



# GANGOTRI

Textiles Ltd.



22<sup>nd</sup>

## Annual Report 2010-2011



## Corporate Information

### BOARD OF DIRECTORS

**Sri. MANOJ KUMAR TIBREWAL**  
MANAGING DIRECTOR

**Sri. MOHANLAL TIBREWAL**  
EXECUTIVE DIRECTOR

**Sri. ULLAS R SANGHVI**  
DIRECTOR

**Sri. J.B.SIVAKUMAR**  
NOMINEE DIRECTOR OF IDBI

**Sri. R.P.JOSHUA**  
NOMINEE DIRECTOR OF LENDER BANKS

### COMPANY SECRETARY

Sri. MAXIM JOSEPH

### AUDITORS

M/S THAKKER & SANGHANI  
Chartered Accountants  
117A, West Bashyagarlu Road  
R.S.Puram,  
Coimbatore - 641 002

### 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  
CORPORATION BANK  
IDBI BANK LTD

### REGISTERED OFFICE

OLD NO 42, NEW 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, 3<sup>rd</sup> Floor  
1391 / A-1, Sathy Road ,Ganapathy,  
Coimbatore – 641 006

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## **NOTICE TO SHAREHOLDERS :**

NOTICE is hereby given that the Twenty second Annual General Meeting of the Company will be held on **Friday, the 23<sup>rd</sup> day of September, 2011 at 3.30 PM** at the Conference Hall, Shree Coimbatore Gujarati Samaj, 662, Meetupalayam Road, Post Box No 1164, R.S. Puram, Coimbatore - 641 002 to transact the following business :

### **A G E N D A**

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at March'31st 2011, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors, and Auditor's Report thereon.
2. To appoint a Director in the place of Sri Ullas R Sanghvi, a Director who retires by rotation and being eligible seeks re-appointment.
3. To appoint Auditors and fix their remuneration.

#### **SPECIAL BUSINESS**

4. 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 and such other approvals as may be necessary, 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 1-4-2011 to 31-3-2016 and the payment of Remuneration to the Executive Director for a period of three years with effect from 1-4-2011 to 31-3-2014 as recommended by the 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, 1956.
- 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.

Provided that in case of absence or inadequacy of profit in any financial year, the Executive Director shall be paid remuneration equivalent to the ceiling amount prescribed in terms of Paragraph 1( A ) of Section II in Part II of Schedule XIII of the Companies Act, 1956.

The Executive Director during his tenure as such Executive Director shall not be 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 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 and such other approvals as may be necessary, consent of the Company be and is hereby accorded for the appointment of Sri. Manoj Kumar Tibrewal , as Managing Director of the Company for a period of five years with effect from 1-4-2012 to 31-3-2017 and the payment of Remuneration to the Executive Director for a period of three years with effect from 1-4-2012 to 31-3-2015 as recommended by the 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, 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.

Provided that in case of absence or inadequacy of profit in any financial year, the Managing Director shall be paid remuneration equivalent to the ceiling amount prescribed in terms of Paragraph 1( A ) of Section II in Part II of Schedule XIII of the Companies Act, 1956.

The Managing Director during his tenure as such Executive Director shall not be liable to retire by rotation.

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

#### **Subject No 4 of the Agenda**

The appointment of Sri. Mohanlal Tibrewal, as Executive Director was approved by the Shareholders in the Extraordinary General Meeting held on 15.02.2006 and his present term has come to an end on 31-3-2011. Considering his involvement in the day to day affairs of the company, the Board of Directors in their meeting held on 30-5-2011 have decided to re-appoint Sri. Mohanlal Tibrewal, as Executive Director for a further period of five years with effect from 1-4-2011 to 31-3-2016.

The Board also referred the remuneration payable to Sri. Mohanlal Tibrewal, Executive Director to the Remuneration Committee as required by the amended Schedule XIII of the Companies Act, 1956. The Remuneration Committee after considering the various aspects which it is expected to consider has recommended the remuneration payable to Sri. Mohanlal Tibrewal, Executive Director 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 for a period of five years with effect from 1-4-2011 to 31-3-2016. and payment of remuneration for the first three years with effect from 1-4-2011 to 31-3-2014 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 Executive 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 terms of Paragraph 1( A ) of Section II in Part II of Schedule XIII of the Companies Act, 1956. On the basis of said Schedule, the Executive Director shall be eligible for a minimum remuneration of Rs 1,75,000 /- ( Rupees one lakh seventy five thousand only ) per month.

## **Memorandum of Interest under Section 302 of the Companies Act, 1956**

Sri. Mohanlal Tibrewal may be deemed to be interested or concerned in the subject matter of the resolution to the extent of benefits accruing to him by way of remuneration and perquisites.

Sri. Manoj Kumar Tibrewal, Managing Director being the younger brother of Sri. Mohanlal Tibrewal may also be deemed to be interested or concerned in the resolution of appointment of Sri. Mohanlal Tibrewal .

None of the other Directors are interested or concerned in the subject matter of the resolution.

This may be treated as an abstract of the Memorandum of Interest under Section 302 of the Companies Act , 1956.

## **Subject No 5 of the Agenda**

The appointment of Sri. Manoj Kumar Tibrewal, as Managing Director was approved by the Shareholders in the 17th Annual General Meeting held on 30-9-2006 and his present term will come to an end on 31-3-2012. Considering his involvement in the day to day affairs of the company, the Board of Directors in their meeting held on 30-5-2011 have decided to re-appoint Sri. Manoj Kumar Tibrewal, as Managing Director for a further period of five years with effect from 1-4-2012 to 31-3-2017.

The Board also referred the remuneration payable to Sri. Manoj Kumar Tibrewal, Managing Director to the Remuneration Committee as required by the amended Schedule XIII of the Companies Act, 1956. 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 appointment of Sri. Manoj Kumar Tibrewal as Managing Director for a period of five years with effect from 1-4-2012 to 31-3-2017. and payment of remuneration for the first three years with effect from 1-4-2012 to 31-3-2015 as recommended by the Remuneration Committee for the approval of the Members.

## **Minimum Remuneration**

The resolution also provide 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 terms of Paragraph 1( A ) of Section II in Part II of Schedule XIII of the Companies Act, 1956. On the basis of said Schedule, the Managing Director shall be eligible for a minimum remuneration of Rs 1,75,000 /- ( Rupees one lakh seventy five thousand only ) per month.

## **Memorandum of Interest under Section 302 of the Companies Act, 1956**

Sri. Manoj Kumar Tibrewal may be deemed to be interested or concerned in the subject matter of the resolution to the extent of benefits accruing to him by way of remuneration and perquisites.

Sri. Mohanlal Tibrewal, Managing Director being the elder brother of Sri. Manoj Kumar Tibrewal may also be deemed to be interested or concerned in the resolution of appointment of Sri. Manoj Kumar Tibrewal .

None of the other Directors are interested or concerned in the subject matter of the resolution.

This may be treated as an abstract of the Memorandum of Interest under Section 302 of the Companies Act , 1956.

### **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 16-9-2011 to 23-9-2011 ( both the days inclusive )
4. Share Transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Share Transfer Agents of the Company.
5. Members who hold shares in physical form are requested to notify immediately any change in their address to the Registrar and Share Transfer Agents of the Company. Similarly, members holding shares in Demat Form shall intimate the change of address, if any, to the respective Depository Participants. ( DP ).
6. During the financial year 2010-11, unclaimed dividend of Rs 1,39,023 /- declared for the financial year 2002-03 has been transferred to the Investors' Education & Protection Fund on 27-10-2010. Shareholders who have not encashed the dividend warrants for the years 2003-04 , 2004-05, 2005-06 and 2006-07 are requested to write to the Secretarial Department of the Company at Old No 42, New No 35, Robertson Road, R.S.Puram, Coimbatore - 641 002.

**7. Members who have not provided their E-mail address are requested to provide the same forthwith to enable the Company to forward the Documents / Annual Report etc., through Electronic Mode in future in terms of Circular No.18/2011 dated:29.04.2011 issued by the Ministry of Corporate Affairs regarding Green Initiative in the Corporate Governance.**

8. 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 hereunder.

|   |   |
|---|---|
| Name of the Director  | <b>Sri.Ullas R Sanghvi</b>  |
| Date of Appointment   | 7-5-2009  |
| Expertise in specific functional Areas  | He is a Chartered Accountant and has got vast knowledge in Accounts. He has thorough knowledge in Software Development. |
| List of other Directorship held   | NIL   |
| Chairman / Member of Committees of other companies in which he is a Director. | NIL   |

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

**Coimbatore**  
**30 -5 -2011**

**MANOJ KUMAR TIBREWAL**  
MANAGING DIRECTOR



## DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors present the 22nd Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2011.

### FINANCIAL RESULTS

( Rs in lakhs )

|   | 31-3-2011          | 31-3-2010           |
|---|--------------------|---------------------|
| Sales Turnover                                      | 20838.45           | 14,294.03           |
| Profit / Loss before Interest, Depreciation and Tax | 2455.18            | 992.29              |
| Less : Interest                                     | 2411.04            | 2,760.18            |
| Depreciation  | 1831.69            | 1,801.17            |
| Net Profit/loss for the year                        | (1787.56)          | (3,569.06)          |
| Add : Loss brought forward from previous year       | (6884.46)          | (3,641.47)          |
| Taxes of prior years                                | 0.60               | ---                 |
| Prior Year adjustment – Income                      | ---                | ---                 |
| Investment Fluctuation Reserve reversed             | ---                | 0.23                |
| Extraordinary Items                                 | 698.75             | ---                 |
| Less : Taxes of prior years                         | ---                | (0.33)              |
| <b>Profit / Loss available for Appropriation</b>    | <b>( 7972.67 )</b> | <b>( 7,210.63 )</b> |
| <b>Appropriation :</b>                              |                    |                     |
| Provision for Taxation - Wealth Tax                 | 0.75               | 0.50                |
| Provision for Deferred Tax Liability / Asset        | 296.72             | (326.67)            |
| Deficit carried over to Balance Sheet               | (8270.14)          | (6,884.46)          |
|   | <b>(7972.67)</b>   | <b>(7,210.63)</b>   |

### PERFORMANCE

The performance of the company during the year under review has been by far the best in the period for the past 6 years. The working resulted in a cash profit before interest and depreciation of Rs.24,55,17,828/- as against Rs.9,92,28,927/- earned in the immediately preceding year. However against this profit, interest of Rs.24,11,04,253/- (Rs.27,60,18,498/- previous year) and depreciation of Rs.18,31,69,238/- (Rs.18,01,16,930/- previous year) are to be charged. After charging these two items, the working has resulted in a net loss of Rs.17,87,55,671/- as against a loss of Rs.35,69,06,501/- incurred in the immediately preceding year.

After adjustments for extra-ordinary items and taxes of prior years, etc., the company has a net loss of Rs.82,70,14,270/- as loss to be carried forward to the next year as against a loss of Rs.68,84,46,217/- brought in from the previous year. The performance during the year under review, the conditions in the industry as a whole, various favorable and unfavorable factors are being discussed in detail in the management discussion and analysis.

## **DIVIDEND**

In view of the carry forward loss being more than 50% of the net worth of the company, dividend is not being declared for the year under review.

## **PROJECT**

The project as it was envisaged has been more or less completed except the setting up of a new ring spinning unit at Udumalpet. In view of the financial constraints, there has been a change in the project and to the extent to which advances are available with the machinery suppliers; the project is being re-designed so that there is no additional outflow on the score of project implementation.

## **PROSPECTS**

Your Directors, as the year 31.03.2011 came to a close, were of the view that, at that rate, the company will be able to overcome its problems in a matter of 2 to 3 years. However, during the current year, even as the current year went under way, the prices of cotton went higher with the result that cotton of a particular quality which was available in the month of January-March at a price of around Rs.30, 000 per candy started climbing and it reached a peak of Rs.64, 000 per candy. All large mills anticipating that the prices will go up further kept on buying and covering their cotton requirements for long duration. This further fueled the cotton prices and the price became totally unviable. The working of the company during the first quarter of the current year is bound to result in a huge loss because of the cumulative effect of high price of cotton, steep drop in the prices of yarn, paucity of lab our, erratic power situation, etc.

## **FINANCE**

As the members were informed in the previous year's report, the company had arrived at a debt restructuring. With the fortune of the industry going against the company, there was no option for the company than to approach the bankers for revised restructuring so that the burden of the company in terms of cash outflow will be reduced to manageable limits. In spite of that, the company is finding it extremely difficult to meet its commitments.

The Directors have come to the conclusion that long term solution for the company's problems lies only in reducing the debt burden thereby reducing the interest burden as well. This could be achieved either by increasing equity or by disposal of assets. The equity of the company is already too huge for the activities of the company and therefore no further increase is either justified or warranted. The only option would be to dispose off assets and reduce the Debt burden. With this end in view, your Directors are adopting a two pronged approach. On the one side, discussions are on with the bankers for a possible one time settlement of debts due and on the other side, the efforts are in full swing to dispose off some of the units as a going concern so that the resources for meeting the one time settlement obligations will be found. Efforts towards this end are in progress and it is only hoped that some positive results will be achieved sooner than later.

## **DEPOSITS**

There are no deposits outstanding as on 31st March 2011 remaining unclaimed or unpaid. The company has complied with all the requirements of Sec.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.

## **LISTINGS**

The company's shares are listed both in National Stock Exchange and the Mumbai Stock Exchange. The company has paid listing fee to both the exchanges. The company has already applied for de-listing of its equity shares to Kolkatta Stock Exchange and the Coimbatore Stock Exchange. Though all the formalities have been completed and reminders have been sent, reply from these 2 stock exchanges are awaited. However no listing fee has been paid to these 2 stock exchanges.

