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SHIRTS & TROUSERS

GANGOTRI
Textiles Ltd.

25th
Annual Report
2013- 2014

Gangotri Textiles Limited

REGISTERED OFFICE :

No. 35, Robertson Road, R.S.Puram, Coimbatore – 641 002

BOARD OF DIRECTORS

Sri. MANOJ KUMAR TIBREWAL
Managing Director

Sri. MOHANLAL TIBREWAL
Executive Director

Sri. ULLAS R SANGHVI
Director
(up to 29.05.2014)

Sri. R.P.JOSHUA
Nominee Director of Lender Banks

Sri. G.V. CHANDRA BHASKAR
Nominee Director of IDBI Bank Ltd

Sri. P. VENUGOPAL
Nominee Director of Canara Bank

SRI. R.ELANGO
Nominee Director of United Bank of India

SRI. AJAY KUMAR SREEN
Nominee Director of State Bank of Hyderabad
(upto 28-5-2014)

SRI. L.V.RAVINDRA KUMAR
Nominee Director of State Bank of Hyderabad
(w.e.f 28-5-2014)

COMPANY SECRETARY

Sri. MAXIM JOSEPH

BANKERS

STATE BANK OF INDIA
STATE BANK OF HYDERABAD
STATE BANK OF MYSORE
STATE BANK OF TRAVANCORE
SYNDICATE BANK
UNITED BANK OF INDIA
CANARA BANK
IDBI BANK LTD
JM FINANCIAL ARC PVT. LTD.

REGISTERED OFFICE

No. 35, Robertson Road
R.S.Puram
Coimbatore – 641 002

REGISTRAR AND SHARE TRANSFER AGENTS

M/S. S.K.D.C Consultants Ltd
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore – 641 006

AUDITORS

M/S THAKKER & SANGHANI

Chartered Accountants
47, West Periyasamy Road,
R.S. Puram, Coimbatore - 641 002

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This Financial statements, Board's Report, Auditor's Report and attachments to such statements and reports are governed by the relevant provisions of the Companies Act, 1956, in terms of circular No. 1/19/2013 - CL-V dated 4.4.2014 issued by the Ministry of Corporate Affairs.

NOTICE TO SHAREHOLDERS :

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the company will be held on Thursday, the **11th day of September , 2014 at 3.30 p.m** at the A.R. Patel Hall , Coimbatore Sri. Gujarat Samaj, 662, Mettupalayam Road, R.S Puarm, Coimbatore - 641 002 to transact the following business :

A G E N D A

ORDINARY BUSINESS :

1) To receive, consider and adopt the Directors' Report, Profit & Loss Account for the year ended 31st March, 2014 and the Balance Sheet as at that date and the Auditors' Report thereon.

2) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

3. 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 and 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 corresponding Clause 196, 197 198 & 199 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force and subject to such consents, approvals and permission that may be necessary from time to time , consent of the company be and is hereby accorded to the payment of remuneration to Sri. Manoj Kumar Tibrewal, Managing Director of the company for the period from 1-4-2015 to 31-3-2017 as recommended by the Remuneration Committee of the company as detailed hereunder.

REMUNERATION

a) Salary : 5 % on 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 for the use of Company's business and Telephone facility at his residence will not be considered as perquisites. However, personal long distance calls shall be billed by the company to the Managing Director.

Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Sri. Manoj Kumar Tibrewal, Managing Director, the Company has no profit or the profits of the company are inadequate, the company will pay remuneration to Sri. Manoj Kumar Tibrewal, Managing Director equivalent to the ceiling amount prescribed in terms of Section II in Part II of Schedule V of the Companies Act, 2013 subject to maximum of Rs. 75,000 per month.

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

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

Subject No 3 of the Agenda

Sri. Manoj Kumar Tibrewal was appointed as Managing Director of the company for a period of five years commencing from 1-4-2012 to 31-3-2017 in the 22nd Annual General Meeting held on 23-9-2011 and the remuneration payable to him was initially fixed by the Remuneration Committee for a period of three years commencing from 1-4-2012 to 31-3-2015.

