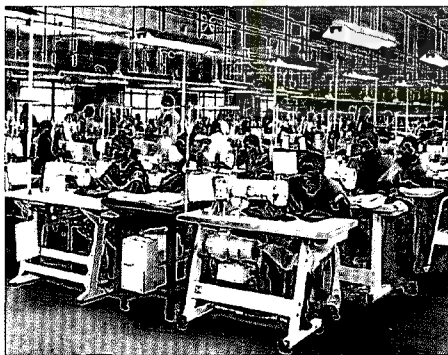
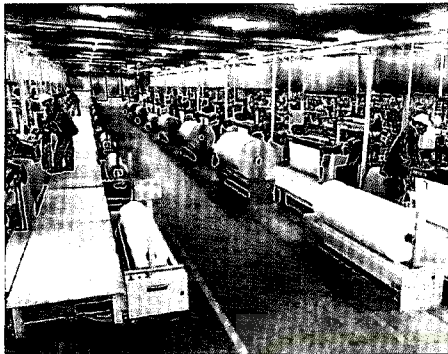
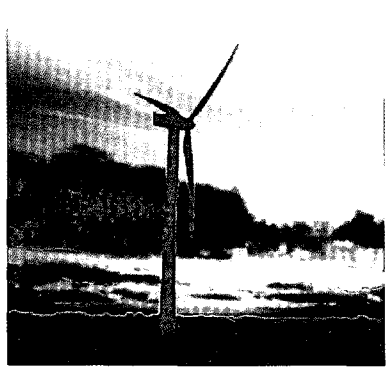
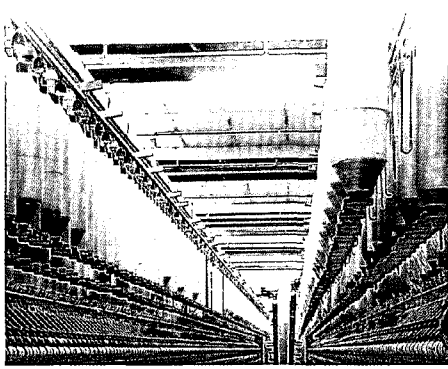


