

Gangotri Textiles Limited

REGISTERED OFFICE :

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

26th ***Annual Report*** ***2014- 2015***

BOARD OF DIRECTORS

Sri. MANOJ KUMAR TIBREWAL
Managing Director

Sri. MOHANLAL TIBREWAL
Executive Director

Sri.N. VENKATESAN
(w.e.f. 12.11.2014)
Independent Director

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

Sri. L.V. RAVINDRAKUMAR
Nominee Director of State Bank of Hyderabad
(up to 31.3.2015)

Sri. RAJANIKANTA NAIK
(w.e.f. 1.4.2015)
Nominee Director of State Bank of Hyderabad

Sri. P.T. KALAISELVAN
(w.e.f. 13.8.2014)
Nominee Director of Canara Bank

Sri. R.ELANGO
Nominee Director of United Bank of India Ltd

Smt. M.V. SURYAPRABHA
(w.e.f. 12.11.2014)
Independent Director
(Woman Director)

COMPANY SECRETARY

Sri. MAXIM JOSEPH

BANKERS

STATE BANK OF INDIA
STATE BANK OF HYDERABAD
STATE BANK OF TRAVANCORE
SYNDICATE BANK
UNITED BANK OF INDIA
CANARA BANK
IDBI BANK LTD
JM FINANCIAL ARC PVT. LTD.
EDELWEISS ARC 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
59, Bharathi Park Main Road,
No.8, Saibaba Colony,
Coimbatore - 641 002

CONTENTS

Notice to Shareholders	2
Directors' Report	8
Management Discussion & Analysis Report	27
Corporate Governance Report	30
Auditor's Report	36
Accounts	40
Cash Flow Statement	56

NOTICE TO SHAREHOLDERS :

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the company will be held on **Wednesday, the 23rd day of September, 2015 at 3.30 p.m** at A.R. Patel Hall, Coimbatore, Sree Coimbatore Gujarat Samaj, 662, Mettupalayam Road, R.S Puram, Coimbatore - 641 002 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, 2015 and the Balance Sheet as at that date and the Auditors' Report thereon.

2) To appoint Auditors for the Financial Year 2015-16 and fix their remuneration.

SPECIAL BUSINESS :

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

RESOLVED that pursuant to Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013 Sri. N.Venkatesan (DIN 07029257) a Director of the company, in respect of whom, the company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri. N.Venkatesan as a candidate for the office of Independent Director of the company, be and is hereby appointed as an Independent Director to hold office for a period of five years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation.

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

RESOLVED that pursuant to Section 149, 152 and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013 Smt. M.V. Suryaprabha (DIN 05210644) a Director of the company, in respect of whom, the company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying his intention to propose Smt. M.V. Suryaprabha a candidate for the office of Independent Director of the company, be and is hereby appointed as an Independent Director to hold office for a period of five years from the conclusion of this Annual General Meeting and she is not liable to retire by rotation.

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 196, 197 198 & 199 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013 as amended from time to time 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 for the appointment of Sri. Mohanlal Tibrewal as Executive Director of the Company for a period of five years with effect from 1-4-2016 to 31-3-2021 and the payment of remuneration to the said Executive Director for a period of three years with effect from 1-4-2016 to 31-3-2019 as recommended by the Nomination and Remuneration Committee as detailed hereunder.

REMUNERATION

a) Salary : 5 % on the Net Profit of the Company computed under the relevant provisions of the Companies Act, 2013.

b) Perquisites : The Executive 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 Executive Director.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Sri. Mohanlal Tibrewal, Executive Director, the Company has no profit or the profits of the company are inadequate, the company will pay remuneration to Sri. Mohanlal Tibrewal, Executive 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 Executive Director during the tenure of his office as Executive Director shall not be liable to retire by rotation.

EXPLANATORS STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013

Subject to No.3 of the Agenda

Sri.N.Venkatesan is a practicing Chartered Accountant having vast experience in the field of Accounting and Taxation. He is also the Internal Auditor for the Karunya University, Coimbatore. He was co-opted as an additional Director in the Board Meeting held on 12-11-2014.