The Board of Directors in their meeting held on 28-5-2014 have considered and decided to refer to the Remuneration Committee the remuneration payable to Sri. Manoj Kumar Tibrewal, Managing Director for the remaining period of two years

commencing from 1-4-2015 to 31-3-2017 . The Remuneration Committee after considering the various aspects which it is expected to consider, has recommended the remuneration payable to Sri. Manoj Kumar Tibrewal, Managing Director as stated in the body of the resolution.

The Board is now placing the resolution for the payment of remuneration to the Managing Director Sri. Manoj Kumar Tibrewal for the period from 1-4-2015 to 31-3-2017 as recommended by the Remuneration Committee for the approval of the Members.

Minimum Remuneration

The resolution also provides for the payment of minimum remuneration to the Managing Director in case of absence or inadequacy of profit in any Financial year. The minimum remuneration has been stipulated as the amount fixed as a ceiling prescribed in paragraph 1 (A) of Section II in Part II of Schedule XIII of the Companies Act, 1956 corresponding Section II in Part II of Schedule VI of the Companies Act, 2013. however subject to maximum of Rs. 75,000/- per month.

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 Monday the 1st day of September 2014 to Thursday, the 11th day of September, 2014 (both the days inclusive) for the purpose of Annual General Meeting.

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 2013-14, unclaimed dividend of Rs 1,63,469 declared for the financial year 2005-06 has been transferred to the Investors' Education & Protection Fund on 25-9-2013 Shareholders who have not encashed the dividend warrants for the year 2006-07 are requested to write to the Secretarial Department of the Company at No.35, Robertson Road, R.S. Puram, Coimbatore - 641 002.

7.Electronic copy of the Annual Report 2014 is being sent to all the Members whose email ID is registered with the Company / Registrar & Share Transfer Agents for communication purpose unless any Member has requested for a Hard Copy of the same. For Members who have not registered their email address, physical copy of the Annual Report is being sent in the permitted mode.

8. subsequent to the resignation of the Independent Director, Sri. Ullas R. Sanghvi on 29-5-2014, there is no Director retiring by rotation at the ensuing 25th Annual General Meeting.

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

Coimbatore
28-5-2014

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors present the 25th Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

(in Rs)

PARTICULARS	31.03.2014	31.03.2013
Sales Turnover	80,84,14,576	86,62,61,319
Profit/Loss before interest, depreciation and tax	(3,48,25,087)	(2,38,34,410)
Less: Interest	27,92,70,128	31,35,08,967
Depreciation	17,53,73,826	18,03,39,897
Impairment of Asset	5,77,88,023	56,67,64,212
Net Profit / loss for the year before Tax	(54,72,57,064)	(108,44,47,486)

PERFORMANCE

During the year under review, the performance of the company is not satisfactory because of working in a special situation of financial distress with very limited Working Capital availability. The company is now working primarily on " Asset Protection Mode "

With the limited resources available, the company found it extremely difficult to run all the units. At the same time it was felt not advisable to close one or more Units and the assets are to be maintained in a good condition atleast to get a good price for that matter. Hence, keeping in mind the life of the assets and for a regular income, the company has given Ring Spinning Unit (Unit - 4 & 9) situated at Pushpattur Village, Udamalpet Taluk and Open End Spinning Unit (Unit -3) situated at Kolhapur, Maharashtra State to Job Work.

REFERENCE TO BIFR :

As reported last year, the Company has made a reference to Board for Industrial and Financial Reconstruction (BIFR) in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 on 13-6-2013 in view of the accumulated loss exceeded the Net Worth of the company during the financial year ended 31st March, 2013. M/s State Bank of India, as a Leader of the consortium of bankers have filed a Miscellaneous Application to the Board for Industrial and Financial

Reconstruction (BIFR) seeking for the abatement of the reference made by the company in terms of third proviso to Section13 (1) of Sick Industrial Companies (Special Provisions) Act, 1985. The case was heard on 10-9-2013, 21-11-2013, 9-12-2013 and 28-1-2014 and the Board has finally abated the reference on 26-3-2014.

DEBT RECOVERY TRIBUNAL :

M/s State Bank of India, Stressed Asset Management Branch, Coimbatore as the leader of the consortium banks have filed Original Application in the Debt Recovery Tribunal, Coimbatore for the recovery of the outstanding dues of Rs 353,38,13,295 /- as on 1-3-2013.. This outstanding amount is exclusive of the dues to IDBI.. The matter is sub-judice. In the meantime the Lenders have initiated action for the recovery of the dues under SARFAESI Act. The company has filed appeal against the Original Application filed by M/s State Bank of India and challenging the action of the Lenders and the matter is sub-judice.

