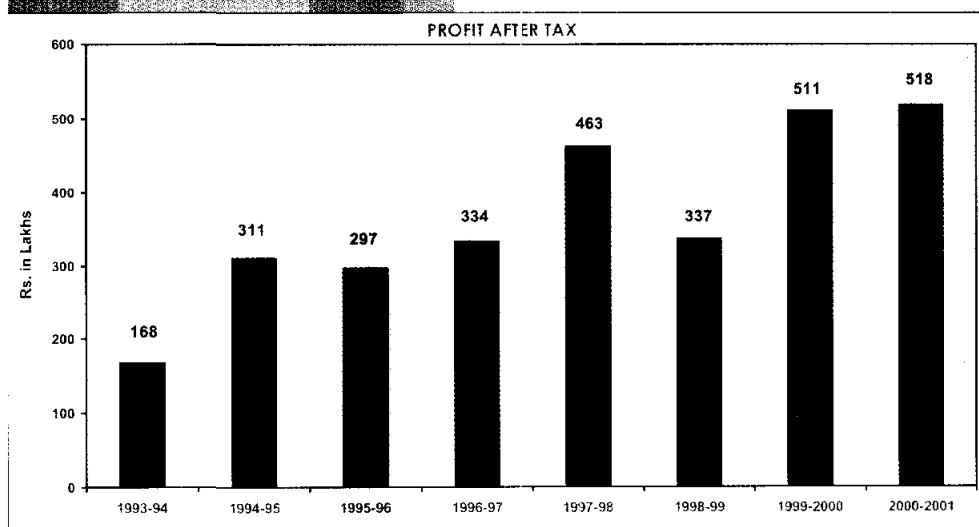
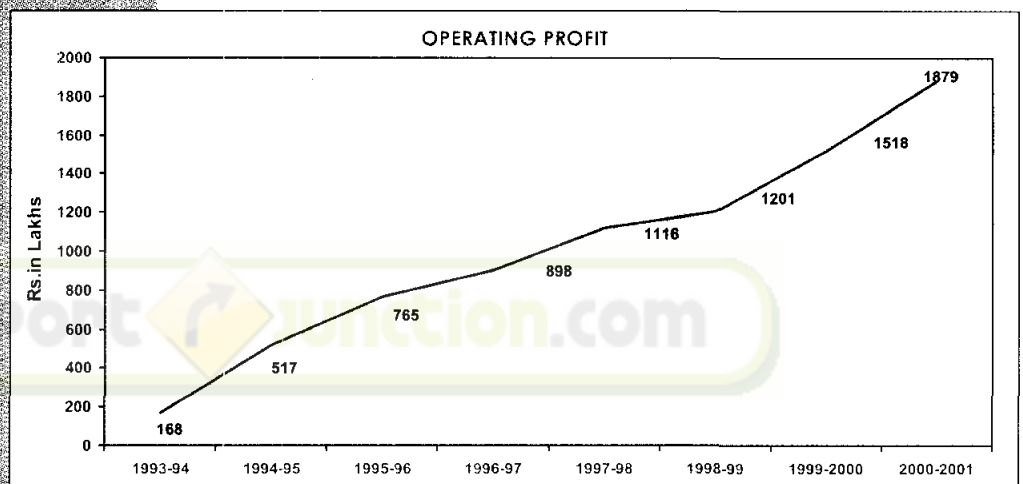
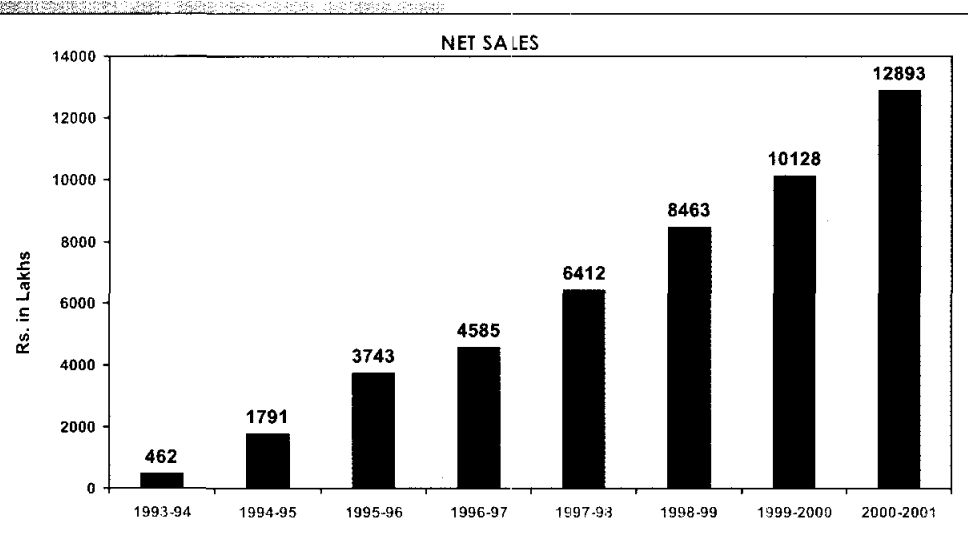


