

23rd
Annual Report
2011 - 2012

Gangotri Textiles Limited

REGISTERED OFFICE :

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

BOARD OF DIRECTORS

Sri. MANOJ KUMAR TIBREWAL
Managing Director

Sri. MOHANLAL TIBREWAL
Executive Director

Sri.ULLAS R SANGHVI
Director

Sri. G.V. CHANDRA BHASKAR
Nominee Director of IDBI Bank Ltd
(w.e.f 29-5-2012)

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

Sri.A.VENKATASUBRAMANIAN
Nominee Director of Canara Bank
(w.e.f 31-1-2012)

Sri. J.B. SIVAKUMAR
Nominee Director of IDBI Bank Ltd
(upto 29.05.2012)

COMPANY SECRETARY

Sri. MAXIM JOSEPH

AUDITORS**M/S THAKKER & SANGHANI**

Chartered Accountants
117-A, West Bashyakaralu 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
IDBI BANK LTD
CORPORATION BANK

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, 3rd Floor
1391/A-1, Sathy Road,
Ganapathy,
Coimbatore – 641 006

CONTENTS

Page No.

Notice to Shareholders	2
Directors' Report	3
Management Discussion & Analysis Report	8
Corporate Governance Report	11
Auditor's Report	19
Accounts	22-39
Cash Flow Statement	40

NOTICE TO SHAREHOLDERS :

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held on **Wednesday, the 12th day of September, 2012 at 3.30 PM** at the Conference Hall, Sree Coimbatore Gujarati Samaj, 662, Mettupalayam Road, Post Box No 1164, R.S. Puram, Coimbatore - 641 002 to transact the following business :

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit & Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date and the 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.

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 3-9-2012 to 12-9-2012 (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 2011-12, unclaimed dividend of Rs 1,30,765 / declared for the financial year 2003-04 has been transferred to the Investors' Education & Protection Fund on 23-12-2011. Shareholders who have not encashed their dividend warrants for the years 2004-05, 2005-06 and 2006-07 are requested to write to the Secretary 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 Id are requested to provide the same with the company 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 29-4-2011 issued by 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	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	He is a Director in Churchgate Investments & Trading Pvt. Ltd.,
Chairman / Member of Committees of other companies in which he is a Director.	NIL

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

Coimbatore
29-5-2012

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,
Your Directors present the 23rd Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

(in Rs)

PARTICULARS	31.03.2012	31.03.2011
Sales Turnover	1,61,73,01,006	2,08,38,44,560
Profit before interest, depreciation and tax	5,30,07,417	30,79,78,783
Less: Interest	26,78,25,730	23,37,65,207
Depreciation	18,61,96,709	18,31,69,238
Impairment of Assets	3,80,76,132	----
Net Profit / loss for the year before Tax	(43,90,91,154)	(10,89,55,662)

PERFORMANCE

The year under review is one of the worst periods in the history of the Company. The performance of the Company was badly affected due to very high input cost, severe power cut, high interest rate and depressed finished goods realization. The performance during the year under review, the conditions in the industry as a whole, various favourable and unfavourable 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, the Directors are not in a position to recommend any dividend for the financial year ended 31st March 2012.

PROJECT

The project as it was envisaged has been more or less completed. 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

Textile Industry continues to reel under severe crisis and mounting cash losses mainly due to under utilization of machinery and the economic slow down in importing Countries particularly United States and Europe though the condition has been slightly improved in United States. The alarming shortage in power supply due to scheduled and unscheduled stoppages by the Tamil Nadu Electricity Board coupled with slow down in the yarn market have forced Textile Mills to under- utilize their capacity to the maximum extent. This has hit the production as well as the delivery schedule very badly.

With the crude oil prices going up, operating with captive Diesel / Furnace Oil Generators are proving to be totally un-economical. Though the Company has its own Wind Energy Generators, the power generated has to be fed into the central grid and can be availed only through the grid. Hence, continuous and stable supply of power is not assured.

The Labour scenario is also far from satisfactory. At all levels and in all categories, locating and retaining capable hands has become a real issue.

Free imports of Yarn, Fabric and Garments has led to the flooding in the domestic market thereby slackening the demand for the Company's products. In spite of these impediments, your Company is making every effort to keep production at the maximum possible level, if not at the optimum level.