DIVIDEND

In view of the huge loss incurred by the company during the year, the Directors are not in a position to recommend any dividend for the financial year ended 31st March, 2014.

FINANCE

During the year under review, the Company has been served with Notice under Section 13(4) of the SARFAESI Act, (Possession Notice) on 11-6-2013 and 11-7-2013 taking symbolic possession of all the Units. Subsequently, the Lenders have issued E-auction Sale Notice on 22-12-2013 for the sale of (1) Ring Spinning Units (Unit 4 & Unit –9) situated at Pushpattur Village, Udamalpet Taluk (2) Weaving & Processing Unit (Unit –8) situated at SIPCOT Industrial Growth Center, Perundurai and (3) Two Wind Mills situated at Udamalpet Taluk and the auction date was fixed on 30-1-2014 and the outcome of auction is not known.

The company felt that, the sale of Windmills would be detrimental in the interest of the company. More than the financial loss (by way of EB Bill going up by Rs.35 lakhs per month), disposal of Windmills will directly affect the operations of the remaining units including the garment production. Everyday, during the peak hour (6 pm to 10 pm) the regular TNEB power is not available for production. This will result in loss of production as well as under utilization of manpower. If the Company has the Windmill, it can use the Power Generated and overcome the Bottle neck. In short, sale of Windmill should not be seen in isolation and instead it should be seen as a facilitator for running the other units. Therefore, the company was forced to file two Writ Petition in the Hon'ble High Court, Chennai praying for a direction to the bank to refrain from putting the Windmill to sale on the Ground that E- Auction is not the correct process adopted by the Lenders for the recovery of their dues and also challenging the classification of the Company's Account as a Non-performing Asset by the Lenders.

The case came up for hearing on 29-1-2014 and their Lordships after hearing the case were pleased to grant Interim Injunction relief as to "Not to confirm the Sale in the e-Auction which is to be conducted on 30th January, 2014 until the final disposal of the main Writ Petition." Ultimately, the Hon'ble Madras High Court has dismissed a bunch of petitions filed for various issues vide its Order dated 8-5-2014. The High Court has also held that e –Auction is also a valid means of recovery.

In the meantime, State Bank of India has issued another E-auction Sale Notice on 9-3-2014 for the sale of all the Units of the Company excluding the Open End Spinning Unit (Unit-3) situated at Kolhapur & two

windmills and the auction date was fixed on 9-4-2014. The Reserve Price fixed for all the Units was Rs 192.32 crores. In the above Notice two Wind Mills were not included as the issue is pending before the Court.

Since the Lenders started taking various steps including release of e-Auction Notices, the Company as stated elsewhere was forced to resort to seeking remedies through legal avenues. However, the intention of the company was (or for that matter is) not to find out solutions for its heavy debt problem in the corridor of Courts.

The Company strongly believes that any solution which is practical as well as permanent one, can be found only with the co-operation of the Lenders.

Therefore, parallelly the Company started scouting for ways and means to mitigate its debt burden through all possible sources including the Lenders. The Company is glad to share with you the fact that negotiations are underway with an entity who has shown keen interest in stepping in to the company initially as a Strategic Investor. Once this effort of the company fructifies, the company will be in a position to approach the Banks with a proposal of One Time Settlement (OTS).

Once the discussions reach a particular level, the company shall approach the Banks, the Shareholders and other Statutory Authorities to proceed further.

DEPOSITS

There are no deposits outstanding as on 31st March 2014 remaining unclaimed or unpaid. The company has complied with all the requirements of Section 58A of the Companies Act and the rules there under in so far as the deposits which were in existence during the earlier period is concerned.

CORPORATE GOVERNANCE

A separate Report on the Corporate Governance is enclosed as part of this Annual Report. The Auditors of the Company have also given their certificate relating to compliance of Corporate Governance and this report is annexed to the report of Corporate Governance as is required by the Listing Agreement.