***12th Annual Report***  
**2000-2001**





## GANGOTRI TEXTILES LIMITED

### BOARD OF DIRECTORS

SRI RAMESH KUMAR TIBREWAL  
Managing Director

SRI MANOJ KUMAR TIBREWAL  
Whole Time Director

SRI MOHANLAL TIBREWAL

SRI K N SREEDHARAN

SRI V R RAGAVAN  
(Nominee of IDBI)

### REGISTERED OFFICE

14, East Periaswamy Road  
R.S. Puram,  
Coimbatore - 641 002.

### REGISTRAR 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  
(Commercial Branch)  
1246, Trichy Road,  
Coimbatore - 641 018.

STATE BANK OF HYDERABAD  
Avanashi Road,  
Coimbatore - 641 018.

### AUDITORS

M/s. THAKKER & SANGHANI  
*Chartered Accountants*  
16/77, Syrian Church Road No. 1,  
Coimbatore - 641 001.

M/s. SRIKISHEN & CO.,  
*Chartered Accountants*  
No. 11 Street No. 1,  
Seth Narayandoss Layout,  
Tatabad, Coimbatore - 641 012.

M/s. AGARWAL KEJRIWAL & CO.,  
*Chartered Accountants*  
1, Ganesh Chandra Avenue  
4th Floor, Calcutta - 700 013.

### FACTORIES

#### SPINNING DIVISIONS

Unit I : SF No. 496 A/497  
Kittampalayam  
Kaduvettipalayam Post  
Palladam Taluk  
Coimbatore - 641 659

Unit II : SRI DWARAKA TEXTILES  
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

Unit IV : Pusphathur Village  
Palani Taluk, Dindigul,  
Anna Dist. - 624 618.

#### GARMENT DIVISION

473/2 P.K.D. Nagar,  
Rajagopal Hospital Road,  
Opp. Varadaraja Mills,  
Peelamedu, Coimbatore - 641 004.

The Equity Shares of the Company are listed in the following Stock Exchanges.

- 1) COIMBATORE STOCK EXCHANGE LIMITED  
 " Exchange Towers "  
 Trichy Road  
 Coimbatore – 641,005
- 2) MADRAS STOCK EXCHANGE LIMITED  
 11, Second Line Beach  
 Chennai – 600,001
- 3) THE STOCK EXCHANGE, MUMBAI  
 Phiroze Jeejeebhoy Towers  
 Dalal Street  
 Mumbai – 400,001
- 4) THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED  
 7, Lyons Range  
 Calcutta – 700,001

Note : The Listing Fee to the above Stock Exchanges have been remitted for the year 2001-2002.

<b><u>CONTENTS</u></b>	<b><u>PAGE NO.</u></b>
NOTICE TO SHAREHOLDERS	3
DIRECTOR'S REPORT	5
AUDITOR'S REPORT	10
BALANCE SHEET	12
PROFIT AND LOSS ACCOUNT	13
SCHEDULES TO BALANCE SHEET	14
SCHEDULES TO PROFIT AND LOSS ACCOUNT	18
NOTES TO ACCOUNT	22
CASH FLOW STATEMENT	27
SUBSIDIARY COMPANY'S REPORTS & ACCOUNTS	30





## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held on Saturday, the 29<sup>th</sup> day of September, 2001, at 3.30 P.M. 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 & Loss Account for the year ended 31<sup>st</sup> March, 2001 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31<sup>st</sup> March, 2001.
3. To appoint a Director in the place of Sri.K.N Sreedharan, a Director who retires by rotation and being eligible seeks re-appointment.
4. To appoint a Director in the place of Sri. Rameshkumar Tibrewal, a Director who retires by rotation and being eligible seeks re-appointment.
5. To appoint Auditors and to fix their remuneration.