## **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 at the end of the accounting year (namely March 31, 2011) and of the profit of the Company for that year;
- 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**

Mr.Ullas R Sanghvi, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

## **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 reappointed.

## **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 for putting the Corporate Debt Restructuring Scheme in place. But for their co-operation, this would not have been possible. 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

**MOHANLAL TIBREWAL**  
Executive Director

**Coimbatore**  
30-5-2011

**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<br>2010-2011 | PREVIOUS YEAR<br>2009-2010 |
|--|---------------------------|----------------------------|
| <b>A Power and Fuel Consumption</b>                            |                           |                            |
| <b>1 Electricity</b>   |                           |                            |
| a) Purchased Unit (KWH)  | 38769832                  | 32494980                   |
| Total Amount (in Lakhs)  | 1912.00                   | 1444.97                    |
| Rate/Unit (Rs.)  | 4.93                      | 4.45                       |
| b) Own Generation  |                           |                            |
| Through Diesel Generator- Cotton Yarn                          |                           |                            |
| Unit(KWH)  | 3349807                   | 1385809                    |
| Units/Ltr of Diesel of Oil                                     | 3.69                      | 3.57                       |
| Cost/Unit  | 11.11                     | 9.77                       |
| c) Own Generation  |                           |                            |
| Through Diesel Generator- Fabrics                              |                           |                            |
| Unit(KWH)  | 2242616                   | 2192209                    |
| Units/Ltr of Diesel of Oil                                     | 3.76                      | 3.77                       |
| Cost/Unit  | 9.40                      | 8.85                       |
| d) Own Generation  |                           |                            |
| Through Diesel Generator- Garments                             |                           |                            |
| Units  | 28854                     | 24712                      |
| Units/Ltr of Diesel  | 2.97                      | 2.84                       |
| Cost/Unit  | 14.97                     | 12.25                      |
| E) Own Generation thro Windmill                                |                           |                            |
| Units  | 20145382                  | 21733589                   |
| Cost/Unit  | 4.22                      | 3.36                       |
| <b>2 Fuel Consumption</b>                                      |                           |                            |
| a) Furnance Oil (Garments)                                     |                           |                            |
| Quantity (Kilo Litre)  | 99                        | 80                         |
| Total Cost in Lakhs  | 31.43                     | 20.11                      |
| Average Rate   | 31.80                     | 25.14                      |
| <b>B Consumption per unit of production standrads (if any)</b> |                           |                            |
| Products- Cotton Yarn (Kgs)                                    | 11227583                  | 8994051                    |
| Consumption (units)  | 2.51                      | 2.33                       |
| Products- Garments (Kgs)                                       | 242942                    | 206741                     |
| Consumption (units)  | 1.20                      | 0.96                       |
| Products- Fabrics (Mtrs)                                       | 8071443                   | 8816100                    |
| Consumption (units)  | 1.98                      | 1.69                       |

## FORM B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF 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

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 lakh)

| Foreign Exchange Earnings and Outgo              | Current year<br>2010-2011 | Previous year<br>2009-2010 |
|--|---------------------------|----------------------------|
| 1. Foreign exchange earned through Direct Export | 109.00                    | 117.43                     |
| 2. Expenditure in Foreign Currency               |                           |                            |
| a. On Business Travel                            | ---                       | ---                        |
| b. On Capital Goods                              | ---                       | 25.62                      |
| c. On Stores and Spares                          | 93.78                     | 166.27                     |
| d. On Raw Materials                              | ---                       | ---                        |

For and on behalf of the Board of  
GANGOTRI TEXTILES LIMITED

**MANOJ KUMAR TIBREWAL**  
Managing Director

**Coimbatore**  
**30.05.2011**

**MOHANLAL TIBREWAL**  
Executive Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Company is engaged in Textiles starting from recycling of waste, spinning of yarn, both in Open End Spinning and Ring Spinning, Weaving & Processing and Garmenting. The Company's Garments are being marketed under the brand name "tibre" " Fugo" and " E Gen".

In so far as the structure of the Industry is concerned, there are all type of participants- small scale, medium scale and large scale units. Apart from that, there is also the unorganized sector which consists of units of various sizes, right from the small scale spinners to composite mills.

During the year under review, the company has registered substantial increase in sales in all the three products viz Yarn, Garments and Fabrics. The company has effected sales turnover of Rs 100.02 crores as against 63.68 crores last year in respect of yarn and Rs 14.70 crores as against Rs 11.06 crores last year in respect of Ready made Garments and Rs 84.47 crores as against Rs 64.51 crores last year in respect of Fabric . In spite of an unfavourable condition prevailing in the Textile Industry, the company was able to perform well during the year under review by efficient administration. In the Weaving & Processing Unit at Perundurai, the Company has undertaken the job work of Dyeing in addition to the regular production of Fabrics and collected charges for the dyeing to the extent of Rs 7.96 crores during the year under review as against Rs 2.25. crores previous year.

## **OPPORTUNITIES AND THREATS**

The opportunities for the cotton and the textile industry particularly spinning continues to be weak. On the raw material front, higher MSP of cotton shot up the cotton prices with no corresponding increase in yarn prices. Availability of labour has become a real problem and in spite of various facilities provided, due to want of skilled work force, the production level are not at optimum level. Another factor that affects the opportunity is the power factor. Textile Industry is a power intensive industry today, particularly spinning. Power situation in our Country, particularly in Tamil Nadu is erratic with frequent unscheduled tripping. This not only affects the production but also the quality of the product. Secondly, this has resulted in production of more seconds than of first quality products.

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. What was once considered to be a distance threat, has become a reality so soon.

However, the Fabric of the Weaving & Processing Plant at Perundurai is getting acceptance from the market and the company is getting huge orders from the reputed customers. In the Garment division, the company has produced innovative product under "tibre" brand to enlarge range. All efforts are being made to tap retailers also who have locations at vantage points to see that we achieve better sales turnover of the Garments made by the company.

## FINANCIAL PERFORMANCE AND ANALYSIS

Rs in lakhs

| Particulars            | 2010 -11 | 2009 -10 | Change<br>Increase (+)<br>Decrease(-) | %   |
|------------------------|----------|----------|---------------------------------------|-----|
| Turnover               | 20,838   | 14, 294  | 6,544                                 | 46  |
| Other Income           | 397      | 195      | 202                                   | 104 |
| Gross Revenue          | 21,235   | 14,489   | 6,746                                 | 47  |
| PBIDT                  | 2,455    | 992      | 1,463                                 | 147 |
| Interest               | 2,411    | 2,760    | 349                                   | 13  |
| PBDT                   | 44       | (1,768)  | 1,812                                 | 102 |
| Depreciation           | 1,832    | 1,801    | 31                                    | 2   |
| Net Profit             | (1,788)  | (3,569)  | 1,781                                 | 49  |
| Provision for Taxation | 0.75     | 0.50     | 0.25                                  | 50  |
| Deferred Tax           | 297      | (327)    | 624                                   | 190 |

## SEGMENTWISE OR PRODUCTWISE PERFORMANCE

As has been stated already, the company continues to manufacture yarn, cloth and Garments. The situation prevailing in all these products have been fully explained and the company continues to work at levels which are below the break even point. It is not predictable as to when the Industry will return to the robust condition. We can only hope that the efforts which have been taken and with possibility of global economic crisis getting solved , the position of the industry will also improve.

## YARN

In so far as the Open End Spinning Industry is concerned, it has been already stated that the recession in the Textile Industry continued . The raw material viz Cotton Waste has proved to be very costly and it is not available in the right quantity at the right time. As a result, there has been a scarcity and we could make use of our production facilities only partially.

The policies announced by the Government with regard to Cotton and Cotton Yarn Export has also affected the Textile Industry very badly. The closure of the Dyeing Units in the Tiruppur and several other processing clusters have added the woes of the Spinning Sector. The availability of skilled labour as well as the cost of the labour were also not favourable to the spinning industry. The other major factor that has affected the Textile Industry is the unscheduled power tripping. With all these adverse factors, your company was able to achieve better performance over the previous years.



## **FABRIC**

With the installation of the state –of-art of machines, your company is producing very high quality Fabric for which there is a good demand in the market. During the year under revenue, the company has effected sales to the extent of Rs 84.47 crores compared to the previous year's sales of Rs 64.50 crores registering an increase of 31 %. The Fabric unit at Perundurai was also engaged in executing job orders for fabric dyeing.

## **GARMENTS**

In spite of stiff competition prevailing in the Garment sector and in spite of the fact that even branded readymade Garments are being sold in the street corners, your company has effected sales of 259566 pieces of readymade Garments for Rs 14.70 crores as against last year sales of 190138 pieces for Rs 11.06 crores. However, with the introduction of Excise Duty @ 10 % from 1-3-2011 , the Garment Industry appears to be again in a challenging situation and the impact will be known in the coming season only.

## **WIND ENERGY**

All the five Wind Energy Generators are producing electricity but lesser estimated and the entire production of energy is being consumed by the company for its own requirements.

## **OUTLOOK**

With the recession likely to continue and in the backdrop of Global Economic and financial condition, the outlook for the Industry in general is not that much promising atleast in short term. Unless all the favorable factors like availability of raw material at an affordable cost, availability of skilled labour at a reasonable cost, financial assistance at a lower rate of interest and above all, the improved power position come into existence, the question of survival of the industry will be a question mark..

## **FINANCE**

As has been stated, the overall liabilities ought to be brought down. Efforts are on for disposal of Weaving & Processing Unit situated at Perundurai and Ring Spinning Unit at Pushpatur and the vacant lands situated at Sullakkal Village, Pollach Taluk, Munduvelampatty Village, Dharapuram Taluk, and Kalappaty Village , Coimbatore District. In this connection, necessary Notice under the provisions of Companies Act, has already been sent to the Shareholders for their consent. Discussions are on with strategic investors who can bring in money and reduce the debt burden.

## **RISK AND CONCERNS**

The risk the Industry is facing are

- 1) Non-availability of quality raw material at an affordable prices .

- 2) Non-availability of skilled and adequate Labour.
- 3) Erratic power situation which affects both the quantity and quality of the production.
- 4) Ever ballooning Interest Cost.
- 5) Fierce competition both from domestic manufacturers as well as the International Brands which are now freely available in India.

Not only your company but also the whole industry is facing these problems with the added problem in case of our company with regard to finance due to loan burden.

While in so far as setting right the financial situation, it can be achieved only by disposing the units as stated above./ infusion of funds by strategic investors.

In so far as the other risks and threats are concerned, the industry as a whole does not have any clue whatsoever,.

## **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY.**

In order to ensure proper implementation of the Corporate Debt Restructuring Scheme, the Lenders have appointed concurrent Auditors who are at present available always and no transaction goes through without their prior approval. That apart, the Company has an adequate internal control procedure commensurate with the size and the nature of the business.

The Company has appointed an Internal Auditor also , in addition to the concurrent Auditors appointed by the Lenders and he audits the adequacy and the effectiveness of the internal controls prescribed by the Management and wherever necessary suggests improvements.

The Audit Committee of the Board of Directors periodically review the financial positions, audit plans, internal audit reports adequacy of internal controls and risk management.

## **HUMAN RESOURCES**

The industry as a whole as well as the Company is not able to get adequate hands. We are trying to get personnel from outside, give them training and retain them. Various incentives comparable to units in the region being offered to retain capable hands. Efforts are being taken to make a culture of competency, self-motivation and total involvement as corner stone of all work force related activities.

## **INDUSTRIAL RELATIONS**

Industrial relations continue to be harmonious in all the Units.

## **CAUTIONARY STATEMENTS**

Statements describing Company's projections, estimates, expectations etc may be forward looking statements in the context of applicable Securities, Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic market and changes in the Government Regulations, Tax Laws and other Statutes and other incidental factors.

## CORPORATE GOVERNANCE REPORT

Companies policies on the Corporate Governance under the due compliance report on specific areas, where applicable for the year 2010-2011 are given hereunder, classified under broad heads.

### 1. Company's Philosophy on Corporate Governance:

Achievement of long term corporate goals and enhancement of shareholder value are the objective. Gangotri believes that one essential factor for achieving the said objective is good Corporate Governance. The Gangotri's management and the employees have the common objective of manufacturing and marketing the Company's products which will create value, which can be sustained over a long term for all viz shareholders, employees, customers, lenders and the Government. Gangotri puts in every effort towards compliance of all regulatory requirements and ensures highest standards of ethical conduct are practiced throughout the organization.

### 2. Board of Directors:

The Board, on the date of this report is comprised of five members, out of which three are non-executive Directors who account for two-thirds of the Board's strength as against minimum requirement of one half in terms of the Listing Agreement.

The composition of Board of Directors is as under.

#### a) Composition of the Board:

| Name of the Director      | Category                       | No of other Directorship Held | No of other Board Committees of which he is a Member | No of other Board Committees of which he is a Chairman |
|---------------------------|--------------------------------|-------------------------------|--|--|
| Sri. Manoj Kumar Tibrewal | Managing Director – Executive  | NIL                           | NIL  | NIL  |
| Sri. Mohanlal Tibrewal    | Executive Director – Executive | NIL                           | NIL  | NIL  |
| Sri.Ullas R Sanghvi       | Independent Non-Executive      | NIL                           | NIL  | NIL  |
| Sri. J.B.Sivakumar        | Independent Non-Executive      | NIL                           | NIL  | NIL  |
| SRI. R.P.Joshua           | Independent Non-Executive      | 1                             | NIL  | NIL  |

#### b ) Details of Sitting Fees and remuneration etc paid to Directors and Non Executive Directors

| Name of the Director      | Remuneration paid During the year 2010-11 (Rs) | Sitting Fees for Attending meetings of the Board and / or Committee thereof (Rs) |
|---------------------------|--|--|
| Sri. Manoj Kumar Tibrewal | 21,00,000                                      | Nil  |
| Sri. Mohanlal Tibrewal    | 21,00,000                                      | Nil  |
| Sri. Ullas R.Sanghvi      | Nil  | 50,000   |
| Sri. J.B.Sivakumar        | Nil  | 45,000*  |
| Sri. R.P.Joshua           | Nil  | 50,000   |

\* Paid to IDBI.

**c) Number of Board Meetings and the date on which held :**

i. Meetings of the Board of Directors were held during the year ended 31-3-2011 on the following dates.