The Company has received a nomination under Section 160 of the Companies Act, 2013 from a Member of the company with requisite deposit signifying his intention to propose the appointment of Sri. N.Venkatesan as an Independent Director. Sri. N.Venkatesan will hold office for a period of five years from the conclusion of this Annual General Meeting.

In the opinion of the Board of Directors Sri. N.Venkatesan fulfills the conditions specified in the Act and Rules made thereunder and he is independent of the management.

None of the Directors, Key Managerial Personnel or their relatives other than Sri. N.Venkatesan is concerned or interested in the resolution.

Subject No 4 of the Agenda

Smt. M.V.Suryaprabha is a practicing Advocate having vast experience in the field of Law. She was co-opted as an additional Director in the Board Meeting held on 12-11-2014.

The Company has received a nomination under Section 160 of the Companies Act, 2013 from a Member of the company with requisite deposit signifying his intention to propose the appointment of Smt. M.V.Suryaprabha as an Independent Director. Smt. M.V.Suryaprabha will hold office for a period of five years from the conclusion of this Annual General Meeting.

In the opinion of the Board of Directors Smt. Suryaprabha fulfills the conditions specified in the Act and Rules made thereunder and she is independent of the management.

None of the Directors, Key Managerial Personnel or their relatives other than Smt. M.V.Suryaprabha is concerned or interested in the resolution.

Subject No 5 of the Agenda

The appointment of Sri. Mohanlal Tibrewal, as Executive Director was approved by the shareholders in the 22nd Annual General Meeting of the company and his present term comes to an end on 31-3-2016. Considering his involvement in the day-to-day affairs of the company, the

Board of Directors in their meeting held on 28-5-2015 have decided to re-appoint Sri. Mohanlal Tibrewal as Executive Director for a further period of five years with effect from 1-4-2016 to 31-3-2021.

The Board also referred the remuneration payable to Sri. Mohanlal Tibrewal, Executive Director to the Nomination and Remuneration Committee as required by the provisions of the Companies Act, 2013. The Nomination and Remuneration Committee after considering the various aspects which it is expected to consider, has recommended the remuneration payable to Sri. Mohanlal Tibrewal, Executive Director for the a period of three years with effect from 1-4-2016 to 31-3-2019 as stated in the body of the resolution

The Board is now placing the resolution for the appointment of Sri. Mohanlal Tibrewal as Executive Director of the Company for a period of five years with effect from 1-4-2016 to 31-3-2021 and payment of remuneration to him for the first three years with effect from 1-4-2016 to 31-3-2019 as recommended by the Nomination and Remuneration Committee.

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 Section II in Part II of Schedule VI of the Companies Act, 2013 subject to maximum of Rs 75,000 per month.

Sri. Mohanlal Tibrewal, Executive Director is holding 2000 Equity Shares in the Company is interested in the resolution. None of the other Directors or Key Managerial Personnel or their relatives is interested or concerned in the resolution. Sri. Manoj Kumar Tibrewal may also be interested in the subject matter of the resolution since he is the younger brother of Sri. Mohanlal Tibrewal.

STATEMENT AS REQUIRED UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 FOR THE APPOINTMENT OF SRI. MOHANLAL TIBREWAL.

1. GENERAL INFORMATION

a) Nature of Industry :

The Company is engaged in the manufacture of Cotton Yarn and Ready Made Garments.

b) Date or expected date of commencement of commercial production:

The company had commenced its commercial production on 24-7-1989.

c) In case new companies, expected date of commencement of activities:

Does not arise.

d) Financial performance based on given indicators:

The company has effected Yarn turnover of Rs. 43.16 crores as against a turnover of Rs 45.93 crores previous year. Similarly, the Company has effected Garments turnover of Rs. 23.04 crores as against a turnover of Rs 19.22 crores previous year.

e) Foreign Investment or collaborators if any : Nil.

II. INFORMATION ABOUT THE APPOINTEE – SRI. MOHANLAL TIBREWAL

a) Background details.

