

10th

ANNUAL REPORT 2002 - 2003

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GOLDWON TEXTILES LIMITED

GOLDWON TEXTILES LIMITED

BOARD OF DIRECTORS

Sri.S.S.R.KISHEN
Sri D RAMANAIAH
Sri S Rahmatullah

Chairman and Managing Director
Director
Director

REGISTERED OFFICE

104, Laxminivas
6-3-862/1, Ameerpet
Hyderabad-500 016.

FACTORY

Survey No.248, Puppalguda (V)
Rajendranagar (Mandal)
R.R.District,
Andhra Pradesh

AUDITORS

C.Ramachandram & Co.,
Chartered Accountants
3-5-45/6/2, Edenbagh,
Ramkote, Hyderabad - 500 001.

BANKERS

State Bank of Hyderabad
Overseas Branch
Somajiguda, Hyderabad

Bank of Baroda
Chanchalguda Branch,
Hyderabad

GOLDWON TEXTILES LIMITED**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the members of **GOLDWON TEXTILES LIMITED** will be held on Tuesday, the 30th September, 2003 at 10.00 A.M at My Home Laxminivas Apartments, 6-3-862/1, Ameerpet, Hyderabad -500 016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss account for the year ended on that date and the Reports of the Director's and Auditor's thereon.
2. To appoint a Director in place of Shri S. Rehmatullah, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditor's and fix their remuneration

M/s. C. Ramachandram & Co., Chartered Accountants, Hyderabad retire at this meeting and are eligible for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification the following resolutions as a special resolution.

"RESOLVED THAT approval of the company be and is hereby granted for Delisting of Equity Shares of the Company voluntarily from Hyderabad Stock Exchange and Madras Stock Exchange under SEBI (Delisting of Securities) Guidelines - 2003 subjects to the compliance of the Listing Agreement and any other conditions prescribed by the Hyderabad and Madras Stock Exchange."

By order of the Board

HYDERABAD
31.07.2003

S.S.R KISHEN
CHAIRMAN AND MANAGING DIRECTOR

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The proxy forms in order to be effective must be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting.
2. The Register of members and Share Transfer books of the Company will remain closed from 29th September, 2003 to 30th September, 2003 (both days inclusive)
3. The Shareholders are hereby informed that all the correspondence relating to the shares should be addressed to the Company's Registered Office.
4. An explanatory statement pursuant to section 173 (2) of the companies Act, 1956 in respect of special business is enclosed

EXPLANATORY STATEMENT
(Pursuant to section 173 (2) of the companies Act, 1956)

Item No.4 The Company's Shares are listed on Hyderabad Stock Exchange, Madras Stock Exchange and Mumbai Stock Exchange since the public issue of shares. It has been continuously observed that the shares of the Company are not being traded on the Hyderabad Stock Exchange and Madras Stock Exchange from a very long time. The Equity shares of the company were specified by SEBI for settlement in Dematerialized form by all the investors and the company is taking steps for dematerialization of the Shares. In view of the extensive networking of the Mumbai Stock Exchange Terminals all over the Country, the investors have been provided with the opportunity of trading and dealing in the Company's Shares across the country. As such, the continued listing with Hyderabad Stock Exchange and Madras Stock Exchange does not provide any significant tangible advantage to the members of the Company. The company has become a SICK Industrial Company and is pending before the Hon'ble BIFR, New Delhi for Rehabilitation Package.

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The company would be saving the listing fees payable to the Hyderabad and Madras Stock Exchanges. Further, the Securities and Exchange Board of India has issued Guidelines for Delisting of Securities from the Stock Exchange provided the shares are listed in a stock exchange having nation wide trading terminals which includes the Mumbai Stock Exchange. In terms of the SEBI (Delisting of Securities) Guidelines 2003, your approval is being sought for Delisting of the Company's shares from Hyderabad Stock Exchange.

None of the Directors of the Company is interested in the resolution.

By order of the Board

HYDERABAD S.S.R KISHEN
31.07.2003 CHAIRMAN AND MANAGING DIRECTOR

Details of the Directors Retiring By Rotation and Seeking Reappointment (Pursuant to Clause 49 of the Listing Agreement)

Mr. S. Rehmatullah, aged about 65 Years is a practicing Company Secretary and has experience in Company Law, General and Business Administration. He is not a Director in any other company and also is not a Member/Chairman of any committee of Directors including that of the company.

DIRECTOR'S REPORT

Dear Members,

The Directors are pleased to present the 10th Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Audit Report for the year ended 31st March, 2003.