- 1 ) 19<sup>th</sup> May, 2010      2) 30<sup>th</sup> July, 2010      3) 12<sup>th</sup> November, 2010  
4) 11<sup>th</sup> February, 2011

ii. Attendance recorded of each of the Directors at the Board Meeting during the year ended 31<sup>st</sup> March, 2011 as also of the Annual General Meeting is as under.

| <b>Name of the Director</b> | <b>No of Board Meetings Attended</b> | <b>Attendance at the Last AGM</b> |
|-----------------------------|--------------------------------------|-----------------------------------|
| Sri. Manoj Kumar Tibrewal   | 4                                    | Yes                               |
| Sri. Mohanlal Tibrewal      | 4                                    | Yes                               |
| Sri. Ullas R Sanghvi        | 4                                    | Yes                               |
| Sri. J.B.Sivakumar          | 4                                    | No                                |
| Sri. R.P.Joshua             | 4                                    | No                                |

**3.Audit Committee**

**COMPOSITION**

The Audit Committee of the Board comprises of the following Members.

1. Sri. Ullas R Sanghvi      -- Chairman ( Independent )  
2. Sri. J.B.Sivakumar      -- Member ( Independent )  
3. Sri. R.P.Joshua      -- Member ( Independent )

**i) The Audit Committee meetings were held on the following dates:**

- 1 ) 19<sup>th</sup> May, 2010      2) 30<sup>th</sup> July, 2010      3) 12<sup>th</sup> November, 2010  
4) 11<sup>th</sup> February, 2011

**ii) Attendance of each member at the Audit Committee Meeting held during the year.**

| <b>Name of the Member</b> | <b>No of Meetings Attended</b> |
|---------------------------|--------------------------------|
| Sri.Ullas R Sanghvi       | 4                              |
| Sri.J.B.Sivakumar         | 4                              |
| Sri. R.P. Joshua          | 4                              |

**Objective:**

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors and the Company's risk management policies.

The role and terms of the Audit Committee covers the various matters specified in Clause 49 of the Listing Agreement as also what is contained in section 292 A of the Companies Act, 1956,

**4. Remuneration Committee:****Composition:**

The Remuneration Committee of the Company comprises the following Members.

1. Sri. Ullas R Sanghvi -- Chairman ( Independent )
2. Sri. J.B.Sivakumar -- Member ( Independent )
3. Sri. R.P.Joshua -- Member ( Independent )

**Terms of Reference:**

The Remuneration Committee has been constituted to recommend / review remuneration of the Managing Director and Whole – Time Director based on their performance and defined assessment criteria.

**Meetings:**

The Remuneration Committee meeting was held on 19.05.2010 and approved the remuneration payable to Sri.Manoj Kumar Tibrewal , Managing Director for the period from 01.04.2010 to 31.03.2012.

**5. Investors Grievance Committee:****Composition:**

**a) The Investors' Grievance Committee of the Company consists of the following Members.**

1. Sri. Manoj Kumar Tibrewal -- Chairman
2. Sri. Mohanlal Tibrewal -- Member
3. Sri. Ullas R Sanghvi -- Member

The Investors' Grievance Committee meeting was held on 11-2-2011 and reviewed the complaints received from the Investors.

During the financial year ended 31<sup>st</sup> March, 2011, the company did not receive any complaint from the Investor's and as on 31<sup>st</sup> March, 2011 no complaints / queries were there pending reply. The share transfer applications are normally completed within a period of 15 days.

**b) Details of Director seeking appointment / re-appointment at the ensuing Annual General Meeting fixed on 23-9-2011 are given hereunder.**

Out of five Directors, namely Sri. Manoj Kumar Tibrewal, Managing Director, Sri. Mohanlal Tibrewal, Executive Director, Sri. J .B. Sivakumar , Nominnee Director of IDBI and Sri. R.P Joshua, Nominee Director of Lending Banks

are not liable to retire by rotation. The Director Sri. Ullas R.Sanghvi due to retire by rotation at the ensuing 22<sup>nd</sup> Annual General Meeting.

|  |   |
|--|---|
| Name of the Director                   | Sri.Ullas R Sanghvi   |
| Date of Appointment                    | 7-5-2009  |
| Expertise in specific functional Areas | He is a Chartered Accountant and has got vast knowledge in Accounts. He has thorough knowledge in Software Development. |
| List of other Directorship held        | NIL   |

### 6. Board Procedure:

The Members of the Board have been provided with all the information mentioned in the Listing Agreement which were placed before the Board Meetings and the same were dealt with appropriately at the meetings.

All the Directors, who are on the various committees, are within the permissible limits as given in the Listing Agreement. The Directors concerned also intimate from time to time about their membership in the various committees in other companies.

### 7. Compliance Certificate

Compliance Certificate for Corporate Governance from the Auditors of the Company is enclosed herewith.

### 8. Annual General Meetings / Extra Ordinary General Meetings:

a) Details of Annual General Meetings / Extraordinary General Meetings held during the last three years are as under:

| AGM/<br>EGM NO | DAY       | DATE             | TIME     | VENUE   |
|----------------|-----------|------------------|----------|---|
| 19             | Thursday  | <b>18-9-2008</b> | 3.30 P.M | Banquet Hall – Legend<br>The Residency<br>Avinashi Road<br>Coimbatore - 641 018   |
| 20             | Friday    | <b>25-9-2009</b> | 3.30 P.M | T.V.Brother's Hall<br>Sree.Coimbatore Gujarat Samaj<br>622, Mettupalaym Road, PB NO 1164<br>R.S.Puram,<br>Coimbatore -641 002 |
| 21             | Wednesday | <b>8-9-2010</b>  | 3.30 P.M | Conference Hall<br>Sree.Coimbatore Gujarat Samaj<br>622, Mettupalaym Road, PB NO 1164<br>R.S.Puram,<br>Coimbatore -641 002    |
| E.G.M          | Wednesday | <b>3-11-2010</b> | 3.30 P.M | A.R.Patel Hall<br>Sree.Coimbatore Gujarat Samaj<br>622, Mettupalaym Road, PB NO 1164<br>R.S.Puram,<br>Coimbatore -641 002     |

- b) In the 21<sup>ST</sup> Annual General Meeting held on 8-9-2010, three Special Resolutions were proposed to be passed as detailed below.

| Resolution No | Relating to  |
|---------------|--|
| 4             | Remuneration to the Managing Director for the period from 1-4-2010 to 31-3-2012.           |
| 5             | Revision of Salary to Mr. Mayank Tibrewal s/o Sri. Manoj Kumar Tibrewal, Managing Director |
| 6             | Sale of whole or substantially whole of the Units of the Company                           |

### **Postal Ballot.**

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies ( passing of the resolution by the Postal Ballot ) Rules, 2001 approval of the Members of the Company was sought by means of Postal Ballot vide Notice dated 11-2-2011 for the following matter.

Ordinary Resolution for consent for the Board of Directors under Section 293 (1) (a) of the Companies Act, 1956, to take decision to sell, transfer, lease or dispose off the following units and vacant lands belonging to the company .

- 1) Weaving and Processing Unit together with all other facilities located at SIPCOT Industrial Growth Centre, Perundurai, Erode District referred to as Unit - 8 as a going concern.
- 2) Ring Spinning Unit together with all other facilities including the Furnace Oil Power Generation Plant situated at Pushpathur, Udumalpet Taluk referred to as Units- 4 and Unit – 9 as a going concern.
- 3) Vacant Land admeasuring 25.03acres situated at Sullakkal Village, Pollachi Taluk
- 4) Vacant Land admeasuring 26.49 ½ acres situated at Munduvelampatty Village,Dharapuram Taluk
- 5) Vacant Land admeasuring 1.62 acres situated at Kalappatty Village, Coimbatore

Based on the Scrutnizer's Report dated 24-3-2011, the Managing Director has declared the Results of the Postal Ballot as under.

| PARTICULARS                                     | Option   |
|---|--|
| Number of valid Postal Ballot forms received    | 447  |
| Votes in favour of the Resolution               | 409 shareholders representing 79,23,581 shares |
| Percentage of votes in favour of the Resolution | 99.75 %  |
| Votes against the Resolution                    | 27 shareholders representing 20,114 shares     |
| Percentage of votes against the Resolution      | 0.25 %   |
| In- valid votes                                 | 11 shareholders representing 5,435 shares      |

Accordingly, the Managing Director has declared the Ordinary Resolution as set out in the Notice dated 11-2-2011 to be passed by Shareholders with requisite majority.

### **9. Disclosures :**

- i) The transactions with related parties form part of the financial statements circulated to all the members in conformity with the necessary accounting standards to be followed by the Company.
- ii) No penalty or levy was imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to Capital Markets during the last three years.

### **10. Means of Communications**

- i) Quarterly Results are published in following News papers – One in English and One in Tamil
  - 1) Business Line 2) Business Standard 3) Financial Express 4) Trinity Mirror (English)
  - 1) Dinamalar 2) Malai Malar 3) Makkal Kural (Tamil)

- ii) The Company's website is [www.gangotritextiles .com](http://www.gangotritextiles.com)

The Annual Report of the Company is also available on this website.

- iii) The Management's Discussion and Analysis is part of Annual Report

### **11. General Shareholder Information:**

#### **a) Annual General Meeting to be held on ( 22<sup>nd</sup> AGM )**

Day : Friday  
Date : **23 -9-2011**  
Time : 3.30 P.M  
Venue : **Shree Coimbatore Gujarati Samaj**  
500, Mettupalyam Road,  
Post Box No 1164, R.S.Puram, Coimbatore - 641 002

#### **b) Financial Calendar Year 2011-2012 :**

First quarterly Financial Results : On or before 14-8-2011  
Second quarterly Financial Results : On or before 15-11-2011  
Third quarterly Financial Results : On or before 15.02-2012  
Audited Financial Results for the year : On or before 30-5-2012  
ended 31-3-2012

**c) Dates of Book Closure** : From: 16-09-2011 To :23 -09-2011  
(Both the days inclusive) for the purpose of Annual General Meeting.



**d) Dividend payment date:**

In the absence of Profit for the financial year ended 31<sup>st</sup> March, 2011, the Board of Directors have not recommended any dividend for the financial year 31-3-2011.

**e) Listing on Stock Exchanges:**

The equity shares of the Company are listed on the following Stock Exchanges.

1. National Stock Exchange of India Ltd
2. Bombay Stock Exchange Limited
3. Coimbatore Stock Exchange Ltd
4. The Calcutta Stock Exchange Association Ltd

**f) Delisting:**

The company had already applied for de-listing of its Equity Shares from 1) Coimbatore Stock Exchange Ltd and 2) The Calcutta Stock Exchange and the order for delisting is still awaited from them.

**12. Market Price Data:**

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange Ltd, during the financial year 2010-11 are as under.

| MONTH     |      | HIGHEST RATE<br>( Rs ) | LOWEST RATE<br>( Rs ) |
|-----------|------|------------------------|-----------------------|
| APRIL     | 2010 | 12.14                  | 7.75                  |
| MAY       | 2010 | 9.85                   | 7.35                  |
| JUNE      | 2010 | 10.30                  | 7.31                  |
| JULY      | 2010 | 9.95                   | 8.00                  |
| AUGUST    | 2010 | 10.45                  | 8.06                  |
| SEPTEMBER | 2010 | 9.50                   | 8.00                  |
| OCTOBER   | 2010 | 10.00                  | 7.51                  |
| NOVEMBER  | 2010 | 10.96                  | 7.50                  |
| DECEMBER  | 2010 | 8.88                   | 7.12                  |
| JANUARY   | 2011 | 9.14                   | 6.63                  |
| FEBRUARY  | 2011 | 7.89                   | 5.51                  |
| MARCH     | 2011 | 7.87                   | 6.00                  |

### 13. Registrar and Share Transfer Agents:

The Company has appointed Registrar and Share Transfer Agents for share transfers. The name and address of the Registrar and Share Transfer Agents is as under.

**M/s.S.K.D.C. Consultants Limited**

Kanapathy Towers, 3<sup>rd</sup> Floor  
1391 / A-1, Sathy Road, Ganapathy,  
Coimbatore – 641 006

Phone : 0422- 4039900 Fax No : 0422 – 2539837

E-mail: [info@skdc.consultants.com](mailto:info@skdc.consultants.com)

### 14. Share Transfer System:

Share Transfers are registered and returned within a maximum period of 30days from the date of receipt. If the documents are clear, the transfers are completed normally within one week and returned within 15 days. The Transfer Agents have been authorized to put through the transfers expeditiously.

### 15. Shareholding Pattern by size as on March 31, 2011.

| No of Shares Category | No of Shareholders | No of Shares       | %             |
|-----------------------|--------------------|--------------------|---------------|
| Up to 5,000           | 8762               | 29,92,894          | 9.18          |
| 5001 - 10000          | 752                | 11,65,080          | 3.57          |
| 10001 - 20000         | 403                | 11,80,039          | 3.62          |
| 20001 - 30000         | 132                | 6,62,952           | 2.03          |
| 30001 - 40000         | 56                 | 3,93,917           | 1.21          |
| 40001 - 50000         | 48                 | 4,48,729           | 1.38          |
| 50001 - 100000        | 62                 | 9,01,556           | 2.76          |
| 100001 and above      | 74                 | 2,48,69,467        | 76.25         |
| <b>Total</b>          | <b>10,289</b>      | <b>3,26,14,634</b> | <b>100.00</b> |

#### Distribution of Shareholding as on March 31, 2011.

| Category                       | No of Shares held  | %             |
|--------------------------------|--------------------|---------------|
| Promoters                      | 79,83,457          | 24.480        |
| Mutual Funds and UTI           | 1,600              | 0.005         |
| Financial Institutions / Banks | 16,37,750          | 4.922         |
| Bodies Corporate               | 34,69,668          | 10.390        |
| NRI / OCB                      | 1,78,793           | 0.001         |
| Insurance Companies            | 12,02,000          | 3.685         |
| General Public                 | 1,81,41,366        | 56.517        |
| <b>TOTAL</b>                   | <b>3,26,14,634</b> | <b>100.00</b> |

## 16. Dematerialisation of Equity Shares:

As on 31-3-2011 shares representing 98.453 % of the total paid up capital of the Company is held in dematerialized form with NSDL and CDSL.