Sri. Mohanlal Tibrewal is the Promoter of the Company. He has been associated with the company right from the inception. He has been looking after the day-to day affairs of the company.

b) Past remuneration :

Salary	=	9,00,000
Commission	=	—
Perquisites	=	—
		<hr/>
Total		9,00,000
		<hr/>

c) Job profile:

Sri. Mohanlal Tibrewal will function as an Executive Director looking after the day-today affairs of the company under the guidance, superintendence and control of the Board of Directors of the Company.

d) Remuneration proposed:

Salary	=	9,00,000
Commission	=	—
Perquisites	=	—
		<hr/>
Total		9,00,000
		<hr/>

In the case absence or inadequacy of profits, the remuneration as detailed above shall be paid as Minimum Remuneration.

e) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration proposed to the appointee is comparable with the remuneration with respect to industry, size of the company and financial position.

f) Pecuniary relationship directly or indirectly with the company, or relationship with the Key Managerial Personnel if any :

Sri. Mohanlal Tibrewal is holding 2000 Equity Shares in the company and no other Pecuniary relationship directly or indirectly with the company, or relationship with the Key Managerial Personnel.

III. OTHER INFORMATION:

a) Reason for the loss or inadequacy of profits :

Shortage of Working Capital facility provided by the Bank and the overall recession prevailed in the Textile Industry are the main reason for the loss of the company.

b) Steps taken or proposed to be taken for the improvement of the company.

The Company has been negotiating with the Banks for an One Time Settlement (OTS) keeping one or more viable units with the company. Once the OTS is finalized, the company is hoping to be back in the forward trend.

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 14th day of September 2015 to Wednesday, the 23rd day of September, 2015 (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 2014-15, unclaimed dividend of Rs 1,64,296/- declared for the financial year 2006-07 has been transferred to the Investors' Education & Protection Fund on 20-11-2014.

7. Electronic copy of the Annual Report 2015 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. Voting through Electronic Means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide Members facility to exercise their right to vote at the 26th Annual General Meeting by electronic means and the business may be transacted through e-Voting services provided by **Central Depository Services (India) Ltd (CDSL)**

In terms of Clause 35 -B of the Listing Agreement, in order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Ballot form is annexed. A Member desiring to vote by Post shall complete the enclosed Ballot Form with assent for) or dissent (against) and send to Sri. B.Krishnamoorthy, Chartered Accountant, "Kanapathy Towers" 3rd Floor, No 1391 / A-1, Sathy Road, Ganapathy,

Coimbatore - 641 006 who has been appointed as the "Scrutinizer" so as to reach him on or before **5.00 p.m on 22-9-2015**. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received. Kindly note that Members can opt for only one mode of voting ie either by Ballot or through e-voting. If Members are opting for e-voting, then do not vote by Ballot or vice-versa. Ballot / Polling Paper will **also** be available at the venue of the meeting and Members attending the meeting who have not already cast their vote **either by remote e-voting or by ballot Form through Post** shall be able to exercise their right at the meeting in terms of the Notification dated 19-3-2015 issued by the Ministry of Corporate Affairs.

However, in case of Members casting their vote both by Postal Ballot and e-voting, then voting done through e-voting shall prevail and voting done by Ballot will be treated as invalid.

The instruction for e-voting electronically are as under.

A. In case a Member receiving :

i) Log on to the e-voting website <http://www.evotingindia.co.in>

ii) Click on " shareholders" tab.

iii) Now enter your User Id

a) For CDSL: 16 digits beneficiary Id

b) For NSDL: 8 character DP Id followed by 8 digits Client Id

c) Members holding shares in physical form should enter folio number registered with the company.

Next enter the image Verification as displayed and click on Login.

v) If you are holding shares in demat form and had logged on to <http://www.evotingindia.co.in> and casted your vote for any company , then your existing password is to be used.

vi) If you are a first time user, follow the steps given below.

