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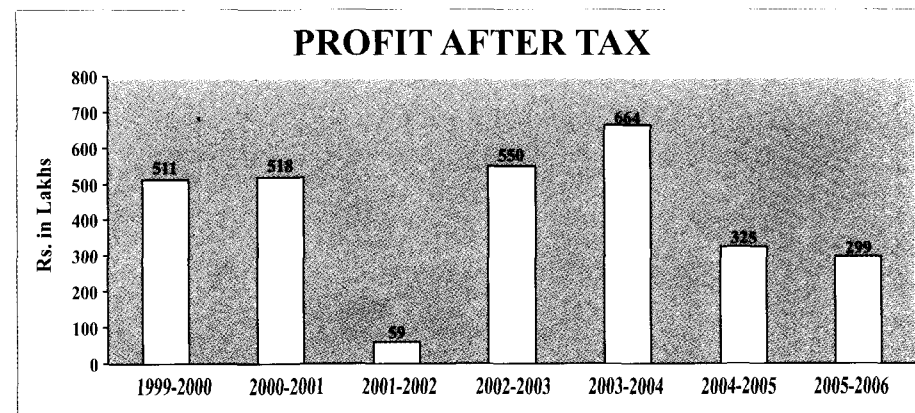
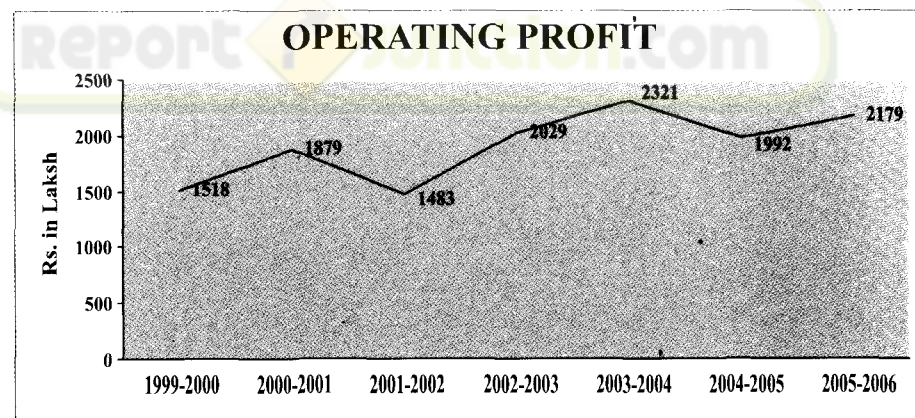
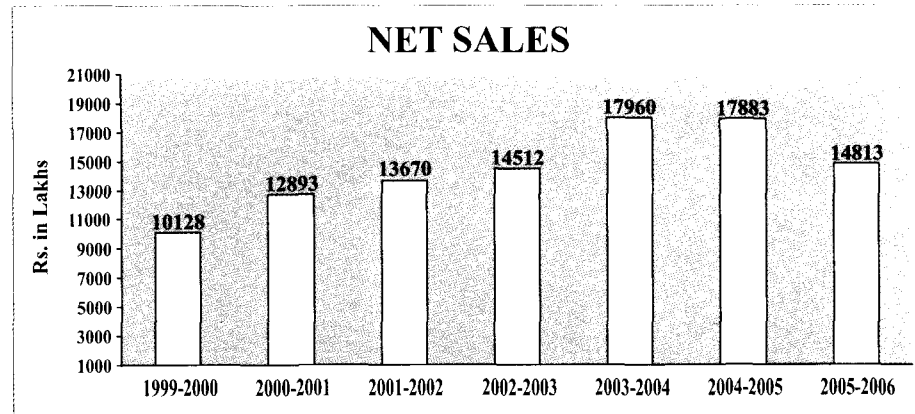
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MANAGING DIRECTOR Sri. MANOJ KUMAR TIBREWAL
EXECUTIVE DIRECTOR Sri. MOHANLAL TIBREWAL
BOARD OF DIRECTORS Sri. C.R. SWAMINATHAN
 Sri. S. PALANISAMY
 Sri. T.A. GANESH
 (IDBI Nominee)

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

BANKERS **STATE BANK OF INDIA**
STATE BANK OF HYDERABAD
CORPORATION BANK
STATE BANK OF INDORE
STATE BANK OF MYSORE
STATE BANK OF TRAVANCORE
STATE BANK OF SAURASHTRA
INDIAN OVERSEAS BANK
UNITED BANK OF INDIA
SYNDICATE BANK
CANARA BANK