## 17. Plant Location

### Unit I:

S.F.No 496/A, 497  
Kaduvettipalayam Post  
Karumathampatty  
Palladam Taluk  
Coimbatore District

### Unit II

Sri. Dwarka Textiles  
3/161, Ponnandampalayam  
Kaniyur Post  
Avinashi Taluk  
Coimbatore District

### Unit III

Kumbhojgiri Road  
Village Alate  
Tal. Hatkanangale  
District Kolhapur

### Unit IV

Pushpattur Village  
Palani Taluk  
Dindigul District

### UNIT – V ( Stitching Unit )

3/161,Ponnandampalyam  
Kaniyur Post  
Avinashi Taluk  
Coimbatore District

### UNIT - VI

Plot No L4,L5 & L6  
5<sup>th</sup> Cross Road  
SIPCOT Industrial Growth Centre  
Perundurai

### UNIT – VII

S.F No 262 / 2B, 262 /3, 262/4  
Mopperipalayam Village  
Palladam Taluk  
Coimbatore District

### UNIT – VIII

Plot No PP2,PP3,PP4  
SIPCOT Industrial Growth Centre  
Perundurai  
Erode District

### UNIT IX

S.F No 138,142,143,78  
Pushpattur Village  
Palani Taluk  
Dindigul District

## 18. Address for correspondence :

### **Registered Office**

Old No 42, New No 35, Robertson Road  
R.S.Puram  
Coimbatore - 641 002

## 19. Whistle Blower Policy

The Company promotes ethical behavior in all its Business activities and has put in a mechanism of reporting illegal and ethical behavior. The Company has a whistle blower policy wherein the employees are free to report violations of Laws, Rules, Regulation or unethical contact to their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

## 20. Chief Executive Declaration on Code of Conduct.

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2010-11

**Coimbatore**  
**30-5 – 2011**

**Manoj Kumar Tibrewal**  
Managing Director

## 21. CEO / CFO CERTIFICATE

We certify that

**a)** We have reviewed financial statements and cash flow statements for the year ended 31.03.2011 and that to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

**b)** There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

**c)** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

**d)** We have indicated to the Auditors and the Audit Committee

- i) Significant changes in internal control over financial reporting during the year;
- ii) Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements.
- iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management, or an employee having a significant role in the Company's internal control system over financial reporting.

**COIMBATORE**  
**30-5-2011**

**MANOJ KUMAR TIBREWAL**  
MANAGING DIRECTOR

The above Corporate Governance Report has been placed before the Board of Directors at their meeting held on 30-5-2011 and the same was approved thereat.

## **AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CALUSE 49 OF THE LISTING AGREEMENT**

**To,**

The members of Gangotri Textiles Limited

We have reviewed the implementation of corporate governance procedures by Gangotri Textiles Limited during the year ended 31<sup>st</sup> March'2011, as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2011, no investor grievances are unattended/ pending for a period exceeding one month against the Company as certified by the Registrars of the company and details presented to the Share Transfer cum Investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For THAKKER & SANGHANI  
Firm Registration No: 004351S  
Chartered Accountants**

**Aswin C  
Partner  
Membership No: 22204**

**Coimbatore  
30.05.2011**

## **AUDITORS' REPORT**

To the Members of M/s. GANGOTRI TEXTILES LIMITED

1. We have audited the attached Balance Sheet of M/s.GANGOTRI TEXTILES LIMITED, Coimbatore as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. We report that -
3. As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above.
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. On our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of Accounts.
  - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e. On the basis of the written representations received from all the directors as on March31, 2011 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on March,31 2011 from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon, and attached thereto given in the prescribed manner the information required by the Companies Act, 1956 and together with the Cash Flow Statement also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of Balance sheet, of the state of Company's affairs as on 31<sup>st</sup> March'2011.
    - (ii) In the case of Profit and Loss Account, of the Loss for the Year ended on that date and
    - (iii) In case of the Cash Flow statement, of the cash flow for the year ended on that date.

**For THAKKER & SANGHANI**  
**Firm Registration No:004351S**  
**Chartered Accountants**

**Coimbatore**  
**30.05.2011**

**Aswin C**  
**Partner**  
**Membership No:22204**

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

On the basis of such checks as we considered appropriate in terms of information and explanations given to us, we state that:-

- i).**
  - a)** The Company has maintained proper records showing full particulars, including Quantitative details and situation of fixed assets
  - b)** The Fixed assets of the Company have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification
  - c)** No substantial part of fixed assets of the company has been disposed off during the year affecting the status of the company as a going concern.
- ii).**
  - a)** As explained to us, inventories of the company at all its locations have been Physically verified at reasonable intervals by the management during the year.
  - b)** In our opinion, the Procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
  - c)** The Company is maintaining proper records of inventory and material discrepancies, if any noticed on physical verification have been properly dealt with in the books of account
- iii)**
  - a)** According to the information and explanations given to us, The Company has not granted any loans, secured or unsecured, to the companies firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in para 4(iii) (b) (c) and (d) of the order are not applicable.
  - b)** The Company has taken unsecured interest free loan from two parties involving an amount of Rs. 8.70 crores, and year end balances remain the same.
  - c)** The terms and conditions in respect of the above loan taken by the company are, prima facie, not prejudicial to the interests of the Company.
- iv).** In our opinion and accordingly to the information and explanation given to us, the Internal control system needs to be strengthened to make it commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods. During the course of our audit, we have not observed any major weakness in such internal control systems.
- v).**
  - a)** To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts and agreements that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered;
  - b)** In our opinion and according to the explanations given to us, the transactions made in pursuance of contract or arrangements to be entered in the Register maintained under Section 301 of the Companies Act 1956, and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the market prices prevailing at that time.
- vi).** In our opinion and according to the explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, and also provisions of the Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there

under, in respect of deposits accepted by it. No order has been passed by the Company Law Board and the Company has not accepted any deposit under 58A and 58AA of the Companies Act, 1956.

**vii).** In our opinion the company has an internal audit system commensurate with its size and nature of its business;

**viii).** We have broadly reviewed the records maintained by the company pursuant to the rules made by the Central Government for the maintenance of the cot records u/s 209(1) (d), of the Act. We are of the opinion that, prima facie, the prescribed accounts and records haven been made and maintained. We have not, however, made a detailed examination of the records with a view of determining whether they are accurate or complete.

**ix).** a) According to the records of the Company, it has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year.

b)At the end of the Financial year there were no dues of Sales Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been paid for a period of more than 6 months from the date they become payable except as detailed below:

| <b>Name of the Statute</b>               | <b>Year</b> | <b>Nature of Dues</b>         | <b>Amount in Lacs Rs</b> | <b>Forum where dispute is pending</b> | <b>Provided in the books of accounts</b> |
|--|-------------|-------------------------------|--------------------------|---------------------------------------|--|
| Tamilnadu Additional Sales Tax Act ,1970 | 1996-97     | Additional Sales Tax          | 20.07                    | Supreme Court of India                | Yes                                      |
| CST Acts                                 | 2002-03     | TNGST, Surcharge AST, penalty | 1.82                     | STAT Coimbatore                       | No                                       |
| TNGST, CST Acts                          | 2003-04     | TNGST, Surcharge AST, penalty | 13.54                    | STAT Coimbatore                       | No                                       |
| Income Tax Act 1961                      | 2004-05     | Interest u/s 234B / 234C      | 5.85                     | ITAT Chennai                          | No                                       |

**x).** There are accumulated losses at the end of the financial year ended 31.03.2011. In our opinion, the accumulated losses of the company as on 31.03.2011 are more than 50% of its net worth. As on 31.03.2011 the company has not incurred cash loss during the financial year covered by our Audit and had incurred cash loss in the immediately preceding financial year.

**xi).** The Company has not defaulted in repayment of dues to financial institution or Bank considering the relief in the CDR package sanctioned.

**xii).** During the year the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, according to the information and explanation given to us.



**xiii).** In our opinion, the provisions of special statute applicable to Chit Fund, Nidhi/ Mutual Benefit Fund/ Societies are not applicable to the company;

**xiv).** The Company is not dealing or trading in shares, securities, debentures and other investments.

**xv).** In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

**xvi).** According to the information and explanation given to us, the company has utilized term loans for the purpose for which the loans were obtained.

**xvii).** On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, which have been used for any long-term investments by the Company.

**xviii).** According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

**xix).** During the year the Company has not issued any debentures.

**xx).** According to the information and explanation given to us, during the year the Company has not raised money by public issue.

**xxi).** To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For THAKKER & SANGHANI  
Firm Registration No: 004351S  
Chartered Accountants**

**Aswin C  
Partner  
Membership No: 22204**

**Coimbatore  
30.05.2011**

**GANGOTRI TEXTILES LIMITED**

**BALANCE SHEET AS AT 31st MARCH, 2011**

|  | SCHEDULE     | AS AT<br>31.03.2011<br>Amount in Rs. | AS AT<br>31.03.2010<br>Amount in Rs. |
|--|--------------|--------------------------------------|--------------------------------------|
| <b>SOURCES OF FUNDS</b>                  |              |                                      |                                      |
| SHAREHOLDERS' FUNDS                      |              |                                      |                                      |
| Share Capital                            | 1            | <b>1067273170</b>                    | 1067273170                           |
| Reserves and Surplus                     | 2            | <b>528984613</b>                     | 548605356                            |
| LOAN FUNDS                               |              |                                      |                                      |
| Secured Loans                            | 3            | <b>3288883068</b>                    | 3278573715                           |
| Unsecured Loans                          | 4            | <b>162514794</b>                     | 179066917                            |
|  | <b>TOTAL</b> | <b>5047655645</b>                    | <b>5073519158</b>                    |
| <b>APPLICATION OF FUNDS</b>              |              |                                      |                                      |
| Net Fixed Assets                         | 5            | <b>2998896321</b>                    | 3083182155                           |
| Capital Work-in-Progress                 | 5            | <b>350951370</b>                     | 427825448                            |
|  |              | <b>3349847691</b>                    | <b>3511007603</b>                    |
| Investments                              | 6            | <b>150065500</b>                     | 150065500                            |
| Deferred Tax Assets                      |              | <b>140473811</b>                     | 170145940                            |
| <b>Current Assets, Loans and Advance</b> |              |                                      |                                      |
| CURRENT ASSETS                           |              |                                      |                                      |
| Inventories                              | 7            | <b>399524575</b>                     | 305036942                            |
| Trade Debtors                            | 8            | <b>223138698</b>                     | 166553170                            |
| Cash and Bank Balances                   | 9            | <b>12255335</b>                      | 46935604                             |
| Loans and Advances                       | 10           | <b>204014548</b>                     | 165126755                            |
|  | <b>(A)</b>   | <b>838933156</b>                     | <b>683652471</b>                     |
| Current Liabilities                      | 11           | <b>284517793</b>                     | 176570790                            |
| Provisions                               | 12           | <b>75000</b>                         | 50000                                |
|  | <b>(B)</b>   | <b>284592793</b>                     | <b>176620790</b>                     |
| Net Current Assets                       | (A-B)        | <b>554340364</b>                     | 507031681                            |
| Miscellaneous Expenditure                |              | <b>25914009</b>                      | 46822217                             |
| Profit and Loss account                  |              | <b>827014270</b>                     | 688446217                            |
|  | <b>TOTAL</b> | <b>5047655645</b>                    | <b>5073519158</b>                    |

**Notes on Accounts 23**

Schedules 1 to 12 and 23 form part of this Balance Sheet

**Maxim Joseph**  
Company Secretary

**Coimbatore**  
**30.05.2011**

Vide our Report of Even Date  
For THAKKER & SANGHANI  
Firm Registration No. 004351S  
Chartered Accountants

**Aswin C**  
Membership No: 22204

**MANOJ KUMAR TIBREWAL**  
Managing Director  
**MOHANLAL TIBREWAL**  
Executive Director

**GANGOTRI TEXTILES LTD**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

|   | SCHEDULE   | 31.03.2011<br>Amount in Rs.  | 31.03.2010<br>Amount in Rs. |
|---|--|--|-----------------------------|
| <b>INCOME</b>   |  |  |                             |
| Sales   | 13   | 2083844560   | 1429402925                  |
| Other Income  | 14   | 39744005   | 19531087                    |
| Stock Adjustment  | 15   | 36047906   | 6909110                     |
|   | <b>TOTAL</b>   | <b>2159636471</b>  | <b>1455843122</b>           |
| <b>EXPENDITURE</b>  |  |  |                             |
| Raw Materials consumed  | 16   | 1241154592   | 797175630                   |
| Stores consumed   | 17   | 37711559   | 37318618                    |
| Power and fuel  |  | 225089563  | 148200188                   |
| Personnel cost  | 18   | 98967638   | 80199856                    |
| Processing charges  |  | 110285138  | 140277029                   |
| Repairs and Maintenance   | 19   | 55125158   | 33547519                    |
| Other expenses  | 20   | 84570630   | 78844105                    |
| Selling expenses  | 21   | 61214373   | 41051250                    |
|   | <b>TOTAL</b>   | <b>1914118651</b>  | <b>1356614195</b>           |
| <b>GROSS PROFIT</b>   |  | <b>245517820</b>   | <b>99228927</b>             |
| Less: Financial Charges   | 22   | 241104253  | 276018498                   |
| Depreciation  |  | 183169238  | 180116930                   |
| <b>NET PROFIT</b>   |  | <b>-178755671</b>  | <b>-356906501</b>           |
| Add: Surplus/Deficit b/f from previous year                                 |  | -688446217   | -364146815                  |
| Taxes of prior years  |  | 59738  | -                           |
| Extra Ordinary Items  |  | 69875009   | -                           |
| Investment Fluctuation Reserve  |  | -  | 22944                       |
|   |  | <b>-797267141</b>  | <b>-721030372</b>           |
| Less: Taxes of Prior Years  |  | -  | 33293                       |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>                                   |  | <b>-797267141</b>  | <b>-721063665</b>           |
| <b>APPROPRIATIONS :</b>   |  |  |                             |
| Provision for Taxation-Wealth Tax   |  | 75000  | 50000                       |
| Provision for (Deferred Tax Liability)/Asset                                |  | 29672129   | -32667448                   |
| Deficit carried over to Balance sheet<br>(Debit balance of P&L account)     |  | -827014270   | -688446217                  |
|   |  | <b>-797267141</b>  | <b>-721063665</b>           |
| Earnings per Share (Face Value Rs.5/-) (refer Notes no.10)                  |  | <b>-6.35</b>   | <b>-11.61</b>               |
| <b>Notes on Accounts 23</b>   |  |  |                             |
| <b>Schedules 13 to 22 form part of this Profit &amp; Loss Account</b>       |  |  |                             |
| MAXIM JOSEPH<br>Company Secretary<br><b>Coimbatore</b><br><b>30.05.2011</b> | For THAKKER & SANGHANI<br>Chartered Accountants<br><b>ASWIN C</b><br>Membership No:22204 | <b>MANOJ KUMAR TIBREWAL</b><br>Managing Director<br><b>MOHANLAL TIBREWAL</b><br>Executive Director |                             |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH ,2011**