POWER GENERATION PLANT

During the year under review, the company impaired the Power Generation Plant at unit 4, Udumalpet, valued at Rs.380.75 Lakhs. In view of the higher price of furnace oil it would not be viable to run the unit and hence the unit had not been functioning for the last few years. Considering the present situation and the company as a whole, it would not be possible to make the unit as a profitable venture and hence the decision to impair was taken, after following the due exercise.

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. During the year under review, due to insufficient Working Capital, the Company's performance was far below the optimum level.

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. The Directors have therefore decided to dispose off some of the assets and reduce the debt burden. Parallely, discussions are also going on with the bankers for a possible one time settlement of debts due.

During the year under review, the company has effected the sale of three Wind Mills for a consideration of Rs 21.60 crores, vacant land admeasuring 26.49 ½ acres of land situated at Munduvelampatty Village for a consideration of Rs 90.48 lakhs and vacant land anmeasuring 1.62 acres of land situated at Kalappaty Village for a consideration of Rs 1.82 crores. These amounts have been utilized for the repayment of Term Loan obtained from the Banks. The company is also in the process of sale of Weaving & Processing unit at Perundurai and the Spinning Unit at Udamalpet.

With the present limits of working capital funding, the Company finds it difficult to carry out its operations even at low utilisation levels.

It would be extremely impractical to carry out the operation unless the working capital limit is enhanced by the Banks/ lenders.

DEPOSITS

There are no deposits outstanding as on 31st March 2012 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.

CORPORATE GOVERNANCE

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

LISTINGS

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1) that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;

2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year namely March 31, 2012 and of the profit / loss of the Company for that year;

3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) that the Directors have prepared the Annual Accounts on a going concern basis.

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 re-appointed.

GENERAL

There are no employees falling under Section 217 (2A) of the Companies Act, 1956. The information pursuant to the Company (disclosure to particulars in the report of Board of Directors) Rules 1988 to the extent applicable is attached.

ACKNOWLEDGEMENT

Your Directors wish to thank and record their appreciation to all the Bankers of the Company for their valuable financial support extended to the Company as also for the valuable advice and guidance given by them 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 and Shareholders who have stood by the Company in these testing times.

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

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

Coimbatore
29-5-2012

MOHANLAL TIBREWAL
EXECUTIVE DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

FORM A

(See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	CURRENT YEAR	PREVIOUS YEAR
	2011 - 2012	2010 - 2011
A) Power and Fuel Consumption		
1. Electricity		
a) Purchased Unit (KWH)	2,81,92,292	3,87,69,832
Total Amount (in Rs.)	14,88,70,401	19,11,99,770
Rate / Unit (Rs.)	5.28	4.93
b) Own Generation		
Through Diesel Generator- Cotton Yarn		
Unit (KWH)		
Units / Ltr of Diesel of Oil	12,36,570	33,49,807
Cost / Unit	3.76	3.69
	12.07	11.11
c) Own Generation		
Through Diesel Generator- Fabrics		
Unit(KWH)	17,03,960	22,42,616
Units/Ltr of Diesel of Oil	3.71	3.76
Cost/Unit	9.08	9.40
d) Own Generation		
Through Diesel Generator (Garments)		
Units	44,583	28,854
Units/Ltr of Diesel	3.23	2.97
Cost/Unit	15.66	14.97
e) Own Generation Through Windmill		
Units	1,72,75,001	2,01,45,382
Cost/Unit	3.36	4.22
2 Fuel Consumption		
b) Furnance Oil (Garments)		
Quantity (Kilo Litre)	67	99
Total Cost (in. Rs.)	28,26,543	31,43,099
Average Rate	42.14	31.80
B) Consumption per unit of production standards (if any)		
Product - Cotton Yarn (Kgs)	80,11,443	1,12,27,583
Consumption (units)	2.38	2.51
Product - Garments (Kgs)	2,47,778	2,42,942
Consumption (units)	1.00	1.20
Product - Fabrics (Mtrs)	54,92,898	80,71,443
Consumption (units)	2.16	1.98

FORM B
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R & D)

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

In Rs.