FINANCIAL RESULTS:

	Rs. in Lakhs	
	2002-2003	2001-2002
Sales and other income	60.85	366.43
Total expenditure	98.51	441.24
Gross Loss before interest and Depreciation	37.66	74.81
Interest	213.61	216.32
Depreciation	70.68	70.63
Net Loss	321.96	361.76

OPERATIONS:

As you are aware that the company was declared as a SICK Industrial Company by the Board for Industrial and Financial Reconstruction and the company has submitted the Rehabilitation Package for revival of the operations. The Company's Bankers State Bank of Hyderabad were originally appointed as Operating Agency and subsequently Bank of Baroda, Chanchalguda Branch were appointed as Operating Agency in place of State Bank of Hyderabad for finalizing the Rehabilitation Package. Accordingly the Joint Meeting of the Company's Bankers and the company was held and the Minutes were sent to BIFR.

Due to erosion of Working Capital and the Labor Problems the operations of the company were carried-out for about a month during the year under review and a turnover of Rs.56.80 Lakhs was registered resulting in a Net Loss of Rs.314.80 Lakhs against the Previous years turnover of Rs.359.07 Lakhs and Net Loss of Rs.356.13 Lakhs.

As the Labor unrest persisted the company has laid off all the workmen from 2nd May, 2002 and finally terminated all of them from 15th June, 2002.

REHABILITATION:

The company was declared as a SICK Industrial undertaking under section 3 (1) (0) of the Sick Industrial companies (Special Provisions) Act, 1985 and in view of withdrawal of State Bank of Hyderabad from supporting the Draft Rehabilitation Package as Operating Agency the Bench has appointed Bank of Baroda as the Operating Agency in its place with a direction to look into the Marketing tie-ups entered into by the company and the agreement reached with the workmen and to submit the draft Rehabilitation Proposal after a joint Meeting with the company and its Bankers.

GOLDWON TEXTILES LIMITED**PUBLIC DEPOSITS:**

Your company has not accepted deposits from the public during the year under review and there are no outstanding deposits as on 31st March, 2003.

PERSONNEL:

There are no employees drawing a remuneration as provided in section 217 (2A) of the Companies Act, 1956 whose particulars forming part of this report is to be annexed.

DIRECTORS:

Sri S. Rehmatullah retires by rotation and being eligible offers himself for re-appointment.

AUDIT COMMITTEE:

In view of the resignations of Directors during the previous year the Audit committee was to be reconstituted with independent directors. As the company has become SICK, the Board of Directors could not be broad based with independent Directors so as to constitute an Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- 1) That in the preparation of the accounts for the financial year ended 31st March, 2003 the applicable accounting standards have been followed along with proper explanation relating to material departure;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 financial year and of the profit or loss of the company for the year under review.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the

company and for preventing and detecting fraud and other irregularities.

- 4) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a going concern basis.

LISTING:

The Shares of the company are listed on Hyderabad, Madras and Mumbai stock exchange. The listing fees to Mumbai Stock exchange from 2001-2002, & The Hyderabad Stock exchange from 2000-2001 and Madras stock exchange from 1997-98 is outstanding.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE:

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed hereto.

CORPORATE GOVERNANCE:

The Provisions of Corporate Governance in terms of clause 49 of the listing agreement is applicable from the financial year 2002-03 and the report on Corporate Governance is enclosed as an Annexure to this report.

AUDITORS:

M/s. C. Ramachandram & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the valuable support and co-operation extended by State Bank of Hyderabad, Bank of Baroda and other Central and State Government Agencies.

Your directors also wish to place on record their sincere appreciation to the shareholders for their continued confidence, patronage and support to the management of the Company.

for and on behalf of the board

HYDERABAD
31.07.2003

S.S.R KISHEN
CHAIRMAN AND MANAGING DIRECTOR

GOLDWON TEXTILES LIMITED**ANNEXURE TO DIRECTOR'S REPORT**

Particulars required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988

A. CONSERVATION OF ENERGY**a. Energy Conservation methods adopted**

The Company has most modern plant having in built features of minimum energy consumption.

b. Additional investment and proposals if any being implemented for reduction of consumption of Energy - Nil.

c. Impact of the measure at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. Lower energy consumption.

d. Total energy consumption and energy consumption per unit of production.

Form - A enclosed.

B. TECHNOLOGY ABSORPTION

a. Form - B enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Activities relating to exports, initiatives taken to increase exports, Development of new export markets for products and services.