|  |                 | <b>31.03.2011</b>   | <b>31.03.2010</b>   |
|--|-----------------|---------------------|---------------------|
|  |                 | <b>Amount in Rs</b> | <b>Amount in Rs</b> |
| <b>1. SHARE CAPITAL</b>  |                 |                     |                     |
| Authorised Capital   |                 |                     |                     |
| 6,00,00,000 Equity Shares of Rs. 5/- each  | 300000000       |                     |                     |
| 92,00,000 Preference Shares of Rs.100/- each   | 920000000       | <b>1220000000</b>   | <b>1220000000</b>   |
| Issued, Subscribed, and Paid-up Capital  |                 |                     |                     |
| 32614634 Equity Shares of Rs. 5/- each<br>(Of the above 96,00,000 shares of Rs.5/- each fully paid up was allotted as bonus shares by capitalisation of reserves)  |                 | <b>163073170</b>    | <b>163073170</b>    |
| <b>PREFERENCE SHARE CAPITAL</b>  |                 |                     |                     |
| 90,42,000 Cumulative Redeemable Preference Shares of Rs.100/-each issued at par for consideration other than cash<br>(Of this 1/3rd will be Redeemed on 31.03.2016, another 1/3rd will be Redeemed on 31.03.2017 and Final 1/3 will be Redeemed on 31.03.2018) |                 | <b>904200000</b>    | <b>904200000</b>    |
|  | <b>Total</b>    | <b>1067273170</b>   | <b>1067273170</b>   |
| <b>2. RESERVES AND SURPLUS</b>   |                 |                     |                     |
| General Reserve  |                 |                     | -                   |
| Balance as per last Balance Sheet  |                 | -                   | -364146815          |
| Less: Transfer from General Reserve  |                 | -                   | -364146815          |
| Surplus (I.e Balance in Profit and Loss Account after providing for appropriation)   |                 | -                   | -                   |
| Deferred Govt. Grants- Capital Subsidy   |                 | <b>18627490</b>     | 37254977            |
| Share Warrant Forfeited  |                 | <b>8000000</b>      | 8000000             |
| Capital Reserve  | <b>20423549</b> |                     |                     |
| Less: Transferred to Profit and loss a/c   | <b>993256</b>   | <b>19430293</b>     | 20423549            |
| Share premium  |                 | <b>482926830</b>    | 482926830           |
|  | <b>Total</b>    | <b>528984613</b>    | <b>548605356</b>    |
| <b>3. SECURED LOANS</b>  |                 |                     |                     |
| Fixed Loans-Term Loans   |                 |                     |                     |
| From Banks   |                 | <b>3110303479</b>   | 3118040653          |
| Hire Purchase Loan   |                 | <b>1714880</b>      | 668596              |
| WC loans/Cash credit from banks  |                 | <b>176864709</b>    | 159864466           |
|  | <b>Total</b>    | <b>3288883068</b>   | <b>3278573715</b>   |
| <b>4. UNSECURED LOANS</b>  |                 |                     |                     |
| Interest Free Sales Tax Loan   |                 | <b>35236509</b>     | 49362455            |
| Trade Deposits   |                 | <b>5659000</b>      | 8085177             |
| From Others  |                 | <b>121619285</b>    | 121619285           |
|  | <b>Total</b>    | <b>162514794</b>    | <b>179066917</b>    |

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

5. FIXED ASSETS

| PARTICULARS          | GROSS BLOCK         |                  | DEPRECIATION     |                     |              |                              | NET BLOCK           |                        |                        |
|----------------------|---------------------|------------------|------------------|---------------------|--------------|------------------------------|---------------------|------------------------|------------------------|
|                      | UP TO<br>31.03.2010 | ADDITION<br>SALE | TOTAL 31.03.2010 | UP TO<br>31.03.2010 | FOR THE YEAR | WITHDRAWN DURING THE<br>YEAR | TOTAL<br>31.03.2011 | W.D.V AS<br>31.03.2011 | W.D.V AS<br>31.03.2010 |
| LAND                 | 10,04,62,870        | -                | 10,04,62,870     | -                   | -            | -                            | -                   | 10,04,62,870           | 10,04,62,870           |
| BUILDING             | 89,61,72,161        | 6,11,76,673      | 1,06,73,48,824   | 13,29,81,066        | 3,41,36,902  | -                            | 16,71,17,957        | 89,02,30,867           | 86,31,91,096           |
| PLANT &<br>MACHINERY | 3,13,70,49,717      | 3,55,50,367      | 3,17,26,00,084   | 1,05,81,22,927      | 14,47,28,972 | -                            | 1,20,28,51,899      | 1,96,97,48,195         | 2,07,99,26,790         |
| OFFICE EQUIPMENT     | 4,05,11,767         | 3,62,761         | 4,07,62,635      | 2,56,35,315         | 18,46,304    | 14,481                       | 2,74,66,138         | 1,32,96,497            | 1,48,76,452            |
| FURNITURE            | 1,79,06,595         | 2,41,119         | 1,79,46,946      | 61,21,503           | 10,85,620    | 20,966                       | 71,86,167           | 1,07,59,779            | 1,17,85,092            |
| VEHICLES             | 2,90,66,766         | 32,11,362        | 3,12,20,624      | 1,71,66,689         | 22,51,162    | 7,38,086                     | 1,86,79,746         | 1,25,40,879            | 1,18,92,067            |
| CANTEEN ASSETS       | 25,91,302           | -                | 25,91,302        | 7,17,014            | 1,14,544     | -                            | 8,31,558            | 17,59,744              | 18,74,288              |
| LIVE STOCK           | 1,73,500            | 76,000           | 97,500           | -                   | -            | -                            | -                   | 97,500                 | 1,73,500               |
| TOTAL                | 4,32,39,26,658      | 10,05,42,282     | 4,42,30,29,785   | 1,24,07,44,503      | 18,41,62,494 | 7,73,533                     | 1,42,41,33,464      | 2,99,88,96,321         | 3,08,31,82,155         |
| PREVIOUS YEAR        | 4,18,76,86,125      | 13,83,11,108     | 4,32,39,26,658   | 1,06,00,61,910      | 18,17,83,712 | 11,01,121                    | 1,24,07,44,503      | 3,08,31,82,155         | 3,12,76,24,216         |

### **CAPITAL WORK IN PROGRESS AS ON 31.03.2011**

| <b>PARTICULARS</b>        | <b>AS ON<br/>31.03.2010</b> | <b>ADDED<br/>DURING<br/>THE YEAR</b> | <b>TOTAL</b>        | <b>BROUGHT<br/>INTO USE</b> | <b>AS ON<br/>31.03.2011</b> |
|---------------------------|-----------------------------|--------------------------------------|---------------------|-----------------------------|-----------------------------|
| BUILDING &<br>DEVELOPMENT | 18,30,51,965                | 350                                  | 18,30,52,315        | 6,03,62,127                 | 12,26,90,188                |
| PLANT AND MACHINERY       | 24,47,73,483                | 1,77,67,235                          | 3,42,40,718         | 3,42,79,536                 | 22,82,61,181                |
| <b>TOTAL</b>              | <b>42,78,25,448</b>         | <b>1,77,67,586</b>                   | <b>44,55,93,033</b> | <b>9,46,41,663</b>          | <b>35,09,51,370</b>         |

Note: Depreciation includes depreciation on revaluation assets of Rs. 9,93,256/- ( Previous Year Rs.16,66,782/-)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH ,2011**

|  |              | <b>31.03.2011<br/>Amount in<br/>Rs</b> | <b>31.03.2010<br/>Amount in Rs</b> |
|--|--------------|--|------------------------------------|
| <b>6. INVESTMENTS</b>  |              |  |                                    |
| (AT COST) - NON TRADING  |              |  |                                    |
| QUOTED   |              |  |                                    |
| 640 IDBI Shares of Rs. 10/- each at a premium of Rs. 120/- each (Market value Rs.91168/-)  |              | <b>52000</b>                           | 52000                              |
| UNQUOTED   |              |  |                                    |
| 1,50,00,000 6% Redeemable cumulative preference shares of Rs.10 each of M/s.Jagannath Textiles Co Ltd  |              | <b>150000000</b>                       | 150000000                          |
| National Saving Certificate  |              | <b>13500</b>                           | 13500                              |
|  | <b>Total</b> | <b>150065500</b>                       | <b>150065500</b>                   |
| <b>7. INVENTORIES(As furnished, valued &amp; certified by the Management)</b>  |              |  |                                    |
| Stock of stores, spares etc.,  |              | <b>18602406</b>                        | 13171335                           |
| Stock-in-trade:  |              |  |                                    |
| Raw Materials  |              | <b>118582048</b>                       | 75856736                           |
| Mixing and Process Stock   |              | <b>111029341</b>                       | 104132044                          |
| Finished Goods   |              | <b>138273442</b>                       | 103933173                          |
| Waste  |              | <b>4469175</b>                         | 2761537                            |
| Fabric & Accessories   |              | <b>8568163</b>                         | 5182117                            |
|  | <b>Total</b> | <b>399524575</b>                       | <b>305036942</b>                   |
| <b>8. TRADE DEBTORS</b>  |              |  |                                    |
| Unsecured  |              |  |                                    |
| Debts considered good for which the Company holds no security other than the debtors personal security, other than provisions for Doubtful Debts |              |  |                                    |
| a) More than 6 months  |              | <b>15134923</b>                        |                                    |
| b) Other debts   |              | <b>215175100</b>                       |                                    |
|  |              | <b>230310023</b>                       |                                    |
| Less: Provision for Doubtful Debts   |              | <b>7171324</b>                         | 166553170                          |
|  | <b>Total</b> | <b>223138699</b>                       | <b>166553170</b>                   |
| <b>9. CASH AND BANK BALANCES</b>   |              |  |                                    |
| Cash on hand   |              | <b>2193370</b>                         | 1334086                            |
| Balance with scheduled Banks   |              |  |                                    |
| In Current Accounts  |              | <b>7885967</b>                         | 41637205                           |
| In Deposit Accounts  |              | <b>1607500</b>                         | 3257500                            |
| In Unpaid Dividend Accounts  |              | <b>568498</b>                          | 706813                             |
|  | <b>Total</b> | <b>12255335</b>                        | <b>46935604</b>                    |

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH ,2011**

|  | <b>31.03.2011</b>   | <b>31.03.2010</b>   |
|--|---------------------|---------------------|
|  | <b>Amount in Rs</b> | <b>Amount in Rs</b> |
| <b>10. LOANS AND ADVANCES</b>  |                     |                     |
| <b>Unsecured - Considered Good</b>   |                     |                     |
| Advances recoverable in cash or in kind<br>or for the value to be received | <b>64359981</b>     | 86452145            |
| Advances to Staff and Operatives   | <b>563043</b>       | 435795              |
| Sundry Deposits  | <b>26341400</b>     | 33307965            |
| Tender / Trade Deposits  | <b>3235000</b>      | 3270000             |
| Prepaid Expenses   | <b>2748054</b>      | 3218650             |
| Prepaid Taxes  | <b>21250223</b>     | 20897950            |
| TUF, Capital Subsidy & Interest Receivable                                 | <b>85516847</b>     | 17544250            |
|  | <b>Total</b>        | <b>165126755</b>    |
| <b>11. CURRENT LIABILITIES</b>   |                     |                     |
| Sundry Creditors   |                     |                     |
| For Capital Items  | <b>180139</b>       | 3914589             |
| For Purchases  | <b>97473451</b>     | 65179063            |
| For Expenses - MSME Unit(Previous year Rs.2311597)                         | <b>7278450</b>      | 2311597             |
| For Expenses - Others  | <b>170442048</b>    | 99558505            |
| For Customer's credit balance  | <b>8575207</b>      | 4900223             |
| Investor Education and Protection fund<br>(Unpaid Dividend)                | <b>568498</b>       | 706813              |
|  | <b>Total</b>        | <b>176570790</b>    |
| <b>12. PROVISIONS</b>  |                     |                     |
| For Taxes - Wealth Tax   | <b>75000</b>        | 50000               |
|  | <b>Total</b>        | <b>50000</b>        |