For Members holding shares in demat form and physical

For Members holding shares in demat form and physical form	
PAN	Enter your 10 digits alpha -numeric PAN issued by the Income Tax Department. (Applicable for both Demat shareholders as well as Physical shareholders) # Members who have not updated their PAN with the company / Depository Participant are requested to use the first two letters of their name and last 8 digits of the demat account / folio number in the PAN field. # In case the folio number is less than 8 digits , enter the applicable number of 0's before the number after the first two characters of the name in capital letters. eg If your name is Ramesh Kumar with folio number 100, then enter RA00000100 the PAN Field.
Date of Birth	Enter the date of birth as recorded in your demat account in dd/mm/yyyy format.
Dividend Bank details	Enter the dividend bank details as recorded in your demat account of the company, please enter the Member Id / folio number in the dividend bank details
Please enter the DOB or Dividend Bank Details in order to login.	

form PAN Enter your 10 digits alpha -numeric PAN issued by the Income Tax Department. (Applicable for both Demat shareholders as well as Physical shareholders# Members who have not updated their PAN with the company / Depository Participant are requested to use the first two letters of their name and last 8 digits of the demat account / folio number in the PAN field.# In case the folio number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in capital letters. Eg if your name is Ramesh Kumar with folio number 100, then enter RA00000100 the PAN Field. Date of Birth Enter the date of birth as recorded in your demat account in dd/mm/yyyy format.

Dividend Bank details

Enter the dividend bank details as recorded in your demat account or in the company records. Please enter the Member Id / folio number in the dividend bank details, if the details are not recorded with the Depository or Company.

Please enter the DOB or Dividend Bank Details in order to login.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the "Gangotri Textiles Limited" screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the relevant EVSN – Gangotri Textiles Limited on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONSFILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A Confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(XVI) Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

a) Institutional shareholders (i.e., other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

1) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

1) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the physical copy:

i) Please follow all steps from Sl. No. (i) to Sl. No. (xvi) above to cast vote.

ii) **The voting period begins on Saturday, 19th September 2015 at 9.00 A.M and ends on Tuesday 22nd September 2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday 16th September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

iii) In case you have any queries or issues regarding

e-voting, you may refer the. Frequently Asked Questions ("FAQs") and e-voting manual available at <http://www.evotingindia.co.in> under help section or write an email to helpdesk.evoting@cdslindia.com.

(C) In case of members desiring to exercise vote by Ballot Form through Post:

A Member desiring to exercise vote by Ballot should complete the Ballot Form and send it to the Scrutinizer **by Post**. Members are requested to read the instructions contained on the reverse of the Ballot Form and follow the same.

II. The voting rights of shareholders shall be in proportion to their shares of the paid up Equity share capital of the Company as on the cut-off date ie on Wednesday the 16th day of September, 2015.

III. Mr. Mr. B. Krishnamoorthi Chartered Accountant, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process Ballot in a fair and transparent manner.

IV. The Scrutinizer shall after the completion of polling at AGM, unblock the e-votes in the presence of at least two (2) Witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman.

V. The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's Website www.gangotritextiles.com within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

The particulars of Directors seeking appointment / re-appointment pursuant to clause 49 of the Listing Agreement are furnished hereunder.

Name of the Director	Sri. N. Venkatesan	Smt. M.V. Suryaprabha
Date of Appointment	12.11.2014	12.11.2014
Expertise in specific functional Areas	He is a practising Chartered Accountant having vast experience in the field of accounting and taxation. He is also the Internal Auditor for the Karunya University	She is a practicing Advocate having vast experience in the field of law.
List of other Directorship held	Nil	Nil
Chairman / Member of Committee of other companies in which he is a Director	Nil	Nil

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

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

Coimbatore
28-5-2015

DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors present the 26th Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2015.