LISTINGS

The company's shares are listed both in National Stock Exchange of India Ltd and Mumbai Stock Exchange Ltd. The company has paid listing fee to both the exchanges. The company has already applied for

de-listing of its equity shares to Calcutta Stock Exchange Association Ltd and Coimbatore Stock Exchange Ltd. Though all the formalities have been completed and reminders have been sent, reply from these two stock exchanges are awaited. However no listing fee has been paid to these two stock exchanges.

DIRECTORS RESPONSIBILITY STATEMENT

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

- 1) that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- 2) 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 at the end of the accounting year namely March 31, 2014 and of the profit / loss of the Company for that year
- 3) 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;
- 4) that the Directors have prepared the Annual Accounts on a going concern basis.

REPLY TO THE QUALIFICATION/OBSERVATIONS OF THE STATUTORY AUDITORS:

1. The due action is being taken by the management to recover the dues/confirmation.
2. On receipt of a demand from the lenders regarding the higher interest on account of company being out of CDR package, the due provision for the interest differentials will be made in the accounts.
3. In the opinion of the Management, in order to reflect the actual position of Debtors and creditors, netting of Debit and Credit balance of the same party has been resorted to.
4. The management has taken earnest efforts to strengthen the internal controls.

RESIGNATION OF INDEPENDENT DIRECTOR

Sri. Ullas R Sanghvi, the only Independent Director on the Board of the Company has vide his letter dated 19-5-2014 informed that he would resign from the Directorship (as Independent Director) and Chairman of the Audit Committee with effect from 29-5-2014 due to pre-occupation in his professional work.

Sri. Ullas R Sanghvi was inducted in the Board on 7-5-2009. He is a Chartered Accountant by profession and has vast knowledge in the Software Development. He has contributed significantly to the Board during Company's crisis period. The Board of Directors wish to place on record their appreciation for the valuable contribution offered by Sri. Ullas R Sanghvi during his tenure as an Independent Director.

The Company is looking after the replacement for the vacancy created by the resignation of Sri. Ullas R Sanghvi and shall be filled within the time limit prescribed by the Company's Act, 2013.

DIRECTORS RETIRING BY ROTATION :

Since the only Independent Director Sri. Ullas R Sanghvi who is supposed to retire by rotation at this 25th Annual General Meeting has submitted his resignation with effect from 29-5-2014, there is no Director retiring by rotation during this year.

AUDITORS

M/s.Thakker & Sanghani, Chartered Accountants, retire at the ensuing Annual General Meeting and they have given necessary certificate in terms of Section 224 (1) (b) 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. The information pursuant to the Company (disclosure to particulars in the report of Board of Directors) Rules 1988 to the extent applicable is attached.

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 as also for the valuable advice and guidance given by them. Your Directors also wish to thank the suppliers and all others who have extended their valuable support during times of turbulence. Last but not the least, your Directors express their heartfelt thanks for the employees at all levels who have stood by the Company in these testing times.

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

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

Coimbatore
28-5-2014

MOHANLAL TIBREWAL
EXECUTIVE DIRECTOR

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 2013 - 2014	PREVIOUS YEAR 2012 - 2013
A)	Power and Fuel Consumption		
1	Electricity		
a)	Purchased Unit (KWH)	2,03,18,876	1,57,92,039
	Total Amount (in Rs.)	14,68,03,470	11,88,79,186
	Rate/Unit (Rs.)	7.22	7.53
b)	Own Generation		
	Through Diesel Generator- Cotton Yarn		
	Unit(KWH)	2,36,745	18,70,902
	Units/Ltr of Diesel of Oil	3.48	3.51
	Cost/Unit	16.40	14.13
b)	Own Generation		
	Through Diesel Generator- Fabrics		
	Unit(KWH)	17,710	2,903
	Units/Ltr of Diesel of Oil	2.75	3.50
	Cost/Unit	21.24	13.74
d)	Own Generation		
	Through Diesel Generator- Garments		
	Units	16,892	48,472
	Units/Ltr of Diesel	3.11	3.29
	Cost/Unit	17.47	17.58
e)	Own Generation through power Plant (Cotton Yarn)		
	Units	-	-
	Units/Ltr Furnance Oil	-	-
	Cost/Unit	-	-
f)	Own Generation thro Windmill		
	Units	62,09,176	78,69,224
	Cost/Unit	4.34	4.82
2	Fuel Consumption		
a)	Furnance Oil (Cotton Yarn)		
	Quantity (Kilo Litre)	-	-
	Total Cost (in Rs.)	-	-
	Average Rate	-	-
b)	Furnance Oil (Garments)		
	Quantity (Kilo Litre)	-	14
	Total Cost (in Rs.)	-	7,05,808
	Average Rate	-	51.39
B)	Consumption per unit of production standrads (if any)		
	Products- Cotton Yarn (Kgs) - Own production	51,02,841	65,91,784
	Products- Cotton Yarn (Kgs)- Job work production	43,11,626	15,83,956
	Consumption (units)	2.16	2.12
	Products- Garments (Kgs)	2,26,054	2,23,794
	Consumption (units)	1.06	1.10
	Products- Fabrics (Mtrs)	-	-
	Consumption (units)	-	-