**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st, MARCH 2011**

|   |              | <b>31.03.2011</b>    | <b>31.03.2010</b>    |
|---|--------------|----------------------|----------------------|
|   |              | <b>Amount in Rs.</b> | <b>Amount in Rs.</b> |
| <b>13. SALES</b>  |              |                      |                      |
| Yarn Sales - Domestic   |              | 989619812            | 622698070            |
| Yarn Sales - Export   |              | 10613114             | 14077232             |
| Fabric Sales- Domestic  |              | 844441232            | 633356026            |
| Fabric Sales- Export  |              | 287118               | 11743346             |
| Garment Sales   |              | 146022111            | 110580337            |
| Garment Sales Trading   |              | 979689               | -                    |
| Waste Sales   |              | 10905090             | 9577722              |
| Panel Sales   |              | -                    | 653051               |
| Scrap Sales   |              | 1406359              | 1173738              |
| Dyeing Charges Receipts   |              | 79570035             | 25543403             |
|   | <b>Total</b> | <b>2083844560</b>    | <b>1429402925</b>    |
| <b>14. OTHER INCOME</b>   |              |                      |                      |
| Dividend Receipts   |              | 18001920             | 1600                 |
| Insurance Receipts  |              | 768507               | -                    |
| Miscellaneous Income  |              | 262005               | 11240335             |
| Interest Receipts(TDS Rs.2.93 lakh for 2010-11, previous year Rs.4.28 lakh) |              | 2084086              | 2967013              |
| Capital Subsidy - Income  |              | 18627487             | 5322139              |
|   | <b>Total</b> | <b>39744005</b>      | <b>19531087</b>      |
| <b>15. STOCK ADJUSTMENTS</b>  |              |                      |                      |
| Opening Stock of Finished Goods   |              | 106694711            | 99785601             |
| Closing Stock Of Finished Goods   |              | 142742617            | 106694711            |
|   | <b>Total</b> | <b>36047906</b>      | <b>6909110</b>       |
| <b>16. RAW MATERIALS CONSUMED</b>   |              |                      |                      |
| Purchases & Expenses  |              | 1293423234           | 870495372            |
| Add: Opening Stock  |              | 185170897            | 111851155            |
| Less: Closing Stock   |              | 237439539            | 185170897            |
|   | <b>Total</b> | <b>1241154592</b>    | <b>797175630</b>     |
| <b>17. STORES CONSUMED</b>  |              |                      |                      |
| Purchases and Expenses  |              | 43882643             | 36786661             |
| Add: Opening Stock  |              | 13171335             | 13703292             |
| Less: Closing Stock   |              | 19342419             | 13171335             |
|   | <b>Total</b> | <b>37711559</b>      | <b>37318618</b>      |
| <b>18. PERSONNEL COST</b>   |              |                      |                      |
| Managing/Whole Time Director's Remuneration                                 |              | 4200000              | 4200000              |
| Salary to Management Trainee  |              | 180000               | 180000               |
| Salaries, Wages and Bonus   |              | 65387922             | 54177006             |
| Welfare Expenses  |              | 23118199             | 15545954             |
| PF Contribution   |              | 4767736              | 4280661              |
| PF Administration charges   |              | 560890               | 516235               |
| Group Gratuity Premium  |              | 752891               | 1300000              |
|   | <b>Total</b> | <b>98967638</b>      | <b>80199856</b>      |

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st, MARCH 2011**

|                                       |              | <b>31.03.2011</b>    | <b>31.03.2010</b>    |
|---------------------------------------|--------------|----------------------|----------------------|
|                                       |              | <b>Amount in Rs.</b> | <b>Amount in Rs.</b> |
| <b>19.REPAIRS AND MAINTENANCE</b>     |              |                      |                      |
| Machinery                             |              | 44044390             | 24782915             |
| Building                              |              | 1916522              | 1590979              |
| Sundry Repairs                        |              | 9164246              | 7173625              |
|                                       | <b>Total</b> | <b>55125158</b>      | <b>33547519</b>      |
| <b>20.OTHER EXPENSES</b>              |              |                      |                      |
| Rent                                  |              | 596810               | 2025830              |
| Printing and stationery               |              | 953666               | 978181               |
| Postage, telegram and telephone       |              | 2607015              | 2306304              |
| Travelling and Motor Vehicle expenses |              | 12689451             | 10483083             |
| Insurance                             |              | 4764819              | 4900815              |
| Rates, Taxes and Licence Fees         |              | 8208518              | 15250343             |
| Sales Tax Payment                     |              | 665508               | 355737               |
| Advertisement Expenses                |              | 229383               | 253339               |
| Audit fees and Expenses               |              | 423921               | 284489               |
| Professional and Consultancy charges  |              | 4698761              | 1829622              |
| Sitting Fees                          |              | 145000               | 135000               |
| Software development charges          |              | -                    | 225008               |
| Miscellaneous Expenses                |              | 44970559             | 29525199             |
| Bad & Doubtful Debts                  |              | -                    | 7171324              |
| Watch and Ward Expenses               |              | 3478093              | 2989610              |
| Loss on Sale of Assets                |              | 139126               | 130221               |
|                                       | <b>Total</b> | <b>84570630</b>      | <b>78844105</b>      |
| <b>21.SELLING EXPENSES</b>            |              |                      |                      |
| Brokerage and Commission              |              | 13026936             | 10581916             |
| Carriage Outwards                     |              | 9726805              | 9297189              |
| Packing charges                       |              | 17998937             | 11073410             |
| Testing Fee                           |              | 650162               | 529489               |
| Consignment Expenses                  |              | 2902188              | 2428953              |
| Depot Expenses                        |              | 261043               | 401078               |
| Garment Selling Expenses              |              | 16648302             | 6739215              |
|                                       | <b>Total</b> | <b>61214373</b>      | <b>41051250</b>      |
| <b>22.FINANCIAL CHARGES</b>           |              |                      |                      |
| Interest on Term Loans                |              | 211833159            | 232484791            |
| Interest on Working capital / others  |              | 21932048             | 36512161             |
| Bank and other charges                |              | 7339046              | 7021546              |
|                                       | <b>Total</b> | <b>241104253</b>     | <b>276018498</b>     |

## Schedule 23

### NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH'2011

#### A.SIGNIFICANT ACCOUNTING POLICES

##### 1. BASIS OF ACCOUNTING

- i) The Financial statements are prepared on the basis of historical cost convention based on the accrual concept and in accordance with applicable Accounting Standards referred under Section 211 (3C) of the companies Act, 1956. The accounting is on the basis of going concern concept.
- ii) Income and expenditure are recongnized and accounted on accrual basis. Revenue for sale transaction is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration.

##### 2. USE OF ESTIMATES

The preparation of Financial statement requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognized in the period in which results are known/materizlised.

##### 3. INVENTORIES

Inventories are valued as under

(As Furnished, valued and certified by the Management)

- |                                 |   |
|---------------------------------|---|
| i) Raw Materials                | - At Identified Cost                              |
| i) Raw Materials obsolete       | - At lower of identified cost or Realisable value |
| ii) Process Stock               | - At Average Cost                                 |
| iii) Finished Goods             | - At Lower of Cost or Net Realisable value        |
| iv) Waste                       | - At Net Realisable Value                         |
| v) Stores, Consumables & Spares | - At Weighted Average cost                        |

##### 4. FIXED ASSETS

Fixed Assets are stated at cost and includes all expenditure of capital nature including the cost of borrowings and net of Cenvat Credit wherever applicable. The preoperative expenses and the loss during trial production of new units are capitalized as Fixed Assets wherever applicable.

##### 5. DEPRECIATION

Depreciation has been provided on Straight Line Method in accordance with the rates specified under schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on pro-rata basis with reference to the date of installation and period of use. In respect of assets up to Rs.5000/- each, the policy of the Company is to charge 100% depreciation in the year in which such assets are installed or put to use.

## **6. IMPAIRMENTS OF ASSETS**

The Company has internal system to access their impairment of assets. Appropriate disclosure on material impairment of losses and their treatment in Profit and Loss account, classes of assets and nature of impairment will be made during the period in which the impairment is recognized.

## **7. INVESTMENTS**

Investments are meant to be long term investments and are stated at cost. Diminution in the value of investments, other than temporary in nature, are provided for.

## **8. EMPLOYEE RETIREMENT BENEFITS**

### **i) Defined Benefit Plan**

The Company has taken out a Master policy with LIC of India Under the "Cash Accumulation Scheme" to cover the gratuity liabilities of the Company. The amount charged to Profit & Loss A/c recognized at the present value of the amount payable determined using actuarial valuation techniques.

### **ii) Defined Contribution Plan**

Company's Contribution paid/payable during the year towards Provident Fund Scheme and Employee State Insurance are recognized in the Profit and Loss Account.

## **9. FOREIGN CURRENCY TRANSACTIONS**

i) Transactions arising in foreign currency for import of raw materials, spares and fixed assets and for exports during the year are converted at exchange rates prevailing on the date of transaction.

ii) Liabilities payable in foreign currencies as on the date of the Balance sheet are restated at year end exchange rate in such cases where the fluctuations results in losses or at the rates at which foreign currency forward covers have been obtained. All exchange differences arising from conversion are included in the Profit and Loss Account except relating to specific borrowings and other liabilities attributable to the fixed assets, which are capitalized.

## **10. INTEREST ON BORROWINGS**

Borrowing cost is charge to the Profit and Loss Account for the year in which it is incurred except for capital assets which is capitalised till the date the asset is put to commercial use.

## **11. INTEREST UNDER TUF SCHEME**

Certain term loans of the company have been sanctioned under the TUF scheme of the Govt. of the India. Under this scheme, an interest subsidy @ 5% p.a is given by the Government on the interest paid by the company on its term loans which is refunded quarterly after TUF claim is lodged. This refund is accounted for on mercantile basis.

## **12. TAXES ON INCOME**

a. Deferred tax is recognized, subject to consideration of prudence on all timing differences between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods. The accumulated deffered tax liability is adjusted by applying applicable tax rates under relevant tax laws.

b. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. MAT credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in the Guidance Note issued by the Institute of Chartered Accountant of India, the said asset is created by way of credit to the Profit and Loss Account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

### **13. MISCELLANEOUS EXPENDITURE**

Hitherto the Company was amortising the Preliminary and Public Issue expenses over a period of 10 years. From the current year onwards the expenses are rescheduled and amortised over a total period of five years.

### **14. CONTINGENT LIABILITIES**

Contingent liabilities are not provided for and are disclosed by way of notes.

### **15. GOVERNMENT GRANTS – CAPITAL SUBSIDY**

In respect of Capital Subsidy on Specific Machinery from Government, the Company has opted the second option spelt out in AS 12 – Accounting for Government Grants, which is the “income Approach” due to which the income is recognized in the Profit & Loss Account. Hitherto the above subsidy is recognized as income equally over 10 years. From the current year onwards the income is rescheduled and recognized over a total period of five years.

## **B. OTHER NOTES ON ACCOUNTS**

1. Secured Loans from Banks and Financial Institutions have been guaranteed by the Managing Director and Executive Director of the Company. No guarantee commission has been paid to any director in this connection. Security details of the said loans are:-

### **i. TERM LOANS**

|                                      |                 |
|--------------------------------------|-----------------|
| (a) TUF Loan                         | Rs.150 million  |
| (b) TUF Loan                         | Rs. 95 million  |
| (c) Funded Interest Term Loan (FITL) | Rs.4.94 million |

Above term loans sanctioned by IDBI are secured by extension of first charge on all assets of the Company, present and future, except to the prior charge created/ to be created (i) on specific assets covered by loans from other financial institutions and banks (ii) on specified movables (Current Assets) in favour of the Company’s Bankers for working capital borrowings.

|              |                  |
|--------------|------------------|
| (d) TUF Loan | Rs.76.10 million |
| (e) FITL     | Rs. 2.36 million |

The Term Loan availed from Corporation Bank is secured by way of exclusive charge over the assets created out of the said loan.

|  |                  |
|--|------------------|
| (f) TUF Loan Rs.190 million & Non TUF Loan | Rs.15 million    |
| (g) FITL                                   | Rs.20.79 million |

The Term Loan sanctioned by State Bank of India is secured by exclusive first charge over the assets financed under the term loan and second charge on the entire current assets of the Company on pari passu basis and extension of charge on the fixed assets of washing unit at Perundurai.

|                    |                   |
|--------------------|-------------------|
| (h) Corporate Loan | Rs.100 million    |
| (i) FITL           | Rs. 23.10 million |

The Corporate Loan sanctioned by IDBI is secured by extension of first charge on Pari Pasu basis except the assets which are exclusively charged by SBI and Corporation Bank. First charge by way of Hypothecation in favour of IDBI of all assets of the Company's movable (save and except book debts), including movable machinery, machinery spares, tools and accessories, present and future, subject to the prior charge created/ to be created in favour of company's bankers on the company's stocks of raw materials, semi finished and finished goods, consumable stores and such other movable as may be agreed to by IDBI for securing the borrowings for working capital requirements in the ordinary course of business.

|               |                 |
|---------------|-----------------|
| (j) Term Loan | Rs.150 million  |
| (k) FITL      | Rs.9.59 million |

The Term Loan sanctioned by the State Bank of Indore is secured by second charge on all present fixed assets of the company.

(L) Term Loan for New Project from Sanctioned Amount

| Bank Name                | Sanctioned Amount | Rs. In million |
|--------------------------|-------------------|----------------|
|                          |                   | FITL1&2*       |
| State Bank of Hyderabad  | 250               | 29.80          |
| Canara Bank              | 500               | 79.65          |
| State Bank of Indore     | 250               | 33.42          |
| State Bank of Mysore     | 300               | 31.83          |
| State Bank of Travancore | 200               | 22.86          |
| Corporation Bank         | 400               | 43.87          |
| State Bank of India      | 160               | 17.43          |
| Syndicate Bank           | 240               | 27.37          |
| United Bank of India     | 400               | 44.07          |

The term loan sanctioned by the above banks in consortium is secured by first charge on pari passu basis by way of Equitable mortgage of Land and Buildings and Hypothecation of all the fixed assets and second charge on all the current assets of the Company shared on pari passu basis with banks in the consortium for new Project of Rs.351 cores.

\*FITL - Funded Interest Term Loan - Under the CDR and reworked packages.

## **ii) WORKING CAPITAL LOANS**

|                      |                   |
|----------------------|-------------------|
| a) Fund based limits | Rs.130.30 million |
| Non fund based       | Rs. 70.00 million |

The working capital facility sanctioned by State Bank of India is secured by hypothecation of entire current assets and movable assets of the Company and a second charge over entire fixed assets of the Company on pari passu basis with other commercial bankers under consortium agreement.

|                     |                  |
|---------------------|------------------|
| b) Fund based limit | Rs.28.30 million |
|---------------------|------------------|

The working capital facility sanctioned by State Bank of Hyderabad is secured by hypothecation of the entire current assets of the Company and movable assets of the Company and a second charge on the fixed assets of the Company on pari passu basis with other commercial banks under consortium agreement.

|                     |                  |
|---------------------|------------------|
| c) Fund based limit | Rs.18.70 million |
|---------------------|------------------|

The working capital facility sanctioned by Corporation Bank is secured by hypothecation of the entire current assets of the Company and movable assets of the Company and a second charge on the fixed assets of the Company on pari passu basis with other commercial banks under Consortium agreement.