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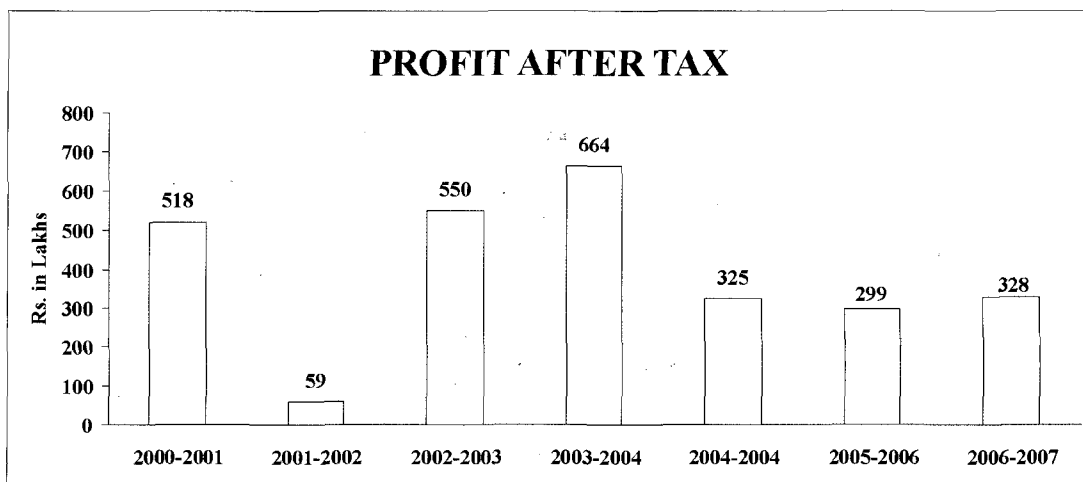
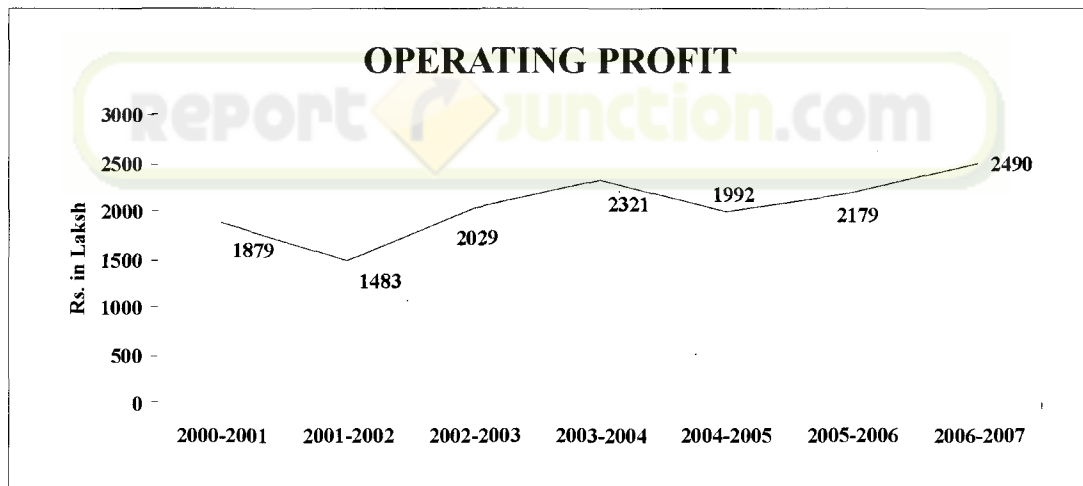
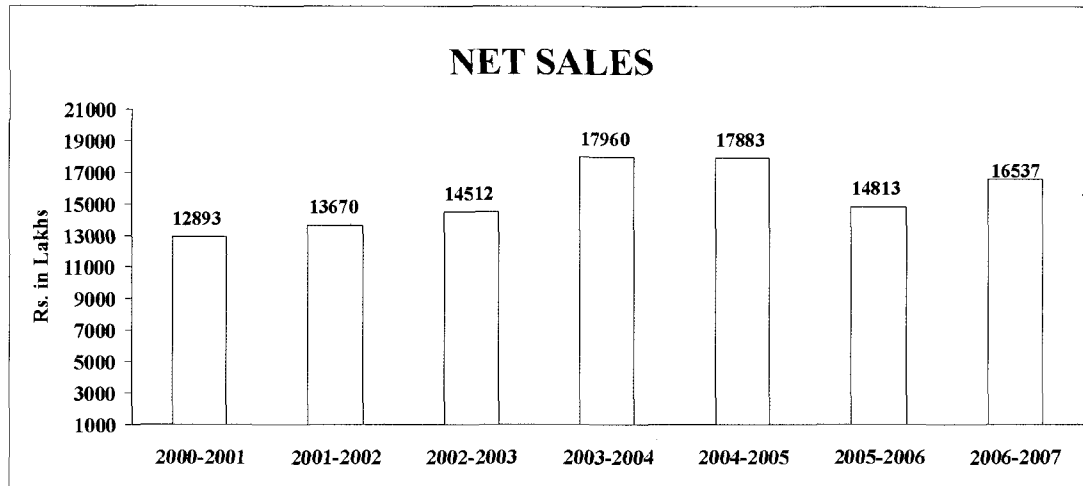
Textiles Ltd.