#### SPECIAL BUSINESS

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

RESOLVED that 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 the Board or Committee of the Directors of the Company to mortgage and / or charge the movable and immovable properties of the Company subject to the charges created / to be created in favour of M/s. Industrial Development Bank of India ( IDBI ) to secure :

- a) Rupee Term Loan of Rs.1500 lakhs lent and advanced by M/s.Industrial Development Bank of India to the Company under Technology Upgradation Fund Scheme.
- b) Interest at the agreed rate, compound and / or additional interest,further interest, liquidated damages, commitment charges, premia on prepayment or on redemption, with

charges,expenses and other monies payable by the Company to IDBI under its requirements / terms of issue / letter of sanction in connection with the aforesaid loan.

RESOLVED FURTHER that the Board or Committee of Directors of the Company be and are hereby authorised to finalise with IDBI documents for creating the aforesaid mortgage and /or charge to do all acts,deeds and things as may be required or considered necessary for giving effect to the above resolution and all such acts done in this regard be and are hereby ratified.

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

RESOLVED that in terms of guidelines issued by SEBI from time to time and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) of re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein after referred to as "the Board " which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) consent is hereby accorded to the Board to delist the Company's Equity Shares from 1) The Calcutta Stock Exchange Association Ltd, Calcutta and 2) Madras Stock Exchange Ltd, Chennai.

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

### ITEM NO 6

The Company has been sanctioned financial assistance by M/s.Industrial Development Bank of India by way of Rupee Term Loan of Rs.1500 lakhs granted under Technology Upgradation Fund Scheme.

In order to mortgage and / or charge the Company's assets so as to secure the financial assistance, consent of the Company in Annual General Meeting is required to be obtained in terms of section 293 (1) (a) of the Companies Act, 1956.

None of the Directors of the Company except the Nominee Director of IDBI is concerned or interested in the subject matter of the resolution.

#### ITEM NO 7

Presently the Company's Equity Shares are listed on the following Stock Exchanges in India.

1. Coimbatore Stock Exchange Limited, Coimbatore
2. Madras Stock Exchange Limited, Chennai
3. The Stock Exchange, Mumbai
4. Calcutta Stock Exchange Association Limited, Calcutta .

Of these, the Company proposes delisting of its Equity Shares from 1) Madras Stock Exchange Ltd, Chennai and 2) Calcutta Stock Exchange Association Limited, Calcutta.

The trading of Equity Shares of the Company in dematerialised form has been made compulsory for all category of investors with effect from 26-3-2001 and the Company has already signed tripartite agreements with the both the depositories viz M/s. Central Depository Services ( India ) Limited and M/s. National Security Depository Limited.

With the networking facilities of Coimbatore Stock Exchange Limited and Mumbai Stock Exchange, Mumbai, the Members of the Company have access to online dealings in the Company's Equity shares across the country. Trading volumes of 1) Madras Stock Exchange Ltd, Chennai and 2) Calcutta Stock Exchange Association Limited, Calcutta are very low. The proposed delisting of the Equity Shares of the Company on the above two Stock Exchanges will not therefore adversely affect any investor including the Members located in the regions where the said Stock Exchanges are situated. The Company's Equity Shares will continue to be listed on 1) Coimbatore Stock Exchange Ltd, Coimbatore and 2) The Mumbai Stock Exchange, Mumbai.

Members approval by a Special Resolution is necessary for delisting Company's Equity Shares from 1) Madras Stock Exchange Ltd, Chennai and 2) Calcutta Stock Exchange Association Limited, Calcutta. The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by Members.

All the procedural formalities including providing an exit option to shareholders coming under these two stock exchanges will be strictly adhered to.