## **iii) FUNDED INTEREST TERM LOAN**

|                         |                  |
|-------------------------|------------------|
| State Bank of India     | Rs.99.07 million |
| State Bank of Hyderabad | Rs.23.39 million |
| Corporation Bank        | Rs.15.78 million |

Funded interest Term Loan is secured by First charge on the entire fixed assets of the company existing / proposed including EM on factory land and buildings on pari passu basis with other Consortium TL Bankers.

## **iv) WORKING CAPITAL TERM LOAN**

|                         |                   |
|-------------------------|-------------------|
| State Bank of India     | Rs.399.76 million |
| State Bank of Hyderabad | Rs. 88.60 million |
| Corporation Bank        | Rs. 57.30 million |

## **1. Corporate Debt Restructuring (CDR Package)**

The Company opted for financial restructuring under Corporate Debt Restructuring Scheme, with the cut off date being 31.10.2011.

In the above reworked package under CDR, the company has given an undertaking to adhere to various restructuring schemes, as detailed below:

1. The interest portion of the TUF Loans for the financial year is being funded as FITL-II @ 15% pa., and the repayment of the same would be immediately on receipt of TUF subsidy or by 31/10/2011, whichever is earlier.
2. The repayment of the loan outstanding shall be as per the reschedulement program, and will have a moratorium repayment period of 18 months and the actual repayment shall commence from 2012.
3. The existing securities available and charged to the CDR lenders shall continue.

## **2. Others**

Amount outstanding for more than 30 days to Micro and small Enterprises undertaking is Rs. 12.71 lakhs as detailed below ( Previous year Rs.14.39 lakhs)

- 1) Akil Cones
- 2) Coimbatore Anamallais Agencies Pvt Ltd
- 3) Harini Engineering
- 4) India Bearing & Mill Stores
- 5) Line Logic Technolics
- 6) Lloyds Polybag
- 7) Mayura Paper Tubes
- 8) P.K.Printers
- 9) Print Park
- 10) Sony Industres
- 11) Summits Hygronics Pvt Ltd
- 12) Sun Enterprises
- 13) Sekar Engineering Works
- 14) Sri Krishna Chemicals
- 15) Sri Raghavendra Chemicals
- 16) Sri Vignasha Engineers
- 17) Tandam Enterprises
- 18) Turbo Electricals
- 19) Top Light Lables

### **3. Contingent Liabilities not provided for in the accounts**

**1)** Estimated amount of contracts remaining to be executed on capital accounts – Rs.Nil  
(Previous year Rs.Nil)

**2)** The Company has export obligations for value of Rs.24106 lakhs under EPCG Scheme against which exports aggregating Rs. 5626.53 lakhs including third party exports have been made as on 31.03.2011. Balance obligations required to be fulfilled as per various schedules, culminating on 20.07.2015.

**3)** The Counter guarantee given by the Company for the guarantees issued by the Bankers is Rs.Nil (previous year Rs.14.03 lakhs)

**4)** The sales Tax department has preferred an appeal before STAT Coimbatore for the year 2003-04 for issues representing sales tax of Rs.3.68 lakhs which is pending before STAT, Coimbatore.

**5)** The Income Tax Department has preferred an appeal before ITAT, Chennai against the Order CIT (Appeal) in favour of the Company regarding interest claim U/S 234B/234C for the Assessment Year 2004-05.

**6)** The Lenders, with the approval of the Corporate Debt Restructuring Empowered Group shall have the right to recompense the relief's / sacrifices/ waivers extended by respective CDR lenders amounting to Rs.1012 million as on 31.03.10 with regard to the interest differential as per CDR guidelines. In the event of default, Lenders shall have the right to reverse the waivers with the approval of Corporate Debt Restructuring Empowered Group.

### **4. The amount falling due within one year in respect of long term secured loans are as follows:**

- a) Term Loan Rs. 2227.98 million\*\* (Previous year Rs.105.80 million)

\*\* As per the rework package under CDR System, substantial amount of loan is expected to be repaid out of the sale proceeds of the assets.

IFST dues – Rs.14.70 million (Previous year Rs.14.12 million)

- b) In the opinion of the Board of Directors, Current Assets, Loans and Advances will fetch the amounts stated, if realized in the normal course of Business.
- c) The Balances due to/ due from parties and Loans and Advances are subject to confirmation.



- d) Miscellaneous expenses not yet written off as shown on the asset side of Balance Sheet includes Rs.19.34 million towards follow on public issue made during the year.

**5. The provision for all liabilities is neither inadequate nor more than what is reasonably necessary.**

**6. The borrowings cost capitalized during the year in respect of the qualifying assets is Rs.Nil  
(Previous year Nil)**

## **7. TRANSACTION OF RELATED PARTIES (AS18)**

| <b>Particulars</b>      | <b>Rs. In Lakhs</b> |                                 |  |                   |
|-------------------------|---------------------|---------------------------------|--|-------------------|
|                         | <b>Associated</b>   | <b>Key Management Personnel</b> | <b>Relatives of key Management Personnel</b> | <b>Total</b>      |
|                         | <b>31.03.2011</b>   | <b>31.03.2011</b>               | <b>31.03.2011</b>                            | <b>31.03.1011</b> |
| For Services            | -                   | -                               | -  | -                 |
| Finance                 | -                   | -                               | -  | -                 |
| a) Loans accepted       | -                   | -                               | -  | -                 |
| b) Interest Paid        | -                   | -                               | -  | -                 |
| c) Salary               | -                   | -                               | 1.80   | 1.80              |
| Managerial Remuneration | -                   | 42.00                           | -  | 42.00             |
| Rent payments           | -                   | -                               | -  | -                 |
| <b>Loans</b>            | -                   | -                               | -  | -                 |
| Outstanding balance     | -                   | -                               | -  | -                 |
| Debits                  | -                   | -                               | -  | -                 |
| Credits-Op Balance      | -                   | -                               | 870.00                                       | 870.00            |
| Loan Receipts           | -                   | -                               | -  | -                 |
| Loan Repayment          | -                   | -                               | -  | -                 |
| Closing Balance         | -                   | -                               | 870.00                                       | 870.00            |

### **Names of related parties and description of relationship up to 31.03.2011**

Key Management Personnel : Sri.Manoj Kumar Tibrewal, Managing Director  
Sri.Mohanlal Tibrewal, Executive Director

### **List of relatives of key personnel**

|                          |                             |          |
|--------------------------|-----------------------------|----------|
| Sri Manoj Kumar Tibrewal | : Smt.Anitha Tibrewal       | Wife     |
| Managing Director        | : Mr.Mayank Tibrewal        | Son      |
|                          | : Mr.Umang Tibrewal         | Son      |
| Sri Mohanlal Tibrewal    | : Smt.Lakshmi Devi Tibrewal | Wife     |
| Executive Directors      | : Ms.Suman Tibrewal         | Daughter |
|                          | : Ms.Neha Tibrewal          | Daughter |

## 8. Earning per Share (EPS)

|   | <b>2010-11</b> | <b>2009-10</b> |
|---|----------------|----------------|
| Profit /Loss After Tax (Rs.In lakhs)  | -1,386         | -3,569         |
| Profit /Loss available to Equity Shareholder (after Deducting the probable Dividend on preference Shares and Dividend Distribution Tax) | -2,071         | -3,786         |
| Average Number of Equity shares (Face Value of Rs.5/- each) (No in Lakhs)   | 326            | 326            |
| Basic EPS (in Rupees)   | -6.35          | -11.61         |
| Diluted EPS (in Rupees)   | -6.35          | -11.61         |

**9. Requirement under Clause 32 of the Listing Agreement. Loans and advances in the nature of loans to subsidiaries, Firms, Associates and Companies in which Directors are interested is Rs.Nil (previous year Nil)**

**10. In compliance with AS 22 relating to "Taxes on Income" the company has recognized Deferred Tax Liability/ assets on account of the Net Deferred Tax Asset and Liability are represented as follows**

|                     | <b>Rs. In Lakhs</b>                 |                        |                                     |
|---------------------|-------------------------------------|------------------------|-------------------------------------|
|                     | <b>Opening as on<br/>01.04.2010</b> | <b>During the year</b> | <b>Closing as on<br/>31.03.2011</b> |
| <b>Depreciation</b> | <b>3,331</b>                        | <b>834</b>             | <b>4,165</b>                        |
| <b>Others</b>       | <b>-5,032</b>                       | <b>-537</b>            | <b>-5,569</b>                       |
| <b>Total</b>        | <b>-1,701</b>                       | <b>297</b>             | <b>-1,404</b>                       |

## 11. Breakup of Audit Fees

|                                      | <b>2010-11</b>  | <b>2009-10</b>  |
|--------------------------------------|-----------------|-----------------|
| For Statutory Audit                  | 1,65,450        | 60,665          |
| For Certification                    | 1,56,626        | 1,03,134        |
| For Out of Pocket Expenses           | 2,575           | 10,390          |
| For Tax Audit/ other Representations | 55,150          | 66,180          |
| For Cost Audit                       | 44,120          | 44,120          |
|                                      | <b>4,23,921</b> | <b>2,84,489</b> |

**12. The Investment in 6% Redeemable Cumulative Preference Shares is redeemable as under**

|                  |                   |
|------------------|-------------------|
| a. On 25.12.2012 | Rs. 5,00,00,000/- |
| b. On 25.11.2013 | Rs. 5,00,00,000/- |
| c. On 25.11.2014 | Rs. 5,00,00,000/- |
|                  | -----             |
| Total            | Rs.15,00,00,000/- |
|                  | -----             |

### 13. Managerial Remuneration

|    |  | 2010-11   |                  | 2009-10   |                  |
|----|--|-----------|------------------|-----------|------------------|
| A) | <b>Net Profit/Loss as per Profit and Loss Account</b>                |           | -178755671       |           | -356906501       |
|    | <b>Add:</b>  |           |                  |           |                  |
|    | Directors Remuneration   | 4200000*  |                  | 4200000*  |                  |
|    | Directors Sitting Fees   | 145000    |                  | 135000    |                  |
|    | Loss on Sale of Assets   | 139126    |                  | 130221    |                  |
|    | Prior year Income  | 69875009  |                  |           |                  |
|    | Depreciation as per P&L Account                                      | 183169238 | 257528373        | 180116930 | 184582151        |
|    |  |           | 78772702         |           | -172324350       |
|    | <b>Less:</b>   |           |                  |           |                  |
|    | Depreciation allowed U/s 350   | 183169238 | 183169238        | 180116930 | 180116930        |
|    | <b>Net Profit/Loss for the purpose of Managerial Purpose</b>         |           | -104396536       |           | -352441280       |
|    | Amount available for payment of Managerial Remuneration @ 5% u/s 198 |           | Nil              |           | Nil              |
| B) | Payment of remuneration to managerial persons u/s 309                |           |                  |           |                  |
|    | Sri. Manoj Kumar Tibrewal<br>Managing Director @ 5%                  |           | Nil              |           | Nil              |
|    | Minimum remuneration paid  |           | 21,00,000        |           | 21,00,000        |
|    | Sri. Mohanlal Tibrewal<br>Executive Director @ 5%                    |           | Nil              |           | Nil              |
|    | Minimum remuneration paid  |           | 21,00,000        |           | 21,00,000        |
|    | <b>Total</b>   |           | <b>42,00,000</b> |           | <b>42,00,000</b> |
| C) | Sitting fees paid to other directors                                 |           | 145000           |           | 135000           |

\* Excludes provisions made for post Employment benefits ( Defined Benefit and Defined contribution plan), which is based on actuarial valuation done in overall Company basis.

## 14. Statistical Information

|     |   | 2010-2011       |                   | 2009-2010       |                   |
|-----|---|-----------------|-------------------|-----------------|-------------------|
| (a) | <b>Capacity</b>   |                 |                   |                 |                   |
|     | i) Licensed (Rotors/Spindles/Looms/<br>Processing Capacity) |                 | Not Applicable    |                 | Not Applicable    |
|     | ii) Installed   |                 |                   |                 |                   |
|     | - Rotors (Nos)  |                 | 5904              |                 | 5904              |
|     | - Spindles (Nos)  |                 | 27648             |                 | 17376             |
|     | - Looms (Nos)   |                 | 128               |                 | 128               |
|     | - Processing Capacity per day (Mtrs)                        |                 | 50000             |                 | 50000             |
| (b) | <b>Turnover</b>   |                 |                   |                 |                   |
|     | i) Cotton yarn (Kgs)  | 10521582        | 1000232926        | 8383868         | 636775302         |
|     | ii) Waste (Kgs)   | 3921897         | 10476006          | 2615469         | 9577722           |
|     | iii) Garments (Nos)   | 259566          | 147001800         | 190138          | 110580337         |
|     | iv) Garment Waste/Panel (Kgs)                               | 40350           | 429084            | 40835           | 653051            |
|     | v) Fabrics (Mtrs)   | 7895150         | 844728350         | 8722780         | 645099372         |
|     | vi) Scrap   |                 | 1406359           |                 | 1173738           |
|     | vii) Dyeing Charges   |                 | 79570035          |                 | 25543403          |
|     |   | <b>22638545</b> | <b>2083844560</b> | <b>19953090</b> | <b>1429402925</b> |
| (c) | <b>Raw Materials Consumed</b>                               |                 |                   |                 |                   |
|     | i) Cotton and Cotton Waste (Kgs)                            | 15514883        | 575873901         | 13073102        | 374283477         |
|     | ii) Fabric for Garments (mtrs)                              | 366358          | 59023042          | 331722          | 39075364          |
|     | iii) Cotton Yarn for Fabrics                                | 1427593         | 408010288         | 1306740         | 236016106         |
|     | iv) Fabrics (mtrs)  | 63304           | 3282374           | 1460420         | 62846257          |
|     | v) Dyes & Chemicals   |                 | 88473664          |                 | 79887465          |
|     | vi) Accessories for Garments                                |                 | 16238638          |                 | 14697021          |
| (d) | <b>Production</b>   |                 |                   |                 |                   |
|     | i) Cotton Yarn (kgs)  | 11227583        |                   | 8994051         |                   |
|     | ii) Waste (kgs)   | 5072932         |                   | 4637674         |                   |
|     | iii) Garments (Nos)   | 242942          |                   | 206741          |                   |
|     | iv) Fabrics (mtrs)  | 8071443         |                   | 8816100         |                   |
| (e) | <b>Stock</b>  |                 |                   |                 |                   |
|     | i) a. Raw Materials - Cotton and<br>Cotton Waste (kgs)      |                 |                   |                 |                   |
|     | Opening Stock   | 1092558         | 45773915          | 382140          | 12180432          |
|     | Closing Stock   | 1504842         | 77896944          | 1092558         | 45773915          |
|     | b. Raw Materials - Cotton Yarn for Fabrics                  |                 |                   |                 |                   |
|     | Opening Stock   | 107154          | 20184709          | 141296          | 15799175          |
|     | Closing Stock   | 114378          | 32262470          | 107154          | 20184709          |
|     | c. Raw Materials - Fabric for Garments                      |                 |                   |                 |                   |
|     | Opening Stock   | 77416           | 9898112           | 62325           | 7799686           |
|     | Closing Stock   | 71960           | 8422634           | 77416           | 9898112           |
|     | d. Accessories for Garments (Various)                       |                 |                   |                 |                   |
|     | Opening Stock   |                 | 5182117           |                 | 4184468           |
|     | Closing Stock   |                 | 7828150           |                 | 5182117           |
|     | e. Consumables for Fabric (Various)                         |                 |                   |                 |                   |
|     | Opening Stock   |                 | 7487486           |                 | 9741628           |