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2006 - 2007

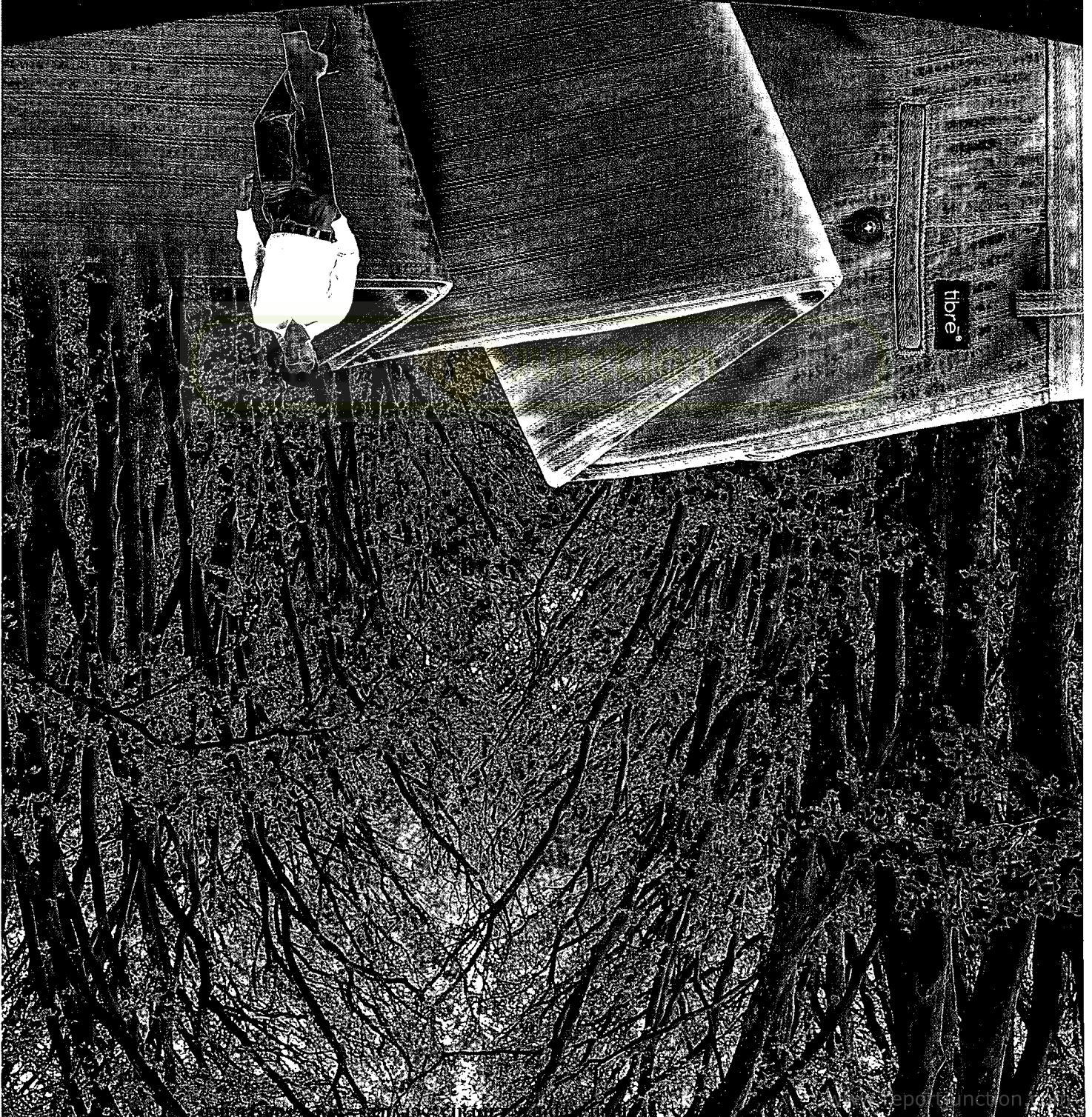
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S H I R T S

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MANAGING DIRECTOR	Sri. MANOJ KUMAR TIBREWAL
EXECUTIVE DIRECTOR	Sri. MOHANLAL TIBREWAL
BOARD OF DIRECTORS	Sri. S. PALANISAMY Sri. C.R. SWAMINATHAN Sri. T.A. GANESH Nominee Director of IDBI
COMPANY SECRETARY	Sri. MAXIM JOSEPH
AUDITORS	M/s. THAKKER & SANGHANI Chartered Accountants 16/77, Syrian Church Road No 1 Coimbatore - 641 001 M/s. SRIKISHEN & Co. Chartered Accountants No 7, Street No 1 S.N.Layout, Tatabad Coimbatore - 641 012
BANKERS	STATE BANK OF INDIA STATE BANK OF HYDERABAD STATE BANK OF INDORE STATE BANK OF MYSORE STATE BANK OF TRAVANCORE STATE BANK OF SAURASHTRA CANARA BANK CORPORATION BANK UNITED BANK OF INDIA SYNDICATE BANK IDBI BANK LIMITED INDIAN OVERSEAS BANK