REGISTERED OFFICE 473/2, PKD Nagar,
 Peelamedu, Coimbatore - 641 004

REGISTRAR AND SHARE TRANSFER AGENTS **M/s. S.K.D.C. CONSULTANTS LIMITED**
 No. 11, S.N. Layout, Street No. 1,
 West Power House Road, Coimbatore - 641 012

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Saturday, the 30th day of September, 2006 at 3.30 P.M. at Banquet Hall – Legend, The Residency, 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 31st March, 2006 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri. Mohanlal Tibrewal, a Director who retires by rotation and being eligible seeks re-appointment.
3. To appoint a Director in the place of Sri. S. Palanisamy, a Director who retires by rotation and being eligible seeks re-appointment.
4. To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.**

RESOLVED that in accordance with the provisions of section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time read with Schedule XIII of the Companies Act, 1956, and subject to such approvals as may be necessary, consent of the company be and is hereby accorded to the appointment of Sri. Manoj Kumar Tibrewal as the Managing Director of the Company for a period of five years with effect from 1-4-2007 to 31-3-2012 and the payment of remuneration to the Managing Director for a period of three years from 1-4-2007 to 31-3-2010 as recommended by the Remuneration Committee as detailed hereunder.

REMUNERATION

- a) Salary : 5 % of the Net Profit of the Company computed under the relevant provisions of the Companies Act, 1956.
- b) Perquisites : The Managing Director shall not be entitled to any perquisites over and above the salary stated above. Provision of Company's car with driver

for the use of Company's business and telephone facility at residence will not be considered as perquisites. However personal long distance calls shall be billed by the company to the Managing Director.

Provided that in case of absence or inadequacy of profits in any one year, the Managing Director shall be paid remuneration equivalent to the ceiling amount applicable to the Company in terms of Paragraph 1 (A) of Section II in Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

The Managing Director during his tenure as such Managing Director shall not be liable to retire by rotation.

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

RESOLVED that in accordance with the provisions of section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time read with Schedule XIII of the Companies Act, 1956, and subject to such approvals as may be necessary, consent of the company be and is hereby accorded to the revision of remuneration to Sri. Mohanlal Tibrewal, the Executive Director of the Company for a period of three years with effect from 1-10-2006 to 30-9-2009 as recommended by the Remuneration Committee as detailed hereunder.

REMUNERATION

- a) Salary : 5 % of the Net Profit of the Company computed under the relevant provisions of the Companies Act, 1956.
- b) Perquisites : The Executive Director shall not be entitled to any perquisites over and above the salary stated above. Provision of Company's car with driver for the use of Company's business and telephone facility at residence will not be considered as perquisites. However personal long distance calls shall be billed by the company to the Managing Director.

Provided that in case of absence or inadequacy of profits in any one year, the Executive Director shall be paid remuneration equivalent to the ceiling amount applicable to the Company in terms of Paragraph 1 (A) of Section II in Part II of Schedule XIII of the Companies Act, 1956 as amended from time to time.

7) To consider and if thought fit, to pass the following resolution with or without modification as a Special 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 by the Company (apart from 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. 1000,00,00,000 /- (Rupees one thousand crores only) at any one time.

8) 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. 2) Madras Stock Exchange Ltd., and 3) Coimbatore Stock Exchange Ltd.

EXPLANATORY STATEMENT IN TERMS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956

Subject No 5 of the Agenda :

The appointment of Sri. Manoj Kumar Tibrewal as Managing Director was approved by the shareholders in the 13th Annual General Meeting held on 28-9-2002

and his present term comes to an end on 31-3-2007. Considering his valuable contribution towards the progress of the Company in the implementation of the expansion / new project on hand, the Board of Directors is of the view that he be appointed as the Managing Director of the company for a further period of 5 years with effect from 1-4-2007.

The Board also referred the remuneration payable to Sri. Manoj Kumar Tibrewal to the Remuneration Committee of the Board as required by the amended Schedule XIII of the Companies Act, 1956. The Remuneration Committee, after considering the various aspects which it is expected to consider, recommended the remuneration as stated in the body of the resolution.