FINANCIAL RESULTS

(in Rs)

PARTICULARS	31.03.2015	31.03.2014
Sales Turnover	74,35,46,393	80,84,14,576
Profit/Loss before interest, depreciation and tax	(7,69,99,024)	(3,48,25,087)
Less: Interest	26,58,10,220	27,92,70,128
Depreciation	23,32,89,607	17,53,73,826
Extraordinary Items	97,88,309	5,77,88,023
Net Profit / loss for the year before Tax	(43,18,89,112)	(54,72,57,064)

PERFORMANCE

During the year under review, the performance of the company was below possible level due to insufficient Working Capital facility and the overall recession prevailed in the Textile Industry.

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.

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, 2015.

FINANCE

The total outstanding dues to the consortium of Lenders as on 31-3-2015 including interest accrued is Rs 365,17,98,258 / - .During the previous year the company has requested the Lenders to defer the sale of remaining two Wind Mills since the disposal of Windmills would directly affect the operations of the remaining units including the garment production.. This would result in loss of production as well as under utilization of manpower. Sale of Windmill should not be seen in isolation and instead it should be seen as a facilitator of for running the other units. However , the Lenders have sold the remaining two Wind Mills on 6-11-2014 for a total consideration of Rs 13,63,00,000 /-. This will have serious impact on the working of the company and the full impact will be felt in the coming years.

The company is taking all possible effort to keep all the units running so as to get maximum value while disposing the same for the re-payment of Bank Loans.

During the year under review, the company has been served with a Show Cause Notice dated 12-1-2015 from M/s Canara Bank deciding to include the name of the Company as a Wilful Defaulter and the company has replied suitably to Canara Bank. The company has also been served with a Show Cause Notice dated 24-4-2015 from State Bank of India, Stressed Asset Management Branch

deciding to include the name of the Company as a Wilful Defaulter and the company has requested them to refer the issue to the Redressal Committee for submission of objections.

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. They have taken symbolic possession of all the Units and in fact taken physical possession of the Weaving & Processing Unit (Unit 8) and Wet Processing Unit (Unit- 6) at Perundurai on 21-5-2015 and also the Ring Spinning Unit (Unit-4 & 9) at Udamalpet on 3-6-2015 . They are also trying to sell the Units through E-auction route and notices have been issued in this connection and the auction were held on 22-12-2013, 9-3-2014, 13-9-2014, 12-12-2014, we understand that some of the units have been sold in the auction. Parallely the Company has offered several One Time Settlement proposal (OTS) and the some have been rejected by the bank. The company is still negotiating with the banks for the one time settlement.

In the process of implementation of the SARFAESI ACT, the Lenders have recovered a sum of Rs 40,47,22,930/- by selling the assets consisting of three vacant lands and five Wind Mills and also by way of retention from every collection which comes to Rs 13,61,95,530/- upto 31-3-2015. Lenders have imposed daily retention without regard to the working capital requirement of the company forcing the company to close its unit requirement one after another.

DEPOSITS

The company is not accepting Fixed Deposits. The relevant provisions of Section 73 of the Companies Act,2013 in this regard to deposits wherever applicable have been duly complied with.

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.

2. Extracts of the Annual Return.

As per the requirements of provisions of the Companies Act, 2013, the extract of the Annual Return in the prescribed Form MGT-9 is annexed hereto as Annexure 1 forming part of this report.

3.Number of Meetings of the Board.

Details of number of meetings of Board of Directors and Committees thereof and the attendance of the Directors in such meetings are provided in the Corporate Governance Report attached elsewhere in the Annual Report.

4.Directors

A) Appointment

Sri. N.Venkatesan was appointed as an Independent Director of the company in the Board Meeting held on 12-11-2014. He is a practicing Chartered Accountant. He is also the Internal Auditor for the Karunya University, Coimbatore. He has submitted necessary declaration as provided under the Clause (7) of Section 152 of the Companies Act, 2013.

Smt. M.V.Suryaprabha was appointed as an Independent Director of the company in the Board Meeting held on 12-11-2014. She has been appointed as a Woman Director to comply with the provision of Rule 3 of The Companies (Appointment and Qualification of Directors) Rule, 2014. She is a practicing Advocate. She has submitted necessary declaration as provided under the Clause (7) of Section 152 of the Companies Act, 2013.