicated services.

By order of the Board
 For **GANGOTRI TEXTILES LIMITED**

RAMESH KUMAR TIBREWAL
 Managing Director

Coimbatore
 15.6.1998

MANOJ KUMAR TIBREWAL
 Whole Time Director



ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988.

FORM A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

		Current Year 1997-'98	Previous Year 1996-'97
A. Power and Fuel consumption			
1. Electricity.			
a. Purchased			
Unit (KWH)		63,34,746	55,35,948
Total Amount (in lakhs)		147.83	97.49
Rate/unit (Rs)		2.33	1.76
b. Own generation			
i. Through diesel generator			
Unit (KWH)		56,40,529	17,35,549
Units/Ltr of diesel oil		3.56	3.37
Cost/unit		2.87	2.98
ii. Through steam turbine/generator			
Units		-	-
Units/ltr of fuel oil/gas		-	-
Cost/unit		-	-
2. Coal (Specify quality and where used)			
Quantity (Tonnes)		-	-
Total cost		-	-
Average rate		-	-
3. Furnace oil			
Quantity (Kilo Litre)		-	-
Total cost		-	-
Average Rate		-	-
4. Others/Internal generation			
(Please give details)			
Quantity		-	-
Total cost		-	-
Rate/unit		-	-
B. Consumption per unit of production			
	Standards (if any)		
Products (with details)			
Cotton Yarn	Kgs	1,20,00,823	84,74,460
Average Count		9	8
Electricity	Unit/Kg	1.00	0.83
Furnace oil		-	-
Coal (specify quality)		-	-
Others (specify)		-	-