The Board is now placing the resolution for the appointment of Sri. Manoj Kumar Tibrewal, as Managing Director for a period of 5 years from 1-4-2007 to 31-3-2012 and payment of remuneration as approved by the Remuneration Committee for the first three years from 1-4-2007 to 31-3-2010 for approval of the Members.

Minimum Remuneration

The resolution also provide for the payment of minimum remuneration to the Managing Director in case of absence or inadequacy of profit in any one year. The minimum remuneration has been stipulated as the amount fixed a ceiling prescribed in terms of paragraph 1 (A) of Section II of Schedule XIII of the Companies Act, 1956. On the basis of the said Schedule, the Managing Director will be eligible for a minimum remuneration of Rs. 1,75,000 /- per month.

Memorandum of Interest under section 302 of the Companies Act, 1956.

Sri. Manoj Kumar Tibrewal may be deemed to be interested or concerned in the resolution to the extent of the benefits accruing to him by way of remuneration and perquisites.

Sri. Mohanlal Tibrewal may also be deemed to be interested or concerned in the resolution of appointment of Sri. Manoj Kumar Tibrewal as his brother.

None of the other Directors are interested or concerned in this resolution.

This may be treated as an abstract of the Memorandum of Interest under section 302 of the Companies Act, 1956.

Subject No 6 of the Agenda :

Sri. Mohanlal Tibrewal was appointed as an Executive Director of the Company for a period of five years with effect from 1-4-2006 with the following remuneration.



- a) Salary : Rs. 75000/- per month.
- b) Perquisites : The Director shall not be entitled to any perquisites over and above the salary stated above.
- c) Provision of Company's car with driver for the use of Company's business and telephone facility at residence will not be considered as perquisites. However personal long distance calls shall be billed by the company to the Executive Director.

The appointment and the remuneration as stated above was recommended by the Remuneration Committee and was approved by the shareholders in the Extra ordinary General Meeting held on 15-2-2006. Considering his involvement in the day to day affairs of the Company and the valuable contribution towards the progress of the Company for the implementation of the expansion / new project on hand, it is felt desirable that his remuneration may be increased for a period of three years with effect from 1-10-2006 with the revised remuneration as set out in the body of the resolution.

The Board also referred the remuneration payable to Sri. Mohanlal Tibrewal to the Remuneration Committee of the Board as required by the amended Schedule XIII of the Companies Act, 1956. The Remuneration Committee, after considering the various aspects which it is expected to consider, recommended increase in the remuneration as stated in the body of the resolution.

The Board is therefore placing the resolution for the payment of enhanced remuneration to Mr. Mohanlal Tibrewal for a period of three years from 1-10-2006 to 30-9-2009 as approved by the Remuneration Committee for the approval of the Members.

Minimum Remuneration

The resolution also provide for the payment of minimum remuneration to the Executive Director in the case of absence or inadequacy of profit in any one year. The minimum remuneration has been stipulated as the amount of ceiling prescribed in terms of paragraph 1 (A) of Section II of Schedule XIII of the Companies Act, 1956. On the basis of the said Schedule, the Executive Director will be eligible for a minimum remuneration of Rs 1,75,000 /- per month.

Memorandum of Interest under section 302 of the Companies Act, 1956.

Sri. Mohanlal Tibrewal may be deemed to be interested or concerned in the resolution to the extent of the benefits accruing to him by way of remuneration and perquisites.

Sri. Manoj Kumar Tibrewal may be deemed to be interested or concerned in the resolution of appointment of Sri. Mohanlal Tibrewal as his brother.

None of the other Directors are interested or concerned in this resolution.

This may be treated as an abstract of the Memorandum of Interest under section 302 of the Companies Act, 1956.

Subject No 7 of the Agenda :

In terms of section 293 (1) (d) of the Companies Act, 1956, the shareholders are required to fix the limit 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 its business) if the borrowings are to exceed the aggregate of Paid-up Capital and its Free Reserves.

The shareholders at the 16th Annual General Meeting held on 24-9-2005 had approved the resolution enabling the borrowing powers up to Rs. 500 crores. The company would like to go ahead with its future plans and projects, for which the present borrowing powers should not be an impediment. In view of this, it is proposed to increase the borrowing powers of the Board of Directors from Rs. 500 crores to Rs. 1000 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 are interested or concerned in this resolution.

Subject No 8 of the Agenda.