REGISTERED OFFICE 473 / 2, P.K.D Nagar
Peelamedu, Coimbatore - 641 004

REGISTRAR AND SHARE TRANSFER AGENTS **M/s. S.K.D.C CONSULTANTS LTD.**
No 7 Street No 1
S.N.Layout, Tatabad
Coimbatore - 641 012

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Saturday, the 29th day of September, 2007 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, 2007 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2007.
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 a Director in the place of Sri. C.R. Swaminathan, a Director who retires by rotation and being eligible seeks re-appointment.
5. To appoint Auditors and fix their remuneration

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 Books of the company will remain closed from 21-9-2007 to 29-9-2007 (both the days inclusive)
4. Share Transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Share Transfer Agents of the Company.
5. Members who hold shares in physical form are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents of the Company. Similarly, members holding shares in Demat form shall intimate the change of address, if any, to the respective Depository Participants. (DP)
6. During the financial year 2006-07, unclaimed dividend of Rs 45,000/- declared for the financial year 1998-99 has been transferred to the Investors' Education & Protection Fund on 25.10.2006. Also the unclaimed dividend of Rs 96,000/- (Interim Dividend) declared for the financial year 1999-2000 has been transferred to the Investors' Education & Protection Fund on 26.6.2007. Shareholders who have not encashed the dividend warrants for the years 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 are requested to write to the Secretarial Department of the Company at 473/2, P.K.D. Nagar, Peelamedu, Coimbatore-641 004.
7. The particulars of Directors retiring by rotation eligible for re-appointment and seeking re-election at the forthcoming 18th Annual General Meeting pursuant to clause 49 of the Listing Agreement are furnished.

Details of the Directors seeking re- appointment at the forthcoming Annual General Meeting of the Company. (Pursuant to Clause 49 of the Listing Agreement)		
Name of the Director	Sri. S. Palanisamy	Sri. C.R. Swaminathan
Date of Appointment	31-1-2003	31-1-2002
Expertise in specific functional Areas	Sound technical knowledge in the Textile Field	Chief Executive in a leading group of Educational Institutions and Vice-President of Coimbatore Industrial Infrastructure Association. He has also got vast knowledge in the field of Textile Industry.
List of other Directorships held	M/s. Jagannath Textile Company Ltd.	1) M/s. Pricol Limited 2) M/s. Udaya Semiconductors Ltd 3) M/s. Stillwater Enterprises (India) Ltd 4) M/s. Micro Instruments Ltd 5) M/s. Chandra Textiles (P) Ltd 6) M/s. Pongalur Poiner Textiles (P) Ltd 7) M/s. K. Sivasubramaniam Spinners (P) Ltd
Chairman / Member of Committees of other companies in which he is a Director	Nil	Member of Audit Committee and Remuneration Committee of M/s. Pricol Limited

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

- | | |
|---|--|
| <p>1. BOMBAY STOCK EXCHANGE LTD.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001</p> | <p>4. MADRAS STOCK EXCHANGE LIMITED
11, Second Line Branch
Chennai 600 001
(Since application submitted for de-listing)</p> |
| <p>2. NATIONAL STOCK EXCHANGE OF INDIA LTD.
Exchange Plaza, Kurla Complex
Bandra East
Mumbai 400 051</p> | <p>5. THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED
7, Lyons Range
Calcutta 700 001
(Since application submitted for de-listing)</p> |
| <p>3. COIMBATORE STOCK EXCHANGE LIMITED
"Exchange Towers"
Trichy Road
Coimbatore 641 005
(Since application submitted for de-listing)</p> | |



DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	31.03.2007	31.03.2006
Sales Turnover	16536.50	14812.74
Profit before interest, depreciation and tax	2490.04	2179.10
Less :		
Interest	848.11	636.99
Depreciation	1194.58	1052.95
Profit before tax	447.35	489.16
Less :		
Taxes of prior years	—	10.90
Prior year expenses	5.13	6.64
	442.22	471.62
Add :		
Surplus brought forward	35.94	61.74
Taxes of prior years	7.78	—
MAT Credit entitlement	91.60	—
Reversal of investment fluctuation reserve	—	0.25
Total profits available for appropriation	577.54	533.61
APPROPRIATIONS :		
Provision for Tax - Income Tax	51.00	40.00
Provision for Tax - Wealth Tax	1.00	—
Provision for Tax-FBT	10.00	—
Provision for Deferred Tax - 31-3-2007	157.07	143.47
Interim Dividend	—	144.00
Corporate Dividend Tax (Interim)	—	20.20
Proposed Dividend	163.07	—
Corporate Dividend Tax	27.71	—
Transfer to General Reserve	20.00	150.00
Surplus carried over to Balance Sheet	147.69	35.94
TOTAL	577.54	533.61

PERFORMANCE

As is the normal practice, the performance of the Company during the year under review is dealt with exhaustively in the Management Discussion and Analysis, which forms part of the Annual Report, that is being circulated.

DIVIDEND

Your Directors have recommended a dividend at the rate of 10 % (Rupees 0.50 paise per share). This dividend, if approved by the Members of the Company at the ensuing 18th Annual General

Meeting, will be paid to those shareholders whose names appear in the Register of Members of the Company on the date of the Annual General Meeting, in so far as those members who hold the shares physically. In respect of those who have dematerialised the shares, the dividend is payable to those beneficial owners as has been advised to the Company by NSDL and CDSL on the date on which the Book closure commenced.

CAPITAL

You will find that the Paid-up Capital of the Company which was Rs.9,60,00,000/- as on 31.3.2006 has gone

upto Rs.16,30,73,170/-. This is, as a result of the follow-on Public Issue which was made by the Company during May 2006. The Members may be aware that the Company has issued share warrants of the value of Rs.8.00 crores on which a sum of Rs.80 Lakhs has been received by the Company. The warrant-holders are obligated to make the payment of the balance amount of Rs.7.20 crores on or before 01.09.2007. On such payment, they are entitled to the entire warrant amount of Rs.8.00 crores being converted into 16,00,000 Equity Shares of Rs.5/- each at a premium of Rs.45/- each. If, however, the warrant-holders fail to make the payment, then they will forfeit the amount of Rs.80 Lakhs paid by them already and the capital of the Company will remain at the same level at which it is now.

POWER GENERATION

In the annexure to this Directors' Report in Form-A, the various sources of power generation has been detailed. It may be noticed that the power generated through the wind energy generators is 1,62,72,621 units at a cost of Rs.2.86 per unit. It may also be noted that the power drawn from the Electricity Board has cost the Company at the rate of Rs.4.16 per unit. Thus, there is a clear saving of Rs.1.30 per unit on the entire electricity generated through wind energy generators. In absolute terms for the year, the wind energy generators, apart from meeting the cost of interest and depreciation has contributed Rs.2.50 crores. Though the initial cost in acquiring wind mills has been substantial, in the long run, it is expected that the wind energy generators will enable the Management to control the power cost in a very effective manner.