Foreign Exchange Earnings and Outgo	Current Year 2011 - 2012	Previous Year 2010 - 2011
1 Foreign exchange earned through Direct Export	-	13,44,231
2 Expenditure in Foreign Currency		-
a. On Business Travel	-	-
b. On Capital Goods	-	93,77,889
c. On Stores & Spares	67,85,730	-
d. On Raw materials	25,23,084	

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

MANOJ KUMAR TIBREWAL
Managing Director

MOHANLAL TIBREWAL
Executive Director

Coimbatore
29-5-2012

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development :

Yarn Spinning Industry, which is the core of the Company's activity, continued to pass through very difficult phase during the year under review due to general economic slow down and demand recession, not only in the domestic market but also in the export market.

Lack of modernization, the ever increasing cost of inputs and stiff competition from the neighbouring Countries have forced many Spinning Units turning sick and forced to close down. The highest price volatility in cotton prices in the past 150 years followed by a collapse in April, 2011 had immediate repercussions in the domestic market. (Cotton yarn production is down by 15 % and Fabric production is down by 19 % in the April- October, 2011 period over the previous year). Textile Mills faced with high priced cotton inventories could not pass through the prices in to yarn and fabric as the price decline came suddenly in the month of April, 2011. This has led to a slow down in production and reduced utilization capacity.

The company has effected sales turnover of Rs 77.31 crores as against Rs 100.02 crores last year in respect of yarn and Rs 15.44 crores as against Rs 14.70 crores last year in respect of Ready made Garments and Rs 60.96 crores as against Rs 84.47 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 respect of yarn division. The performance of the Weaving & Processing Unit at Perundurai was not at all encouraging in view so many hurdles faced by the company. Though the demand for Fabric was good, delivery schedule could not be kept up due to severe power-cut and the labour problem. The workers of this unit have gone on strike with effect from 24-1-2012 demanding the wage revision on the higher side and the unit is not working since then. 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 6.65 crores during the year under review as against Rs 7.96 crores previous year.

OPPORTUNITIES AND THREATS

At present, the opportunity for Cotton Textile Industry seems to have taken a reverse turn. However, every effort has been made to meet the changing scenario of the consumers. The fact of the Cotton prices going through roof has made the whole industry unviable. The power has become a perennial problem and it has hit the Industry very badly for the past three months. 40 % power-cut on the base demand was imposed to all H.T Industries with effect from 27-2-2012. There was restriction to use the power only 10 % level of the quota demand during the evening hours of 6.00 PM to 10.00 PM. Besides there was around 6 to 8 hours unscheduled load shedding though it is only two hours as per existing measures. . In addition to all the above, there was a declaration of two power holidays on one notified day and on all Sundays with effect from 1-3-2012. Worst of all the above, the State Government has hiked the Power Tariff substantially with effect from 1-4-2012 by which the entire Industries will be affected very badly in the coming years.

Because of unscheduled load shedding it became difficult for the Industries to plan their production schedule thus leading to payment of idle wages to the labour force as they have no work to do in such condition. Thus the entire State has been experiencing frequent and intermittent power shut downs . This not only affects the production but also affects the quality of the product.

Labour scenario is not giving any comfort. There are many units which are being run on partial capacity for want of adequate skilled labour. The money market which was very liquid and easy in the past is witnessing continuous increase in the interest rates and the company being a heavy borrower, the interest charges have become one of the major elements.

To summarise on the one side, good quality cotton is not available, the price of cotton is highly prohibitive, the power supply is erratic, as a result of which the productivity and quality suffers and consequent upon excessive supply of yarn and cloth either there is stock piling or there is distress sale in order to raise liquid resource.

FINANCIAL PERFORMANCE AND ANALYSIS

in Rs.

PARTICULARS	2011 - 2012	2010 - 2011	Change Increase (+) Decrease(-)	%
Turnover	1,61,73,01,006	2,08,38,44,560	-46,65,43,554	-22.39
Other Income	4,07,17,400	3,97,44,005	9,73,395	2.45
Gross Revenue	1,65,80,18,406	2,12,35,88,565	-46,55,70,159	-21.92
PBIDT	5,30,07,417	30,79,78,783	-25,49,71,366	-82.79
Interest	26,78,25,730	23,37,65,207	3,40,60,523	14.57
PBDT	(21,48,18,313)	7,42,13,576	-28,90,31,889	-389.46
Depreciation	(18,61,96,709)	18,31,69,238	30,27,471	1.65
Impairment of Assets	(3,80,76,132)	---	(3,80,76,132)	100.00
Net Profit / Loss for the year Before Tax	(43,90,91,154)	(10,89,55,662)	(33,01,35,492)	-303.00

SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The Company continues to deal with in Yarn, Cloth and Garments. In so far as the yarn is concerned the position is fully explained. It is to be further added that during the year under review, due to very sluggish movement of yarn, erratic power situation and non-availability of skilled labour the overall performance of the company is not satisfactory. This is a new phenomena in the history of the company.

