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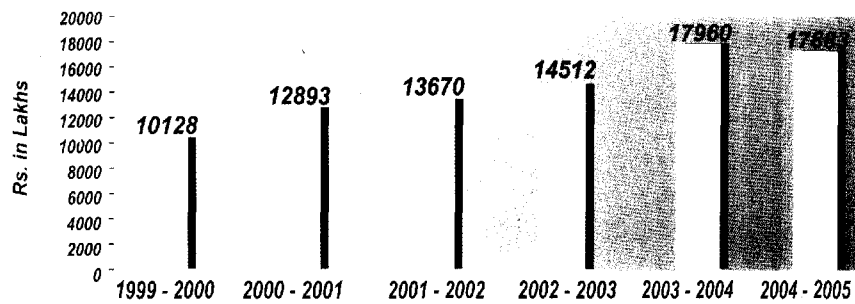
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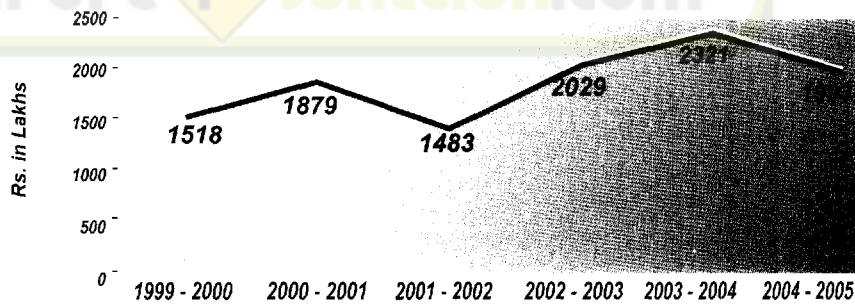
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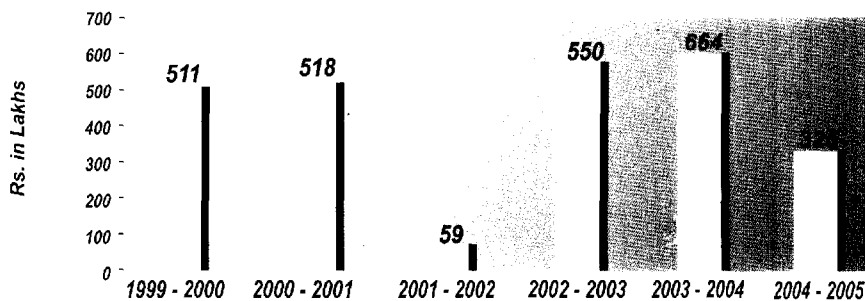
NET SALES



OPERATING PROFIT



PROFIT AFTER TAX



BOARD OF DIRECTORS

SHRI. MANOJ KUMAR TIBREWAL
Managing Director

SHRI. RAMESH KUMAR TIBREWAL
Whole-time Director

SHRI. MOHANLAL TIBREWAL

SHRI. K.N. SREEDHARAN

SHRI. C.R. SWAMINATHAN

SHRI. S. PALANISAMY

SHRI. T.A.GANESH
(Nominee of IDBI)

BANKERS

STATE BANK OF INDIA
Commercial Branch
1246, Trichy Road
Coimbatore - 641 018

STATE BANK OF HYDERABAD
Avinashi Road
Coimbatore - 641 018

AUDITORS

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

REGISTERED OFFICE

473/2 PKD Nagar
Peelamedu
Coimbatore - 641 004

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

REGISTRAR AND SHARE TRANSFER AGENTS

M/s S.K.D.C. CONSULTANTS LTD
P.B. No.2979
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 DWARKA 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

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

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

1. COIMBATORE STOCK EXCHANGE LIMITED
"Exchange Towers"
Trichy Road
Coimbatore - 641 005

GARMENTS DIVISIONS

- Unit V : STITCHING UNIT
473/2, PKD Nagar
Rajagopal Hospital Road
Opp. Varadaraja Textiles (P) Ltd
Coimbatore - 641 004
- Unit VI : WASHING UNIT
Plot No.L4, L5 & L6
5th Cross Road
SIPCOT Industrial Growth Centre
Perundurai, Erode Dist.

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 2005-06

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Saturday, the 24th day of September 2005, at 3.30 p.m. at Banquet Hall- Legend, The Residency, 1076, Avinashi Road, Coimbatore - 641018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit & Loss Account for the year ended 31st March, 2005 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare Dividend for the financial year ended 31st March, 2005.
3. To appoint a Director in the place of Shri S.Palanisamy, a Director, who retires by rotation and being eligible seeks re-appointment.
4. To appoint a Director in the place of Shri C.R.Swaminathan, 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 charge created / to be created in favour of M/s Industrial Development Bank of India Ltd (IDBI) to secure

(a) Corporate Loan of Rs. 1000 lakhs lent and advanced by M/s Industrial Development Bank of India Ltd (IDBI) for meeting part of margin money for long term Working Capital requirements

(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 moneys payable by the company to IDBI under its requirements / terms of issue/ letter of sanction in connection with the aforesaid loan.

