

GANGOTRI

Textiles Ltd.



19th annual report
2007 - 2008

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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 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. Lay-out, Tatabad Coimbatore 641 012
BANKERS	CANARA BANK CORPORATION BANK STATE BANK OF INDIA STATE BANK OF HYDERABAD STATE BANK OF INDORE STATE BANK OF MYSORE STATE BANK OF TRAVANCORE STATE BANK OF SAURASHTRA SYNDICATE BANK UNITED BANK OF INDIA
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 Nineteenth Annual General Meeting of the Company will be held on Thursday, the 18th day of September, 2008 at 3.30 P.M at Banquet Hall - Legend, The Residency, Avinashi 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, 2008 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in the place of Sri. C.R. Swaminathan, 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

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 Thursday, the 11th day of September, 2008 to Thursday, the 18th day of September, 2008 (both 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 2007-08, 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 and 2006-07 are requested to write to the Secretarial Department of the Company at 473/2, P.K.D. Nagar, Peelamedu, Coimbatore 641 004 for encashment.
7. The Board of Directors consists of five members, out of which Sri. Manoj Kumar Tibrewal, Managing Director, Sri. Mohanlal Tibrewal, Executive Director and Sri. T.A.Ganesh, Nominee Director of IDBI are not liable to retire by rotation. Hence, the other two Directors are retiring by rotation and are seeking re-appointment. The particulars of Directors retiring by rotation eligible for re appointment and seeking re-election pursuant to clause 49 of the Listing Agreement are furnished.

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

MANOJ KUMAR TIBREWAL
Managing Director

Coimbatore
28.06.2008

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 Institution and <u>President of</u> 1) Residents Awareness Association of Coimbatore 2) Cyber Society of India, Coimbatore Chapter <u>Vice President of</u> 1) The Indian Chamber of Commerce and Industry, Coimbatore 2) Coimbatore Industrial Infrastructure Association. 3) Kovai Urban Resources Action Lobby <u>Chairman of</u> CII (SR) - Task Force on ITI'S - Sub Committee, <u>Deputy Chairman of</u> Confederation of Indian Industry-Southern Region. He has also got vast knowledge in the field of Textile Industry.
List of other Directorships held	M/s. Jagannath Textile Co.Ltd.	1) M/s Pricol Limited 2) M/s Udaya Semiconductors Ltd 3) M/s Rajalakshmi Machine Works Limited 4) M/s Micro Instruments Ltd 5) M/s Chandra Textiles Ltd 6) M/s Pongalur Pioneer Textiles (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	
1. BOMBAY STOCK EXCHANGE LTD. Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001	4. MADRAS STOCK EXCHANGE LIMITED 11, Second Line Branch Chennai 600 001 (Since application submitted for de-listing)
2. NATIONAL STOCK EXCHANGE OF INDIA LTD. Exchange Plaza, Kurla Complex Bandra East Mumbai 400 051	5. THE CALCUTTA STOCK EXCHANGE ASSOCIATION LIMITED 7, Lyons Range Calcutta 700 001 (Since application submitted for de-listing)
3. COIMBATORE STOCK EXCHANGE LIMITED "Exchange Towers" Trichy Road Coimbatore 641 005 (Since application submitted for de-listing)	

Note : The Company has since received approval for de-listing of its Equity Shares from Madras Stock Exchange Limited with effect from 24.7.2008.



DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	31.03.2008	31.03.2007
Sales Turnover	15883.75	16536.50
Profit before interest, depreciation and tax	2058.84	2490.04
Less :		
Interest	2006.52	848.11
Depreciation	1454.74	1194.58
Loss before tax	-1402.42	447.35
Add / Less :		
Taxes of prior years	17.26	-
Prior year expenses	-	5.13
	-1419.68	442.22
Add :		
Surplus brought forward	147.69	35.94
Taxes of prior years	-	7.78
MAT Credit entitlement	-	91.60
Prior year adjustments Income	3.09	-
Investment fluctuation reserve	0.02	-
TOTAL	-1268.88	577.54
APPROPRIATIONS :		
Provision for Tax - Income Tax		51.00
Provision for Tax - Wealth Tax	1.00	1.00
Provision for Tax - FBT	12.00	10.00
Provision for Deferred Tax - 31-3-2008	-547.65	157.07
Proposed Dividend - 31.3.2007	-	163.07
Corporate Dividend Tax	-	27.71
Transfer to General Reserve	-	20.00
Surplus carried over to Balance Sheet / Transfer from General Reserve	-734.23	147.69
TOTAL	-1268.88	577.54

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

In view of the loss incurred by the Company during this financial year, the Directors are not recommending any Dividend for the financial year ended 31st March, 2008.