None of the Directors are deemed to be 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 Members and Share Transfer Register of the Company will remain closed from 15<sup>th</sup> September,2001 to 29<sup>th</sup> September,2001 ( both the days inclusive )

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

Coimbatore  
27-6-2001

**RAMESHKUMAR TIBREWAL**  
Managing Director



## DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Twelfth Annual Report of the Company along with the audited statement of accounts for the year ended 31<sup>st</sup> March 2001.

## FINANCIAL RESULTS

	Year ended 31.3.2001 (Rs. In lakhs)	Year ended 31.3.2000 (Rs. In lakhs)
Sales Turnover	12,892.55	10,128.41
Profit before interest, depreciation and taxation	1,879.12	1,517.18
Less:		
1) Interest	742.81	496.67
2) Depreciation	557.23	406.93
Balance net profit for the year before tax	579.08	613.58
Less : Expenses of prior years	4.74	0.03
Investment Fluctuation Reserve	0.09	—
Balance	574.25	613.55
Add : Balance brought forward from prior year	26.83	12.09
Refund of tax paid earlier	3.26	—
Investment Fluctuation Reserve withdrawn	—	0.03
Total profits available for appropriation	604.34	625.67
<b>APPROPRIATIONS :</b>		
1. Taxes for prior years	—	2.28
2. Provision for taxation of current year	50.00	90.00
3. Dividend	96.00	96.00
4. Corporate Dividend Tax	9.79	10.56
5. Transfer to General Reserve	400.00	400.00
6. Surplus to be carried over	48.55	26.83
<b>Total</b>	<b>604.34</b>	<b>625.67</b>

## DIVIDEND

The profit after interest and depreciation, but before taxes has gone down by 5.62% as compared to the previous year. Notwithstanding such lower profits, your Directors have decided to maintain the dividend at the rate of Rs.2/- per share on the equity shares of the Company. In terms of the amended provisions of the Companies Act, this dividend, when declared, will be

paid to the members of the Company whose names stand registered as on the date of the Annual General Meeting well within the statutorily permitted period of one month.

## PERFORMANCE

During the year under review, the sales of cotton yarn in quantitative terms has shown an improvement of 16.76%

as against an increase in production of 14.39% again in quantitative terms. The turnover in value terms, however, has shown an increase of 24.86%. In so far as the Garment Section is concerned, during the current year, the Company has been able to sell much larger quantity as compared to the previous year. However, it has to be remembered that last year was the very first year of operation and further the sales of cotton trousers were made only during a part of that year.

The increase in turnover is the cumulative effect of increased production capacity, better product mix with value addition in mind and balancing of back process machinery.

The increase in turnover of cotton yarn, both in terms of quantity and in rupee terms, does not convey the message that all is well with the industry. On the contrary, the yarn prices have been very soft. Not only that the prices were weak, the movement of cotton yarn has become a big question mark. The Ring Spinning Unit, which the company acquired, has stabilized in terms of production. However, here again, the price realizations are far from satisfactory and the unit as such, in profit terms, is yet to stabilize.

Your Directors had, in their report for the previous year, drawn your attention to the fact of the anomaly in the levy of Excise Duty on cotton yarn between the organized sector and the unorganized sector. The forceful and repeated representations by the organized sector has made the powers that be see unjustness in the levy of Excise Duty on cotton yarn. As a result, the Finance Minister, while presenting the Budget in February 2001, has removed the Excise Duty exemption, which the small spinners were enjoying for a turnover of Rs.1 Crore. In so far as Excise Duty is concerned, now all the units have been brought on par. The industry as a whole is thankful to the Government for taking this pragmatic decision.

Your Directors also had drawn your attention to the second difficulty, which was being faced by the industries in Tamilnadu, whose turnover is above Rs.100 crores, where the additional sales tax has a crippling effect. In spite of the representations, Additional Sales Tax is continuing and we only hope that the penal nature of this tax on industries in Tamilnadu will be realized sooner than later.

The cotton prices as also that of cotton waste proved firm and in fact cotton waste prices were moving rather erratically. In so far as the Company's cotton trousers, which are being marketed under the brand name "TIBRE" is concerned, progress is being made and in

terms of units sold, the year registered almost ten-fold increase. The network of agents and dealers is being methodically built up and it is expected that it will continue to grow, though not at the same rate. The production range expansion will take some more time.