RESOLVED FURTHER that 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 resolutions and all act done in this regard be and are hereby ratified.

7. *To consider and if thought fit to pass the following, with or without modification, as a Special Resolution, in terms of Section 314 (1) and other related provisions of the Act:*

RESOLVED that Mr.Mayank Tibrewal, Son of Mr.Manojkumar Tibrewal, Managing Director of the Company, be and is hereby appointed as a Management Trainee on a remuneration of Rs. 15,000/- per month which remuneration shall be payable from 1.10.2005 onwards.

FURTHER RESOLVED that the said Mr.Mayank Tibrewal shall not be entitled to any other allowances or benefits or amenities or facilities over and above the aforesaid sum of Rs. 15,000/- per month.

FURTHER RESOLVED that it is open to the Board of Directors to review the remuneration at the end of one year and to re-fix the remuneration subject to such approvals as may be necessary based on the quantum of remuneration

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

RESOLVED that in supersession of all the resolutions passed earlier by the Members of the Company, the consent of the company be and is hereby accorded pursuant to the provisions of section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time, any sum or sums of money, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves that is to say, reserves not set apart for any specific purposes provided however, that the total amount so borrowed by the Board of Directors shall not exceed a sum of Rs 500,00,00,000/- (Rupees five hundred crores only) at any one time

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

RESOLVED that pursuant to provisions of sections 94,97 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs 10,00,00,000 (Rupees Ten crores only) to Rs 25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 Equity Shares of Rs 10/- (Rupees Ten only) each with a power of the company to increase, reduce and modify the capital and to divide all or any of the shares in the Capital of the company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or

classes and to attach thereto respectively such preferential, deferred, qualified or other specified rights, privileges, conditions or restrictions as may be determined by the company in accordance with the Articles of Association of the company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf.

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

RESOLVED that the existing Clause V of the Memorandum of Association of the Company be and is hereby altered as under

"V. The Authorised Share Capital of the company is Rs 25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 (Two crores and fifty lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each with a power to increase or reduce the same in accordance with law."

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

RESOLVED that the Article 3 (a) of the Articles of Association of the Company be and is hereby altered as under.

" 3 (a) The Authorised Share Capital of the company is Rs 25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 (Two crores and fifty lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each with a power to increase or reduce the same in accordance with law."

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

ITEM NO. 6 OF THE AGENDA

The Company has been sanctioned financial assistance by M/s Industrial Development Bank of India Ltd by way of Corporate Loan of Rs. 1000 lakhs vide their letter dated 30th March, 2005

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 OF THE AGENDA

Mr. Mayank Tibrewal is the son of Mr. Manojkumar Tibrewal, Managing Director of the Company. He is a Commerce Graduate and has been attending to the day-to-day affairs of the Company for the past about six months. In order to make him accountable and responsible, it is proposed to absorb him as a Management Trainee, to start with, on a remuneration, since only then, he could be made accountable.

Section 314(1) of the Companies Act provides that a relative of a Director can be appointed with a remuneration of less than Rs. 20,000/- per month only with the approval of the Members of the Company in the General Body Meeting by means of a Special Resolution. The payment of remuneration is proposed to be made prospective from 1.10.2005 i.e. after the General Body gives its approval.

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

ITEM No. 8 OF THE AGENDA

In terms of section 293 (1 (d) of the Companies Act, 1956, the shareholders are required to fix the limit of up to which the funds may be borrowed by the Board of Directors (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) if the borrowings are to exceed the aggregate of Paid-up Capital and its Free Reserves.

The shareholders at the Annual General Meeting held on 23-9-2000 had approved the resolution enabling the borrowing powers up to 250 crores. The company would like to go ahead with its future plans and projects, for which the present borrowing powers, approved by the shareholders should not be an impediment. In view of this it is proposed to increase the borrowing powers of the Board to a sum of Rs 500 crores as has been stated in the resolution proposed. It is to be noted that the resolution is only an enabling resolution in order to avoid coming to the General Meeting repeatedly for every borrowing limit increase. The resolution is therefore commended for your approval.

None of the Directors of the Company are interested or concerned in this Resolution.

ITEM No. 9,10,11 OF THE AGENDA

The present Authorised Share Capital of the company is Rs 10 crores, divided into 1,00,00,000 Equity Shares of Rs 10 /- each. The present Paid-up capital of the Company is 4.80 crores divided into 48,00,000 Equity Shares of Rs 10/- each. The Company has adequate Reserves and if any portion of the Reserves is to be capitalized for issuance of Bonus Shares, it will absorb the unutilized portion of the Authorised Capital of the Company.

The company is also having schemes for substantial expansion and creation of additional facilities in the form of Wind Mill etc. On the first cut, these projects put together, the expected cost would be around Rs 350-370 crores. In order to provide adequate cushion for borrowals by way of term loans and other loans, it is necessary that the Equity base of the company is also enlarged. In fact, the company has retained the services of SBI Capital Market Ltd to advise on both the funding of the projects as well as loan syndication. They have indicated that further issue of Capital will be a necessity. To facilitate such further issue of Capital, as a first step, it is necessary that there is an adequate provision in the Authorised Share Capital of the company so that as and when decided upon, further issue of Capital can be made without loss of time.