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. Bombay Stock Exchange Ltd. , Mumbai.
4. Calcutta Stock Exchange Association Limited, Calcutta.
5. National Stock Exchange of India Limited, Mumbai.

The Company proposes delisting of its Equity Shares from 1) Madras Stock Exchange Ltd., Chennai, 2) Calcutta Stock Exchange Association Limited, Calcutta and 3) Coimbatore Stock Exchange Ltd. Coimbatore since listing in these Exchanges has become redundant.

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. The shares of the Company which since inception were listed in Bombay Stock Exchange are listed in the National Stock Exchange Ltd. with effect from 7-4-2006 and with the networking facilities of National Stock Exchange Limited and Bombay Stock Exchange Ltd., 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 2) Calcutta Stock Exchange Association Limited, Calcutta and 3) Coimbatore Stock Exchange Ltd. Coimbatore are very low. The proposed delisting of the Equity Shares of the Company on the above three Stock Exchanges will not therefore adversely affect any investor including the Members located in the regions where the said Stock Exchanges are situated.

Members approval by a Special Resolution is necessary for delisting Company's Equity Shares from 1) Madras Stock Exchange Ltd., Chennai, 2) Calcutta Stock Exchange Association Limited, Calcutta and 3) Coimbatore Stock Exchange Ltd., Coimbatore.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by Members.

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 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.**

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

Coimbatore
30.6.2006

MANOJ KUMAR TIBREWAL
Managing Director

Details of the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Sri. Mohanlal Tibrewal	Sri. S. Palanisamy
Date of Appointment	18-10-1991	31-1-2003
Expertise in specific functional areas	Administration of production of production units	Sound technical knowledge in the Textile field.
List of other Directorship held	Nil	M/s. Jagannath Textile Company Limited.
Chairman / Committees of the Board of Companies in which he is a Director	Nil	Nil



DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have pleasure in presenting the **Seventeenth Annual Report** of the Company along with the audited statement of accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	31.03.2006	31.03.2005
Sales Turnover	14,812.74	17,883.35
Profit before interest, depreciation & tax	2,179.10	1,992.28
Less:		
Interest	636.99	527.93
Depreciation	1052.95	944.58
Profit before tax	489.16	519.77
Less:		
Income Tax paid for prior years	10.90	0.67
Prior year expenses	6.64	-
	471.62	519.10
Add:		
Surplus brought forward	61.74	149.48
Prior year adjustments	-	0.46
Reversal of Investment fluctuation reserve	0.25	0.02
Total profits available for appropriation	533.61	669.06
APPROPRIATIONS:		
Provision for Tax	40.00	70.00
Provision for Deferred Tax	143.47	124.50
Interim Dividend paid	144.00	144.00
Corporate Dividend Tax on interim dividend	20.20	18.82
Transfer to General Reserve	150.00	250.00
Surplus carried forward to Balance Sheet	35.94	61.74
TOTAL	533.61	669.06

PERFORMANCE

The performance of the Company during the year, as is the normal practice, 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 have already paid an interim dividend of 15% per annum. In other words, the dividend was distributed to the Shareholders at Rs.0.75 per Equity Share of Rs.5/- each. However, this dividend was paid on the Capital as enhanced by the allotment of Bonus Shares.

CAPITAL

The Capital of the Company has been Rs.4.80 crores divided into 48,00,000 Equity shares of Rs.10/- each. During the year under review, the Company issued Bonus

Shares in the proportion of 1:1 and further, split the Equity shares of Rs.10/- each into Equity Shares of Rs.5/- each. This resulted in the Capital becoming 9,60,00,000 divided into 1,92,00,000 Equity Shares of Rs.5/- each.

Subsequently, the Company made an Issue of 1,34,14,634 Equity Shares of Rs.5/- each which has been fully subscribed. As a result, the Paid-up Capital of the Company is Rs.16,30,73,170/- divided into 3,26,14,634 Equity shares of Rs.5/- each.

The Company has also issued 16,00,000 Share Warrants of the value of Rs.5/- each to the Promoter Group which will be converted into 16,00,000 Equity Shares of Rs.5/- each within a period of 18 months from the date of allotment of the Share Warrants. Once this exercise is completed, the Capital of the Company would be Rs.17,10,73,170/- divided into 3,42,14,634 of Rs.5/- each.