The Company had to meet the interest cost on the amount borrowed for the acquisition of the Ring Spinning Unit for the whole of the year 2000-2001. In addition, the company during the year availed a term loan of Rs.15 Crores under the technology upgradation fund. These two loans made the interest charges move up from Rs.496.67 Lacs in the year 1999-2000 to Rs. 742.81 Lacs during the year under review. However, the term loan instalments and the interest dues are being paid on or before the due dates.

### EXPANSION

The entire expansion activities which were taken up including the installation of three open end spinning frames of 240 rotors each have been completed. These three additional open end frames will be in operation for the full year during the year 2001-02 and is expected to contribute to the turnover and profits.

### DIVERSIFICATION

The company had set up a processing house for purposes of bleaching and washing in Perundurai Industrial Complex, with a total outlay of about Rs.3.5 Crores. Originally, this was established as a wholly owned subsidiary of the Company. It is now felt that it would be more convenient if the processing house also forms part of this company itself. Accordingly, it is proposed to merge the wholly owned subsidiary with the holding company with effect from 1.4.2001. Such merger is proposed to be undertaken in terms of Section 394 and 395 of the Companies Act, 1956.

### PROSPECTS

Your Directors have stated in the previous year that the industry as a whole has not come out of the situations in which it got itself placed about 5 years ago. The situation, if at all, has only deteriorated further. Today the spinning industry is facing the problem of sluggish movement of yarn at un-remunerative prices on the one side. On the other side, it is facing erratic price movements in cotton as well as in waste, the ever escalating power charges, labour force which in general is not in a position to appreciate the difficulties that the industry is facing and the necessity to contribute their might to pull the industry out of the worst. In fact the future of the spinning industry will continue to be turbulent.





Your company is putting the best of its efforts to remain focused on the areas of core competence. All efforts are being taken to keep costs under control and to keep the productivity at the optimum levels. It is only with these efforts it is hoped that the company will be able to keep itself going.

#### DEPOSITS

Public deposits accepted by your company are well within the prescribed limits and the provisions of Section 58A of the companies Act, 1956 have been complied with. There are no unclaimed or overdue deposits at any point of time.

#### DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors report that

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The directors have prepared the annual accounts on a going concern basis.

#### DIRECTORS

The following Directors are due to retire by rotation and being eligible offer themselves for re-appointment.

- 1) Mr. K.N. Sreedharan
- 2) Mr. Ramesh Kumar 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 and being eligible offer themselves for re-appointment.

#### GENERAL

There are no employees falling under section 217 (2A) of the companies Act, 1956.

#### ACKNOWLEDGEMENT

Your Directors wish to thank and record their appreciation to IDBI and the Company's Bankers, for their valuable and timely financial assistance and the support provided throughout the year. Your Directors also wish to thank the suppliers and all others who have directly and indirectly contributed to the Company's growth and prosperity. Your Directors wish to gratefully acknowledge the dedicated service of employees at all levels and thank them for the same.

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

**RAMESH KUMAR TIBREWAL**  
Managing Director

**MANOJ KUMAR TIBREWAL**  
Whole time Director

Coimbatore  
27-06-2001

**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 2000-2001	Previous Year 1999 - 2000
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
a. Purchased		
Unit [KWH]	1,61,62,304	64,02,320
Total amount [in Lakhs]	658.18	262.68
Rate / Unit [Rs.]	4.07	4.10
b. Own generation		
i. Through diesel generator		
Unit [KWH]	90,05,313	1,08,90,336
Units / Ltr of diesel oil	3.66	3.72
Cost / Unit	4.38	3.17
ii. Through steam turbine / generator		
Units	—	—
Units / ltr of fuel oil / gas	—	—
Cost / Unit	—	—
2. Coal [Specify quality and where used]		
Quality [Tonnes]	—	—
Total Cost	—	—
Average rate	—	—
3. Furnace oil		
Quality [kilo Litre]	—	—
Total cost	—	—
Average Rate	—	—
4. Others / Internal generation		
[Please give details]		
Quantity	—	—
Total cost	—	—
Rate / unit	—	—
<b>B. Consumption per unit of production</b>		
	Standards [if any]	
Products [with details]		
Cotton / yarn	Kgs	2,18,71,895
Electricity		1.15
Furnace oil	Unit / Kg	0.90
Coal [specify quality]		—
Others [specify]		—