The whole Industry is clueless as to how and when the situation will improve for the better. In fact, if the present situation continues, it is quite likely that there would be more closure and more units may be on the block.

FABRIC

The situation in respect of Fabric is the same as in the case of Yarn. The off-take of fabric leaves much to be desired and so is the price. Since the company is negotiating for one-time settlement of the loans borrowed from the Banks, there is every possibility of the Unit which is producing Fabric may be disposed off subject to the offer of better price.

GARMENTS

The company's Garment sales have improved marginally from Rs.14.70 Crores to Rs.15.44 toCrores. The strengthening Rupee during the year and consequential negative realization by the Exporters has forced them to enter into domestic market in a big way. In fact, even branded Readymade Garments are being sold in street corners and at the time of festivals, garments are being sold by weight rather than in numbers. This shows the amount of pressure and competitions that the company is facing in marketing its branded quality material.

WIND ENERGY

During the year under review, the Company has sold three Wind Mills , two situated at Anthiyur Vilage and one situated at Mywadi Vilage in Udamalpet District. The remaining two Wind Energy Generators are producing electricity and the entire production of energy is being consumed by the company for its own requirements. This advantageous the company.

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.

In this connection, necessary Notice under the provisions of Companies Act, has already been sent to the Shareholders for their consent. Discussions are going on for strategic investors who can bring in money and reduce the debt burden.

RISK AND CONCERNS

The risks that the Industry is facing and as a part of the Industry, the company is facing are identical. As has been stated they are a) non-availability of raw material at an acceptable price b) non-availability of skilled labour c) high interest cost d) unremunerative prices of yarn resulting in distress sales by many mills e) accumulating stock of yarn across the Country and above all f) un-scheduled and frequent power tripping. The Lenders have started retaining 10% of the collection of the company with effect from 01.05.2012 whereby working capital of the company continued to shrink affecting the operations of the company.

The concern is regarding in what manner and when the situation could be got over and in what form and when any support will be forthcoming from the Government . The sooner any one or more of these areas improve, that would be a big relief for the Industry.

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 and the company is not able to find prospective buyers for the units.

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 procedures 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

Company's policies on the Corporate Governance under the due compliance report on specific areas, where applicable for the year 2011-2012 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 organisation.

2. Board of Directors :

The Board of Directors, on the date of this report is comprised of six members, out of which four 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.

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	1	NIL	NIL
Sri.J.B.Sivakumar upto 29.05.2012	Independent Non-Executive	NIL	NIL	NIL
Sri. R.P. Joshua	Independent Non-Executive	1	NIL	NIL
Sri. A. Venkatasubramaian Wef : 31.01.2012	Independent Non-Executive	NIL	NIL	NIL
Sri. G.V. Chandra Bhaskar Wef : 29.05.2012	Independent Non-Executive	NIL	NIL	NIL

b) Details of Sitting Fees, remuneration etc paid to Directors

Name of the Director	Remuneration paid During the year 2011 - 12 (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	45,000
Sri. J.B.Sivakumar	Nil	45,000*
Sri. R.P. Joshua	Nil	40,000
Sri. A. Venkatasubramanian	Nil	5,000

* Paid to IDBI.

c) i) Number of Board Meetings held and attended by the Directors :

Meetings of the Board of Directors were held during the year ended 31-3-2012 on the following dates.

1) 30th May, 2011 2) 5th August, 2011 3) 10th November, 2011 4) 31st January, 2012

ii. Attendance recorded of each of the Directors at the Board Meeting during the year ended 31st March, 2012 as also of the Annual General Meeting is as under.

Name of the Director	No of Board Meetings Attended	Attendance at the Last AGM
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
Sri. A. VenkataSubramanian	1	No

3. Audit Committee

The Audit Committee of the Company consists 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)

The Audit Committee meetings were held on the following dates:

1) 30th May, 2011 2) 5th August, 2011 3) 10th November, 2011 4) 31st January, 2012

ii. Attendance of the Audit Committee Meeting held during the financial year ended 31st March, 2012.