|        |  |        |            |        |           |
|--------|--|--------|------------|--------|-----------|
|        | Closing Stock  |        | 10340307   |        | 7487486   |
| ii) a. | Finished Goods - Cotton Yarn (kgs)   |        |            |        |           |
|        | Opening Stock  | 529729 | 42008616   | 538840 | 41911444  |
|        | Closing Stock  | 807312 | 74536554   | 529729 | 42008616  |
| b.     | Finished Goods - Garments ( Nos)   |        |            |        |           |
|        | Opening Stock  | 103026 | 27610865   | 83151  | 23971890  |
|        | Closing Stock  | 92935  | 20801989   | 103026 | 27610865  |
| c.     | Finished Goods - Fabrics (mtrs)  |        |            |        |           |
|        | Opening Stock  | 505642 | 34313692   | 712813 | 32729076  |
|        | Closing Stock  | 685912 | 42934899   | 505642 | 34313692  |
| iii)   | Waste (kgs)  |        |            |        |           |
|        | Opening Stock  | 644877 | 2761537    | 116020 | 1269182   |
|        | Closing Stock  | 509543 | 4469175    | 644877 | 2761537   |
| iv) a. | Semi-finished Goods Yarn (Kgs)   |        |            |        |           |
|        | Opening Stock  | 268275 | 20646412   | 143224 | 7214469   |
|        | Closing Stock  | 305475 | 33761180   | 268275 | 20646412  |
| b.     | Semi-finished Goods Garments ( mtrs)   |        |            |        |           |
|        | Opening Stock  | 69532  | 12623713   | 63987  | 10402925  |
|        | Closing Stock  | 56060  | 14231232   | 69532  | 12623713  |
| c.     | Semi-finished Goods Fabric Division  |        |            |        |           |
| i)     | Fabric (mtrs)  |        |            |        |           |
|        | Opening Stock  | 597986 | 40576492   | 989073 | 47636650  |
|        | Closing Stock  | 241653 | 18991806   | 597986 | 40576492  |
| ii)    | Yarn (kgs)   |        |            |        |           |
|        | Opening Stock  | 135117 | 30285427   | 40088  | 6254589   |
|        | Closing Stock  | 148522 | 44045123   | 135117 | 30285427  |
| (f)    | <b>Value and percentage of imported and indigenous raw materials and stores consumed</b> |        |            |        |           |
|        | i) Raw Materials   |        |            |        |           |
|        | - Indigenous   | 100%   | 1241154592 | 100%   | 806805690 |
|        | - Imported   | -      | -          | -      | -         |
|        | ii) Stores and Spares  |        |            |        |           |
|        | - Indigenous   | 75%    | 28333670   | 55%    | 20691513  |
|        | - Imported   | 25%    | 9377889    | 45%    | 16627105  |
| (g)    | <b>CIF value of Imports</b>  |        |            |        |           |
|        | i) Capital Goods   |        | 0          |        | 2561623   |
|        | ii) On Stores Spares   |        | 9377889    |        | 16627105  |
| (h)    | <b>Expenditure in Foreign currency</b>   |        |            |        |           |
| (i)    | <b>On Business Travel</b>  |        | Nil        |        | Nil       |
| (j)    | <b>Earning in Foreign Exchange</b>   |        |            |        |           |
|        | i) FOB Value of Exports  |        | 10900232   |        | 11743346  |

## 15. EMPLOYEES BENEFITS

|          |  | 31.03.2011      | 31.03.2010      |
|----------|--|-----------------|-----------------|
| <b>1</b> | <b>Company's Contribution to Provident Fund</b>          | <b>5328626</b>  | <b>4796896</b>  |
| <b>2</b> | <b>Defined Benefit Plans</b>                             | <b>Gratuity</b> | <b>Gratuity</b> |
| <b>a</b> | <b>Liability recognized in the balance sheet</b>         |                 |                 |
|          | Present value of obligations As at 01.04.2010            | <b>4484906</b>  | <b>3951339</b>  |
|          | Interest Cost  | <b>358792</b>   | <b>1101579</b>  |
|          | Current Service Cost                                     | <b>1064401</b>  | <b>1101579</b>  |
|          | Benefits Paid  | <b>-393275</b>  | <b>-971640</b>  |
|          | Actuarial (gain)/ loss on obligations                    | <b>127079</b>   | <b>87521</b>    |
|          | Present value of obligations As at 31.03.2011            | <b>5641903</b>  | <b>4484906</b>  |
| <b>b</b> | <b>Fair value of Plan Assets As on 01.04.10</b>          | <b>5226851</b>  | <b>8294697</b>  |
|          | Expected return on plan assets                           | <b>797381</b>   | <b>706836</b>   |
|          | Contributions  | <b>1639658</b>  | <b>1216958</b>  |
|          | Benefits Paid  | <b>-393275</b>  | <b>-971640</b>  |
|          | Actuarial (gain) / loss on plan assets                   | <b>0</b>        | <b>0</b>        |
|          | Fair value of plan assets                                | <b>11290615</b> | <b>9246851</b>  |
|          | Funded Status  | <b>5648712</b>  | <b>4761945</b>  |
|          | Net Asset / (Liability ) recognized in the balance sheet | <b>-5648712</b> | <b>-4761945</b> |
| <b>c</b> | <b>Actuarial (gain) /loss recognized 31.03.2011</b>      |                 |                 |
|          | Actuarial (gain) /loss - obligation                      | <b>-127019</b>  | <b>-87521</b>   |
|          | Actuarial (gain) / loss - plan assets                    | <b>-</b>        | <b>-</b>        |
|          | Total (gain) / loss for the year                         | <b>127079</b>   | <b>87521</b>    |
|          | Actuarial (gain) / loss recognized                       | <b>127079</b>   | <b>87521</b>    |
| <b>d</b> | <b>Expenses during the year</b>                          |                 |                 |
|          | Current service cost                                     | <b>1064401</b>  | <b>1101579</b>  |
|          | Interest Cost  | <b>358792</b>   | <b>316107</b>   |
|          | Expected return on plan assets                           | <b>-797381</b>  | <b>-706836</b>  |
|          | Net actuarial (gain) / loss                              | <b>127079</b>   | <b>87521</b>    |
|          | Total  | <b>752891</b>   | <b>798371</b>   |
| <b>e</b> | <b>Principal actuarial assumptions</b>                   |                 |                 |
|          | Discounting rate   | <b>8.00%</b>    | <b>8.00%</b>    |
|          | Salary escalation  | <b>6.50%</b>    | <b>6.50%</b>    |

**16. Previous year figures have been regrouped and reclassified wherever necessary.**

**17. Figures have been rounded off to the nearest rupee.**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH , 2011

Rs. In Lakhs

|          |  | 31.03.2011      | 31.03.2010      |
|----------|--|-----------------|-----------------|
| <b>A</b> | <b>CASH FLOW FROM OPERATING ACTIVITY</b>   |                 |                 |
|          | Net Loss before tax and extraordinary items  | -1787.56        | -3569.07        |
|          | Adjustment for   |                 |                 |
|          | Depreciation   | 1831.69         | 1801.17         |
|          | Profit/Loss on sale of assets  | 1.39            | 1.30            |
|          | Dividend Receipt   | -180.02         |                 |
|          | Interest Receipt   | -7.69           |                 |
|          | Interest on Term Loan  | 2191.72         | 2760.19         |
|          | Operating profit before working capital changes                                    | <b>2049.53</b>  | <b>993.59</b>   |
|          | Adjustment for:  |                 |                 |
|          | Trade & other receipts   | -863.09         | 961.09          |
|          | Inventories  | -944.88         | -799.93         |
|          | Trade payable  | 988.08          | 266.26          |
|          | <b>Cash generated from operation</b>   | <b>1229.64</b>  | <b>1421.01</b>  |
|          | Direct taxes paid  | -0.60           | 0.83            |
|          | Interest   | 0.00            | 2760.18         |
|          | <b>Cash flow before extraordinary items</b>  | <b>1230.23</b>  | <b>-1340.01</b> |
|          | Extraordinary items  | <b>698.75</b>   | <b>0.00</b>     |
|          | <b>Net cash from operation</b> <span style="float: right;"><b>Total (A)</b></span> | <b>1928.98</b>  | <b>-1340.01</b> |
| <b>B</b> | <b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>  |                 |                 |
|          | Purchase of fixed assets(less revaluation amount)                                  | 222.34          | 241.33          |
|          | Sale of fixed assets   | -0.25           | -6.25           |
|          | Capital subsidy  | 186.27          | 53.22           |
|          | Miscellaneous Expenses written off   | -194.74         | -56.54          |
|          | Dividend Receipt   | 180.02          |                 |
|          | Dividend Paid  | 0.00            | 0.00            |
|          | <b>Total (B)</b>   | <b>33.60</b>    | <b>231.76</b>   |
| <b>C</b> | <b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>   |                 |                 |
|          | Proceeds/Repayment of borrowings   | -62.43          | -7137.43        |
|          | Increase/Decrease in Equity- Share Capital/Premium                                 | 0.00            | 9042.00         |
|          | Interest Receipt   | 7.69            |                 |
|          | Interest on Term Loan  | -2191.72        |                 |
| <b>D</b> | <b>NET CASH FROM FINANCIAL ACTIVITIES</b>  | <b>-2246.46</b> | <b>1904.57</b>  |
| <b>E</b> | <b>NET INCREASE IN CASH AND CASH EQUIVALENTS(A+C-B)</b>                            | <b>-351.07</b>  | <b>332.80</b>   |
| <b>F</b> | <b>CASH AND CASH EQUIVALENTS OPENING BALANCE</b>                                   |                 |                 |
|          | Cash and bank balances   | <b>469.36</b>   | <b>136.56</b>   |
| <b>G</b> | <b>CASH AND CASH EQUIVALENTS CLOSING BALANCE</b>                                   |                 |                 |
|          | Cash and bank balances   | <b>122.55</b>   | <b>469.36</b>   |
|          |  | <b>346.81</b>   | <b>-332.80</b>  |

**Maxim Joseph**  
Company Secretary

Vide our Report of Even Date  
For THAKKER & SANGHANI  
Firm Registration No. 004351S  
Chartered Accountants

**MANOJ KUMAR TIBREWAL**  
Managing Director

**Coimbatore**  
**30.05.2011**

**Aswin C**  
Partner  
Membership No. 22204

**MOHANLAL TIBREWAL**  
Executive Director

**PART VI – SCHEDULE VI OF COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**A) REGISTRATION DETAILS**

Registration No : 181 02491  
CIN No : L17115TZ1989PLC002491  
State Code : 18  
Balance Sheet : 31-03-2011

**B) CAPITAL RAISED DURING THE YEAR ( Amount in Rs thousands)**

Public Issue : Nil  
Rights Issue : Nil  
Bonus Issue : Nil  
Private Placement : Nil

**C) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS 31-3-2011**

(Rs. in thousands)

| Total Liabilities      | Amount           | Total Assets                | Amount           |
|------------------------|------------------|-----------------------------|------------------|
| <b>Source of Funds</b> |                  | <b>Application of Funds</b> |                  |
| Paid –up Capital       |                  | Net Fixed Assets            | 33,49,848        |
| Reserves & Surplus     | 10,67,273        | Investments                 | 1,50,066         |
| Secured Loans          | 5,28,985         | Net Current Assets          | 5,54,340         |
| Unsecured Loans        | 32,88,883        | Miscellaneous Expenditure   | 25,914           |
|                        | 1,62,515         | Deferred Tax Asset          | 1,40,474         |
|                        |                  | Profit and Loss Account     | 8,27,014         |
| <b>Total</b>           | <b>50,47,656</b> | <b>Total</b>                | <b>50,47,656</b> |

**D) PERFORMANCE OF THE COMPANY ( Amount in Rs thousands)**

Turnover : 20,83,845  
Total Expenditure : 21,92,666  
Profit before Tax : - 1,08,821  
Loss after tax ( after Extra Ordinary items) : - 1,38,568 :  
Earning per share ( Rs ) : - 6.35  
Dividend Rate : Nil

**E) GENERIC NAMES OF PRINIPAL PRODUCTS / SERVICE OF THE COMPANY**

| Product Description | Cotton Yarn | Cotton Waste | Garments | Mill Made Fabrics |
|---------------------|-------------|--------------|----------|-------------------|
| Code Number         | 520511      | 520200       | 620100   | 520800            |

|  |  |  |
|--|--|--|
| <b>Maxim Joseph</b><br>Company Secretary | Vide our Report of Even Date<br>For THAKKER & SANGHANI<br>Firm Registration No. 004351S<br>Chartered Accountants | <b>MANOJ KUMAR TIBREWAL</b><br>Managing Director |
| <b>Coimbatore</b><br><b>30.05.2011</b>   | <b>Aswin C</b><br>Partner<br>Membership No. 22204  | <b>MOHANLAL TIBREWAL</b><br>Executive Director   |