In view of the above, it is proposed to increase the Authorised Capital to Rs. 25 crores from the present Capital of Rs 10 crores. All the Resolutions under Item No 9,10 and 11 are on the same subject. While the first Resolution gives the power of the Company to increase the Capital, the other two Resolutions are consequential in nature, which will have the effect of amending the Capital Clause of the Memorandum of Association and Articles of Association respectively.

None of the Directors are interested or concerned in this 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 15-9-2005 to 24-9-2005 (both the days inclusive).
4. The particulars of Directors retiring by rotation and / or eligible for re-appointment as also the particulars of Directors considered for appointment pursuant to Clause 49 of the Listing Agreement are annexed.

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

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
18-6-2005

DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED (PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES)

Name of the Director	S.Palanisamy	C.R.Swaminathan
Date of Birth	16-1-1947	25-12-1947
Date of Appointment	31-1-2003	31-1-2002
Expertise in specific Functional Area	Sound Technical knowledge in the Textile Field	Chief Executive in a Leading Educational Institution and President of SIEMA. He has also got vast knowledge in the field of Textile Industry.
Qualification	D.M.E	B.Sc. (Agri) M.B.A
List of Companies in which outside Directorship is held as on 31-3-2005	Nil	1. PRICOL Ltd 2. Chandra Textiles Ltd 3. Udaya Semiconductors Ltd 4. Pongalur Pioneer Textiles (P) Ltd 5. Micro Instruments Ltd
Chairman/Member of the Committees of other companies in which he is a Director as on 31-3-2005	Nil	Member of Audit Committee and Remuneration Committee of M/s PRICOL Limited

DIRECTORS' REPORT TO SHARE HOLDERS

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the **Sixteenth Annual Report** of the Company together with the audited statement of accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

(Rs.in lakhs)

Particulars	Year ended	
	31.03.2005	31.03.2004
Sales Turnover	<u>17,883.35</u>	<u>17,960.25</u>
Profit before interest, depreciation & tax	<u>1,992.28</u>	<u>2,314.00</u>
Less:		
Interest	<u>527.93</u>	<u>576.45</u>
Depreciation	<u>944.58</u>	<u>849.71</u>
Profit before tax	<u>519.77</u>	<u>887.84</u>
Less:		
IT paid for prior years	<u>0.67</u>	<u>0.71</u>
Loss on sale of investments	<u>--</u>	<u>0.33</u>
Add :		
Surplus brought forward	<u>149.48</u>	<u>49.05</u>
Prior year adjustments	<u>0.46</u>	<u>7.34</u>
Investment Fluctuation Reserve withdrawn	<u>0.02</u>	<u>0.50</u>
Total profits available for appropriation	<u>669.06</u>	<u>943.69</u>
APPROPRIATIONS :		
Provision for tax	<u>70.00</u>	<u>230.00</u>
Provision for Deferred Tax	<u>124.50</u>	<u>1.76</u>
Proposed Dividend	<u>144.00</u>	<u>144.00</u>
Corporate Tax on Proposed Dividend	<u>18.82</u>	<u>18.45</u>
Transfer to General Reserve	<u>250.00</u>	<u>400.00</u>
Surplus carried forward	<u>61.74</u>	<u>149.48</u>
TOTAL	669.06	943.69

PERFORMANCE

The performance of the Company during the year is fully and exclusively dealt with in the Management Discussion and Analysis which forms part of the Annual Report that is being circulated.

DIVIDEND

Your Directors are happy to maintain the dividend at 30% for the year. While the working of the company during the year under review has resulted in a reasonably good net profit after interest and depreciation, you will still observe that the profits are lower as compared to the previous year. Notwithstanding this, your Directors have proposed to maintain the dividend, keeping in view the general scenario prevailing.

POWER GENERATION PLANT

As has been stated in the report covering the previous Financial year, the Furnace oil based power plant which has been set up in Pushpathur village adjacent to the Ring Spinning Unit is working at full capacity. The main advantage arising out of this power plant is that the power supply is being maintained at a steady voltage levels and steady frequency levels. This, in turn, brings about lesser breakage, lesser fatigue on the workmen and to some extent lesser maintenance cost, more than anything else, this helps in maintaining the quality of yarn, which is able to command better price in the market.

Your Directors have realized that power is the second important cost of production in a Spinning Unit, next to raw material. While the Ring Spinning unit could have a Furnace-oil based power plant, the luxury of availability of land for similar furnace oil -based power plant is not available in the other production units. As a result, your Directors have decided to opt for Wind Energy Generators so that, the cost of power can be kept at a reasonable proportion over a longer period of time. Keeping this in mind, your Directors had one Wind Mill generator of 1.65 M.W. capacity commissioned during the year under review, one more similar Wind energy generator has been put to use during the current Financial year. With these two Wind Energy generators, a minimum of 11 Million units will be available to the company from this source at a much lesser cost as compared to the cost that is being paid to bought out power.