MODERNISATION

The Company had made a project and the details of the project were given in the prospectus which was issued in respect of the follow-on Public Issue. The circumstances in the textile industry changed dramatically over the past six months and now the entire industry is strained by various problems, as a result, it became necessary to revise the Scheme which was originally planned taking into consideration the then existing circumstances. SBI Capital Markets Ltd. who had done the original appraisal were requested with the concurrence of the participating Bankers to have a re-appraisal of the project and to modify the same wherever necessary. Accordingly, SBI Capital Markets Ltd made a re-appraisal of the project keeping in view the current situation in the industry and this re-appraisal report was placed before the consortium of lenders. With the concurrence of all parties involved, it has been

decided that modification to the Scheme has to be carried out by the Company by adding impetus to the garment division and giving lesser importance to the spinning industry and the wind energy generators. The reason for wind energy generators being given lesser importance notwithstanding the saving involved are in two-fold. The first reason is that the initial capital outlay in wind energy generators is quite high and in the situation in which the industry is placed at this juncture, it is not advisable to incur that size of capital expenditure. The second reason is that when the Company installed initially the wind energy generators, they came under TUF (Technology Upgradation Fund) Scheme. Since then, the Government has revised the policy and has made wind energy generator ineligible for the concessions available under the TUF Scheme. Accordingly, the funds raised by issue of shares have been spent only on those areas of the Scheme which has been cleared in the re-appraisal and that too, with the concurrence of the lending consortium of Banks.

DEPOSITS

Public deposits accepted by your Company are well within the prescribed limits of the provisions of Section 58A of the Companies Act, 1956 and all the rules and procedures connected with the acceptance of deposits have been complied with fully. There are no unclaimed or overdue deposits in the Company.

LISTING AND DELISTING

Consequent upon the shares of the Company getting listed with the National Stock Exchanges during the financial year 2005-06, there were two platforms available for the investors to deal with the shares of the Company, one being the National Stock Exchange of India Ltd and the other being the Bombay Stock Exchange Ltd. Both these Stock Exchanges have got reach across the length and breadth of the country and in all important towns, including Taluk Headquarters, these terminals are functioning. As a result, dealing in shares of the Company has become simpler and easy through these two Stock Exchanges.

In view of the shares being listed in these Stock Exchanges and the advantages derived therefrom, the necessity to continue the listing with the regional stock exchanges, such as, Madras Stock Exchange Ltd, Coimbatore Stock Exchange Ltd and The Calcutta Stock Exchange Association Ltd does not exist any more. In view of this, it was also decided to de-list the shares of the Company from these three Stock Exchanges. After the Board taking necessary decision in this regard, a Special Resolution was placed before the Members of the



company at the 17th Annual General Meeting held on 30-9-2006 and the same was approved. The other procedural formalities connected with the delisting as laid down by SEBI are under implementation and once these procedures are completed and necessary papers forwarded to these three Stock Exchanges, the shares will get delisted in these three stock exchanges and the Company will be informed accordingly by these three Stock Exchanges.

The company has paid the listing fee to the National Stock Exchange of India Ltd and the Bombay Stock Exchange Ltd for the financial year 2007-2008 already.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of the requirement of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i. that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2007 and of the profit of the Company for the year ended on that date.
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

DIRECTORS

Two Directors, viz. Mr.S.Palanisamy and Mr. C.R. Swaminathan are due to retire at the ensuing 18th Annual General Meeting and being eligible offer themselves for re-appointment. The necessary particulars as required are given in the meeting notice.

AUDITORS

M/s.Thakker & Sanghani, Chartered Accountants and M/s.Srikishen & Co, Chartered Accountants will hold office as Auditors of the Company upto the conclusion of this Annual General Meeting. The Audit Committee after perusing the certificate given by the two Auditors, in terms of Section 224 (1B) the Companies Act, 1956, have recommended to the General Body that the Auditors may be re-appointed to hold office upto the conclusion of the next Annual General Meeting to be held in 2008.

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 all the Bankers of the Company for their valuable financial support extended to the Company. Your Directors also wish to thank the suppliers and all others who have contributed their mite either directly or indirectly to the Company's growth and prosperity. Your Directors record their appreciation of the co-operation and contribution made by the employees at all levels towards the progress of the Company.

By Order of the Board

For **GANGOTRI TEXTILES LIMITED**

Coimbatore
29.06.2007

MOHANLAL TIBREWAL
Executive Director

MANOJ KUMAR TIBREWAL
Managing Director