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.

(In Rs.)

Foreign Exchange Earnings and Outgo	Current Year 2013 - 2014	Previous Year 2012 - 2013
1 Foreign exchange earned through Direct Export	-	-
2 Expenditure in Foreign Currency		
a. On Business Travel	-	-
b. On Capital Goods	-	-
c. On Stores & Spares	5,01,540	42,65,831
d. On Raw materials	-	91,24,748

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

MANOJ KUMAR TIBREWAL
Managing Director

MOHANLAL TIBREWAL
Executive Director

Coimbatore
28-5-2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT :

The recession prevailing in the Textile Industry continued during the year under review owing to various factors such as non-availability of raw material, skilled labour, high labour cost and poor market demand. Though there was slight improvement in the Power position, 20 % power –cut was still there for the H.T Industries and during Peak Hours the quantum of Power-cut as was around 90 %. Hence production schedule was not kept-up and consequently the delivery schedule was affected to that extent. Operating with captive Diesel / Furnace Oil Generators are proving to be totally un-economical.

The company has effected sales turnover of Rs 45.93 crores as against Rs 63.19 crores last year in respect of yarn and Rs 19.27 crores as against Rs 17.99 crores last year in respect of Ready made Garments. In spite of an unfavourable condition prevailing in the Textile Industry, the company was able to perform to a satisfactory level during the year under review by efficient administration in respect of yarn division.

OPERATION OF UNITS :

In view of the insufficient Working Capital available with the Company and in order to run the industry for fetching a better price, the company has given the Ring Spinning Unit (Unit -4 and Unit- 9) at Udumalpet and Open End Spinning Unit (Unit- 3) at Kolhapur to Job Work during the year under review.

The workers of the Weaving & Processing Unit situated at Perundurai had gone for strike with effect from 24-1-2012 demanding the wage revision on the higher side and the unit is not working since then. Except the Weaving & Processing Unit (Unit -8) all other Units were in operation during the year under review.

OPPORTUNITIES AND THREATS

Though the cotton price continued to rule high, the yarn price has decreased by Rs 10-20 per kg due to sluggish demand in the domestic and export markets. Under this scenario, the sudden removal of export benefits under Focus Market Scheme (FMS) has come as a rude shock for the cotton spinning sector. The office of the Director General of Foreign Trade has issued a Notification stating that export of cotton and cotton yarn will not be eligible for Focus Market Scheme which were enjoying 3% Export Incentive in certain markets and 4 % incentive in certain markets. With the landing price of cotton shooting up to more than Rs 50,000/- a candy, cotton prices have also gone up. This has resulted in slow demand of yarn from weavers and garment manufacturers.

India's Per Capita Expenditure rose at a rapid pace during the last two years increasing 19 % annually in the rural areas and 17 % in the urban areas. The Rupee has been one of the worst performing currencies while the Chinese Yuan has appreciated against Dollar which has made Indian Textile more competitive causing inquiries to flow in.

Bangladesh Textile remains more competitive than India's Textiles. In spite of drastic increase in Minimum Wages of Labourers in Bangladesh together with their high cost of production still makes their product much more competitive than the textiles produced in India. Credit Ratings and Service providers said that Indian Textile Sector in general and Cotton Textile Sector in particular is exposed to volatile raw material prices which is the largest cost variant and can affect a company's finance.

Labour scenario also continues to be on the discomfort side. . There are many units which are being run on partial capacity for want of adequate skilled labour. The money market which was very liquid and easy in the past is witnessing continuous increase in the interest rates and the company being a heavy borrower, the interest charges have become one of the major elements.