CAPITAL

You will find that the Paid-up Capital of the Company as on 31.3.2008 is Rs.16,30,73,170/- representing 3,26,14,634 Equity Shares of Rs 5/- each. As already reported last year, the Promoters were allotted and issued 16,00,000 Share Warrants of Rs 5/- each on 1-3-2006 subject to the condition that 10 % of the Warrant amount amounting to Rs 80,00,000/- to be paid at the time of allotment and the balance 90 % of the Warrant amount amounting to Rs 7,20,00,000/- to be paid within a period of 18 months ie on or before 1-9-2007. Since the Promoters failed to pay the

balance 90% of the amount within the stipulated time, the initial payment of Rs 80,00,000 /- made by them was forfeited. Hence the Paid-up Capital of the Company remains at Rs 16,30,73,170/-.

PROJECT

The Company has completed the project of establishing its Weaving and Processing Division, as also expansion in the Ring Spinning Division at Pushpathur Village. It has also installed the Wind Mills. All these expansion schemes are in line with the project as given in the Prospectus which has been subsequently revised in consultation with the Lead Managers to Issue and which fact has been intimated to the Stock Exchanges and also made a note of in the quarterly results published from time to time.

As at the end of the year, the Company's Open End Spinning Units are functioning at Kittampalayam, Ponnandampalayam and Village Alate in the District of Kolhapur in Maharashtra. The total rotors functioning in all the three put together is 5904. The Ring Spinning Unit with 17376 spindles is functioning at Pushpathur Village in Palani Taluk.

Waste Processing unit, which has been established as part of the expansion scheme is functioning at Mopperipalayam Village. The Washing, Weaving and Processing units are functioning at SIPCOT Industrial Growth Centre, at Perundurai. The stitching unit is functioning at Peelemadu, Coimbatore.

PROSPECTS

Textile Industry, for the past more than a year and half, is undergoing unprecedented adverse conditions. There has been a steep increase in prices of Cotton. All representations to the Government to stop exports of cotton to facilitate softening of price have not yet yielded any results in the wake of Globalisation. The yarn prices have not been remunerative at all and the movement is also very sluggish. The power situation is matter of grave concern. While there are frequent obstructions in the power supply by Electricity Board, Captive Generation either with Diesel Oil as fuel or Furnace Oil as fuel is prohibitively costly. On the labour front, there is absolutely shortage of skilled labour. Recent steps taken by the Government of Tamil Nadu in so far as the apprentice front do not augur well for the future of the Industry.

On the whole, the Textile Industry whether it is Spinning, Weaving, Processing or Garmenting is at cross roads and time alone can prove whether this Industry, which meets one of the basic requirements, will survive.

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

As already informed in the last year Report, the Company has applied for De-listing of its Equity Shares from 1) Madras Stock Exchange Limited 2) Coimbatore Stock Exchange Limited and 3)The Calcutta Stock Exchange Association Limited in view of the fact that trading activities in the above stock exchanges have become negligible. However, the shares are continued to be listed in 1) Bombay Stock Exchange Limited and 2)National Stock Exchange of India Ltd which have got reach across the length and breadth of the Country. Intimation for de-listing of the shares has come from Madras Stock Exchange Limited and intimation from Coimbatore Stock Exchange Limited and The Calcutta Stock Exchange Association Limited are still awaited.