Name of the Member	No of Meetings Attended
Sri.Ullas R Sanghvi	4
Sri.J.B.Sivakumar	4
Sri. R.P. Joshua	4

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 :

The Remuneration Committee of the Company consists 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)

The Remuneration Committee meeting was held on 30-5-2011 and approved the remuneration payable to Sri. Manoj Kumar Tibrewal, Managing Director for the period from 1-4-2012 to 31-3-2015 and to Sri. Mohanlal Tibrewal, Director for the period from 1-4-2011 to 31-3-2014.

5. Investors Grievance Committee :

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

1. Sri. Manoj Kumar Tibrewal Chairman (Executive)
2. Sri. Mohanlal Tibrewal Member (Executive)
3. Sri. Ullas R Sanghvi Member (Non-Executive)

The Investors' Grievance Committee meeting was held on 31-1-2012 and reviewed the complaints received from the Investors.

During the financial year ended 31st March, 2012, the company has not received any complaint from the Investor's and as on 31st March, 2012 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 12 -9-2012 are given hereunder.

Out of the composition of six Directors, Sri. Manoj Kumar Tibrewal, Managing Director, Sri. Mohanlal Tibrewal, Executive Director, Sri. J .B. Sivakumar , Nominnee Director of IDBI, Sri. R.P Joshua, Nominnee Director of Lending Banks and Sri.A.Venkatasubramanian Nominnee Director of Canara Bank are not liable to retire by rotation. The Director Sri. Ullas R.Sanghvi alone is due to retire by rotation at the ensuing 23rd 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	He is a Director in Churchgate Investments & Trading Pvt. Ltd.,

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 / EGM NO	DAY	DATE	TIME	VENUE
20	Friday	25.09.2009	3.30 pm	T.V.Brother's Hall Sree.Coimbatore Gujarat Samaj 662, Mettupalayam Road, P.B. No.1164, R.S.Puram, Coimbatore - 641 002
21	Wednesday	08.09.2010	3.30 pm	Conference Hall, Sree.Coimbatore Gujarat Samaj 662, Mettupalayam Road, P.B. No. 1164, R.S.Puram, Coimbatore - 641 002
E.G.M	Wednesday	03.11.2010	3.30 pm	Conference Hall, Sree.Coimbatore Gujarat Samaj 662, Mettupalayam Road, P.B. No.1164 R.S.Puram, Coimbatore - 641 002
22	Friday	23.09.2011	3.30 pm	Conference Hall, Sree.Coimbatore Gujarat Samaj 662, Mettupalayam Road, P.B. No. 1164, R.S.Puram, Coimbatore - 641 002

b) In the 22nd Annual General Meeting held on 23.09.2011, two Special Resolutions were proposed to be passed as detailed below.

Resolution No.	Relating to
4	Appointment of Sri. Mohanlal Tibrewal as Executive Director for the period from 1-4-2011 to 31-3-2016
5	Appointment of Sri. Manoj Kumar Tibrewal as Managing Director for the period from 1-4-2012 to 31-3-2017

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 have been 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 will be published in either of these 1) Business Line 2) Trinity Mirror (English) and in 1) Dinamalar 2) Malai Malar 3) Makkal Kural (Tamil)
- ii) Any website where displayed : www.gangotritextiles.com
- iii) Whether Management's Discussion and Analysis is part of Annual Report : Yes

11. General Shareholder Information :

a) Annual General Meeting to be held on 12.09.2012 (23rd AGM)

Day : Date : **12 -9-2012 Wednesday** Time : **3.30 P.M**
Venue : Sree Coimbatore Gujarati Samaj, 662, Mettupalyam Road,
Post Box No 1164, R.S.Puram, Coimbatore - 641 002

b) Financial Calendar Year 2012-2013 :

First quarterly Financial Results : On or before 14-08-2012
Second quarterly Financial Results : On or before 15-11-2012
Third quarterly Financial Results : On or before 15-02-2013
Audited Financial Results for the year ended 31-3-2013 : On or before 30-05-2013

c) Dates of Book Closure : From: 03 -09-2012 To 12 -09-2012 (Both days inclusive)
for the purpose of Annual General Meeting.

d) Dividend payment date :

In the absence of Profit for the financial year ended 31st March, 2012, the Board of Directors have not recommended any dividend for the financial year 31-3-2012.