The company is a 100% Export Oriented Unit and established its presence in Korea, Japan, Netherlands and Germany and is planning to explore new markets in the current year.

b. Total Foreign Exchange used and earned

	2002-2003	2001-2002
(Rs.in lacs) (Rs. in lacs)		

i. CIF Value of Exports.	56.81	349.52
ii. Expenditure in foreign Currency	1.62	14.61

FORM- A

Form for disclosure of particulars with respect to conservation of energy:

A. Power and Fuel Consumption:

2002-2003 2001-2002

1. Electricity**a. Purchased**

UNITS Minimum Demand	24,272	4,22,380
Amount (Rs) including Minimum Demand	9,13,486	19,90,402
Average Rate/Unit (Rs)		
*Not applicable as power was Disconnected and Minimum charges were charged		4.71

b. Own Generation

Through Diesel Generator		
UNITS	10,814	53,387
Units/liter of Diesel Oil	3.30	3.30
Average Rate/Unit (Rs)	5.45	5.61

2. COAL Not used

3. H.S.D Oil

Quantity	5,462	46,250
Amount (Rs)	98,424	8,56,340
Average rate/Rs.Per Liter	18.02	18.52

4. Others Not used

B. CONSERVATION PER UNIT (PER PAIR) PRODUCTION:

PARTICULARS	2002-2003	2001-2002
Electricity	0.10	0.26
H.S.D	0.04	0.03

FORM -B

(Form for disclosures of particulars with respect to Technology absorption. R&D etc.,

RESEARCH AND DEVELOPMENT:

1. Specific areas in which Research and Development was carried out by the company.

In house Research and Development work is carried out and no significant expenditure incurred.

2. Benefits derived:

Improvement in quality of product in meeting international specifications.

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3. Future Plan of action. Development of new designs and Products.
4. Expenditure on Research and Development. Not Significant.

TECHNOLOGY & ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in Brief made towards Technology absorption, adaptation and Innovation. : The company has adopted the imported technology by giving the required training to all the employees.
2. Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, Import substitution etc., : Product improvement meeting quality standards.
3. In case of imported technology (Imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. : The Company has technical collaboration with Jung Won Corporation of South Korea.
 - a. Technology Imported : Plant lay-out, designs, drawings, detailed engineering training of personnel supply of machinery.
 - b. Year of Import : 1994
 - c. Has Technology been fully absorbed. : Yes
 - d. Of not fully absorbed, areas where this has not taken Place, Reasons therefore and future plans of action. : Not applicable.

REPORT ON CORPORATE GOVERNANCE
(Pursuant to clause 49 of the listing agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

Company's philosophy on corporate governance is to attain fairness transparency, accountability, Commitment and Quality in all its relationships with shareholders, customers, Associates, the government, lenders and community at large. The company will strive to improve these aspects continuously.

2. BOARD OF DIRECTORS:

Your company's Board consists of three directors of which two are executive directors and one is a non-executive Director. One executive Director is a promoter Director and other is a professional Director. The Chairman of the Board is an Executive Chairman.

GOLDWON TEXTILES LIMITED**Composition and Category of Directors is as follows:**

Category	Name of the Directors
1 Executive Directors	
A. Promoters	Sri S.S.R Kishen
B. Non-Promoters	Sri. D. Ramanaiah
2. Non-Executive Directors	
Independent :	Sri. S. Rahmatullah

Attendance of each Director at the Board of Directors Meeting and the last AGM:

Name of the Director	Board Held	Meetings Attended	Attendance at Last AGM
Sri S.S.R.KISHEN	4	4	Yes
Sri. D.Ramanaiah	4	4	Yes
Sri S. Rahmatullah	4	4	Yes

Number of other Board of Directorships and board Committees he is a member or chairman.

Name of the Director	Board of Directors Director	Board Committees Chairman	Board Committees Member	Board Committees Chairman
Sri S.S.R.KISHEN	1	-	1	-
Sri. D.Ramanaiah	2	-	-	-
Sri S. Rahmatullah	-	-	-	-

The Company has not entered into any materially significant transactions with its promoters, Directors Management or relatives etc., which could have a potential conflict of interest with the company.

During the year under review, Five Board meetings were held on 30th April, 2002, 28th July, 2002, 24th August, 2002, 30th October, 2002 & 31st January, 2003.

The re-appointment of Directors retiring by rotation are contained in the AGM Notice.

3.AUDIT COMMITTEE:

The Audit Committee had to be reconstituted in view of the resignations of Directors. The Company is unable to broaden the Board in view of the sickness of the company, pending Rehabilitation by BIFR.

4. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Share transfer committee is yet to be constituted. However, the Share Transfers and correspondence of the Share Holders are personally supervised by the Managing Director.

The company has received 12 complaints/ letters during the financial year from the Share Holders and the same were replied to

their stratification. There were no complaints pending as on 31.03.2003 .

5.REMUNERATION OF DIRECTORS:

The Details of remuneration paid to non-executive Directors are given below:

Name of the Directors	Sitting Fee (Rupees)
Mr. S. Rahmatullah	Rs. 3,750/-

Details of remuneration paid to Managing Director/Whole time directors are given below:

Name of the Directors	Remuneration
Shri S.S.R Kishen	NIL
Shri. D. Ramanaiah	NIL