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 2008-2009 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 judgments 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, 2008 and of the loss 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, Mr. C.R. Swaminathan and Mr. S. Palanisamy are due to retire at the ensuing 19th Annual General Meeting and being eligible offer themselves for reappointment. 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, the Auditors who have been appointed to hold office till the conclusion of this Annual General Meeting have given the necessary certificates envisaged under Section 224 (IB) of the Companies Act, 1956. They are entitled to be re-appointed.

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
28.06.2008

MOHANLAL TIBREWAL
Executive Director

MANOJ KUMAR TIBREWAL
Managing Director

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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

	2007-2008	2006-2007
A) Power and Fuel Consumption		
1. Electricity		
a) Purchased Unit (KWH)	3,48,87,437	3,10,60,046
Total Amount (in Lakhs)	1494.95	1293.43
Rate/Unit (Rs.)	4.29	4.16
Purchased Unit (KWH) (Trial Production)	1,15,42,920	11,80,320
Total Amount (in Lakhs)	542.31	72.03
Rate/Unit (Rs.)	4.70	6.10
b) Own Generation		
Through Diesel Generator- Cotton Yarn		
Unit(KWH)	19,27,106	13,93,809
Units/Ltr of Diesel of Oil	3.50	3.89
Cost/Unit	8.56	9.31
c) Own Generation through Power Plant (Cotton Yarn)		
Units	-	27,77,500
Units/Ltr of Furnance Oil	-	4.09
Cost/Unit	-	4.75
d) Own Generation through Diesel Generator (Garments)		
Units	7350	6783
Units/Ltr of Diesel	2.78	3.35
Cost/Unit	12.96	13.03
e) Own Generation through Windmill		
Units	1,93,19,446	1,62,72,621
Cost/Unit	3.33	2.86
f) Own Generation		
Through Diesel Generator- Fabric		
Unit (KWH)	1,53,338	-
Units/Ltr of Diesel of Oil	3.74	-
Cost/Unit	7.71	-
2. Fuel Consumption		
a) Furnance Oil (Cotton Yarn)		
Quantity (Kilo Litre)	-	670.00
Total Cost in lakhs	-	139.62
Average Rate	-	20.85
b) Furnance Oil (Garments)		
Quantity (Kilo Litre)	109.49	128.00
Total Cost in Lakhs	23.45	20.35
Average Rate	21.42	15.86
B) Consumption per unit of production standards (if any)		
Products - Cotton Yarn (Kgs)	2,01,20,944	2,27,01,647
Consumption (units)	1.61	1.55
Products - Garments (Nos)	1,33,555	1,51,398
Consumption (units)	1.03	1.00
Products - Fabrics (Mtrs)	1,01,46,185*	-
Consumption (units)	1.56	-

*including quantity produced during trial production.

**FORM B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION****Research and Development (R & D)**

- I. No research and development is pursued in-house. However, Research and Development is carried out by Southern India Textile Research Association (SITRA), of which company is a member. Suitable measures suggested by SITRA are adopted.
- II. Benefits derived as a result of the above are,
 - (a) Improvement in production efficiency and product quality
 - (b) Higher market shares for company's product
 - (c) Effective realisation of indigenous technology
- III. Existing arrangements being comfortable for the company same may be continued for future operations as well.
- IV. There is no expenditure on R & D

Technology absorption, adoption and innovation

- (a) There is no technology development at spinning sector. Spinning technology developed by textile machinery sector alone adopted at the spinning sector.
- (b) Spinning technology developed by textile machinery sector and absorbed and adopted by the company has the positive effect on product improvement, cost reduction, product development, and import substitution.
- (c) Indigenous technology alone used.

Foreign Exchange Earnings and Outgo (Rs. in lakhs)

Foreign Exchange Earnings and Outgo	2007-2008	2006-2007
1. Foreign exchange earned through Direct Export	109.52	644.81
2. Expenditure in Foreign Currency		
a. On Business Travel	8.97	—
b. On Capital Goods	143.59	9266.75
c. On Stores & Spares	33.61	87.79
d. On Raw materials	—	—

For and on behalf of the Board of
GANGOTRI TEXTILES LIMITED

Coimbatore
28.06.2008

MOHANLAL TIBREWAL
Executive Director

MANOJ KUMAR TIBREWAL
Managing Director