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 Association Ltd
- 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 2011-12 are furnished hereunder.

MONTH		Highest Rate (Rs)	Lowest Rate (Rs)
APRIL	2011	8.40	6.81
MAY	2011	7.64	5.71
JUNE	2011	7.27	5.81
JULY	2011	6.70	5.71
AUGUST	2011	6.90	4.10
SEPTEMBER	2011	5.68	4.00
OCTOBER	2011	5.00	3.75
NOVEMBER	2011	4.55	3.15
DECEMBER	2011	4.50	3.45
JANUARY	2012	4.32	3.45
FEBRUARY	2012	4.35	3.49
MARCH	2012	4.10	3.01

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, 3rd Floor 1,391/A-1,Sathy Road, Coimbatore - 641 006
Phone : 0422- 4039900 Fax No : 0422 – 2539837 E-mail : info@skdc-consultants.com

14. Share Transfer System :

Share Transfers are registered and returned within a maximum period of 15days 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. Distribution of Shareholding : (As on 31-3-2012)

No of Shares	No of Shareholders	No of Shares	Percentage
Up to 5,000	8489	29,03,602	8.903
5001 - 10000	747	11,62,789	3.565
10001 - 20000	390	11,44,870	3.510
20001 - 30000	153	7,59,490	2.328
30001 - 40000	57	4,00,827	1.229
40001 - 50000	51	4,74,778	1.456
50001 - 100000	61	8,96,589	2.749
100001 and above	75	2,48,71,689	76.260
Total	10,023	3,26,14,634	100.000

Category	No of Shares held	Percentage
Promoters	79,83,457	24.478
Mutual Funds and UTI	1,600	0.005
Financial Institutions / Banks	15,99,348	4.904
Bodies Corporate	31,70,630	9.721
NRI / OCB	1,81,900	0.558
Insurance Companies	12,02,000	3.685
General Public	1,84,75,699	56.649
TOTAL	3,26,14,634	100.000

17. Dematerialisation of Equity Shares :

As on 31-3-2012 shares representing 98.473 % percentage of the total paid up capital of the Company is held in dematerialized form with NSDL and CDSL.

18. Plant Location**Unit I:**

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

Unit II

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, Ponnandampalayam
Kaniyur Post
Avinashi Taluk
Coimbatore District

UNIT - VI

Plot No L4, L5 & L6
5th Cross Road
SIPCOT Industrial Complex
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 Complex
Perundurai
Erode District

UNIT IX

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

19. Address for correspondence :

Registered Office
Old No 42, New No 35, Robertson Road
R.S.Puram
Coimbatore - 641 002
Telephone No : 0422 – 4332100
Fax No : 0422 – 2474499
Mail Id : tibre@gangotritextiles.com

21. 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 2011-12.

Coimbatore
29-5-2012

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

22. CEO / CFO CERTIFICATE

We certify that

- a) We have reviewed financial statements and cash flow statements for the year ended 31st March, 2012 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
29-5-2012

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

The above Corporate Governance Report has been placed before the Board of Directors at their meeting held on 29 -5-2012 and the same was approved thereat.

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 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 31st March, 2012, 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 31st March, 2012, 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
29.05.2012

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 31st March' 2012 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. In 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 March,31, 2012 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 2012 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 explanation 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 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 31st March'2012.
 - (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.

Coimbatore
29.05.2012

For **THAKKER & SANGHANI**
Firm Registration No:004351S
Chartered Accountants
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, other than certain non-core assets (Three windmills and Vacant land at Kalapatti and at Munduvelampatti). And, it is noted that according to the management, these assets will not be replaced in the foreseeable future.
- d) The Company has provided for impairment of the Power General Plant (Furnace oil based) at Udumalpet for Rs.380.75 Lakhs, during the year under review.
- ii) a) As explained to us, inventories of the company at all its location 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, 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.11.50 crores, and the transaction during the year is Nil and accordingly year end balance 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 interest of the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company and according to the information and explanations given to us, no major weakness have been noticed or reported.
- 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 cost records u/s 209 (1)(d), of the Act. We are of the opinion that, prima facie, the prescribed

accounts and records have 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 Production 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:

Name of the Statute	Year	Nature of Dues	Amount in Lakhs	Forum where dispute is pending	Provided in the books of accounts
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 31.03.2012. In our opinion the accumulated losses of the Company as on 31.03.2012 are more than 50% of its networth. The Company has incurred cash loss during the financial year covered by our audit but has not incurred cash loss in the immediately preceding financial year.**

xi) **The Company has defaulted in repayment of dues, both principal and interest to lenders. The Principal default of Rs. 227.28 Crores is from April 2011 and the Interest default of Rs.13.31 Crores is from October 2011.**

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 explanations 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 explanations given to us, the company has not given any guarantee for loans taken by offers from banks or financial institutions.

xvi) According to the information and explanations 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 long - term investments by the Company.

xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies oared 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 explanations given to us, during the year the Company has not raised money by public issue.

xxi) To the best of our knowledge the 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
29.05.2012

BALANCE SHEET AS AT 31st MARCH, 2012

Particulars	Note No.	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share Capital	1	1,06,72,73,170	1,06,72,73,170
(b) Reserves and Surplus	2	-75,67,38,956	-29,80,29,657
Sub total - Shareholders Funds		31,05,34,214	76,92,43,513
Non-Current Liabilities			
(a) Long-term borrowings	3	27,55,07,006	46,86,32,271
(b) Other Long term liabilities	4	13,39,85,406	14,78,10,842
(c) Long term provisions	5	5,55,00,000	---
Sub total - Non Current Liabilities		46,49,92,412	61,64,43,113
Current Liabilities			
(a) Short-term borrowings	6	2,84,02,74,277	2,83,81,32,286
(b) Trade payables		4,28,29,311	21,89,92,401
(c) Other current liabilities	7	5,00,35,925	6,23,48,605
(d) Short-term provisions	8	75,000	75,000
Sub total - Current Liabilities		2,93,32,14,513	3,11,95,48,292
Total Equity and Liabilities		3,70,87,41,139	4,50,52,34,918
Assets			
Non-current assets			
<i>(a) Fixed assets</i>			
(i) Tangible assets	9	2,91,99,20,958	2,99,88,96,321
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		28,19,877	35,09,51,370
(iv) Intangible assets under development		---	---
(b) Non-current investments	10	15,00,65,500	15,00,65,500
(c) Deferred tax assets (net)		14,04,73,811	14,04,73,811
(d) Long term loans and advances	11	4,48,95,623	4,94,48,254
(e) Other non-current assets	12	5,07,48,181	4,10,87,497
(f) Miscellaneous Expenses (to be written off)		---	2,59,14,010
Sub total - Non Current Assets		3,30,89,23,950	3,75,68,36,763
Current assets			
(a) Inventories	13	18,60,29,278	39,95,24,575
(b) Trade receivables	14	11,37,88,807	22,31,38,698
(c) Cash and cash equivalents	15	35,46,513	1,22,55,335
(d) Short-term loans and advances	16	5,09,055	5,40,247
(e) Other current assets	17	9,59,43,536	11,29,39,300
Sub total - Current Assets		39,98,17,189	74,83,98,155
Summary of significant accounting policies - Annexure I			
Total Assets		3,70,87,41,139	4,50,52,34,918
The notes referred to above form an integral part of the Balance Sheet			

MAXIM JOSEPH
Company Secretary

Coimbatore
29.05.2012

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

Aswin.C
Partner

Membership No:22204

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

MOHANLAL TIBREWAL
Executive Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012			
Particulars	Note No.	31.03.2012	31.03.2011
I Revenue from operations	18	1,61,73,01,006	2,08,38,44,560
II Other Income	19	4,07,17,400	3,97,44,005
III Total Revenue (I +II)		1,65,80,18,406	2,12,35,88,565
IV Expenses:			
Cost of materials consumed	20	87,83,17,921	1,22,23,03,519
Changes in inventories of finished goods, Work in Progress and Stock-in-Trade	21	13,02,32,475	-4,29,45,203
Employee benefit expense	22	10,35,81,497	9,89,67,638
Financial costs	23	26,78,25,730	23,37,65,207
Depreciation	24	18,61,96,709	18,31,69,238
Other expenses	25	52,01,09,201	60,71,58,837
Total Expenses		2,08,62,63,533	2,30,24,19,236
V Profit before exceptional and extraordinary items and tax		-42,82,45,127	-17,88,30,671
VI Exceptional Items	26	2,72,30,105	---
VII Profit before extraordinary items and tax (V - VI)		-40,10,15,022	-17,88,30,671
VIII Extraordinary Items	27	-3,80,76,132	6,98,75,009
IX Profit before tax (VII - VIII)		-43,90,91,154	-10,89,55,662
X Tax expense:			
(1) Current tax		---	59,738
(2) Deferred tax		---	-2,96,72,129
XI Profit(Loss) from the period from continuing operations		-43,90,91,154	-13,85,68,053
XII Profit/(Loss) from discontinuing operations		---	---
XIII Tax expense of discounting operations		---	---
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		---	---
XV Profit/(Loss) for the period (XI + XIV)		-43,90,91,154	-13,85,68,053
XVI Earning per equity share:			
(i) Basic		-15.56	-6.35
(ii) Diluted		-15.56	-6.35
Weighted Average number of shares outstanding		3,26,14,634	3,26,14,634
Summary of significant accounting policies - Annexure I			
The notes referred to above form an integral part of the Profit & Loss A/c			

MAXIM JOSEPH
Company Secretary

Coimbatore
29.05.2012

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

Aswin.C
Partner

Membership No:22204

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

MOHANLAL TIBREWAL
Executive Director

NOTES TO THE FINANCIAL STATEMENTS

Note : 1 - Share Capital		31.03.2012	31.03.2011
Authorised			
6,00,00,000 Equity Shares of Rs.5/- each	30,00,00,000		
92,00,00,000 6.5% Cumulative Redeemable Preference Shares of Rs.100/- each	92,00,00,000	1,22,00,00,000	1,22,00,00,000
Issued			
Equity Share Capital			
3,26,14,634 Equity Shares of Rs.5 each (Of the above 96,00,000 shares of Rs.5/- each fully capitalisation of reserves)	16,30,73,170		
Preference Share Capital			
90,42,00,000 6.5% Cumulative Redeemable Preference Shares of Rs.100/- each issued at par for consideration other than cash (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)	90,42,00,000	1,06,72,73,170	1,06,72,73,170
Subscribed & Paid up			
3,26,14,634 Equity Shares of Rs.5 each fully paid	16,30,73,170		
90,42,00,000 6.5% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid	90,42,00,000	1,06,72,73,170	1,06,72,73,170
		1,06,72,73,170	1,06,72,73,170

Reconciliation of the number of shares outstanding and the amount of Share Capital at 31st March 2012 and 31st March 2011 is as under

Description	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Value in Rs.	No. of Shares	Value in Rs.
a. Equity Share Capital				
Outstanding at the beginning of the Year	3,26,14,634	16,30,73,170	3,26,14,634	16,30,73,170
Outstanding at the end of the Year	3,26,14,634	16,30,73,170	3,26,14,634	16,30,73,170
b. Preference Share Capital				
Outstanding at the beginning of the Year	90,42,00,000	90,42,00,000	90,42,00,000	90,42,00,000
Outstanding at the end of the Year	90,42,00,000	90,42,00,000	90,42,00,000	90,42,00,000

a Terms/Rights attached to Equity shares

The company has both Equity and Preference shares

(i) The Equity share have a par value of Rs.5/- per share. Each holder of Equity Shares is entitled is one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend Proposed by the Board of Directors is subject to approval of shareholders in Annual General Meeting.

For the year ended 31st March'2012, the amount of per share dividend recognized as distribution to Equity Shareholder is Nil (Previous year Nil)

In the event of liquidation of the company the holders of Equity Share will be entitled to receive remaining assets of the Company in proportion to the amount paid up as credited in such Equity shares respectively, after distribution of all preferential amounts.

b Rights of Preference Share

(ii) The Company's Preference Share have a par value of Rs.100/- per share. The preference shareholders have right over the equity shareholders in respect of declaration of dividend and in the distribution of the assets in the event of liquidation of the company.

c Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company

S.No	Name of the Shareholder	As at 31st March 2012	As at 31st March 2011
		No. of Shares	No. of Shares
01.	Anita Tibrewal	52,33,661	52,33,661
02.	Martin .S	33,48,066	33,48,066
03.	Manoj Kumar Tibrewal	21,92,596	21,92,596
04.	Usha Tibrewal	17,68,531	17,68,531

	31.03.2012	31.03.2011
Note : 2 - Reserves and Surplus		
a. Capital Reserves		
Opening Balance	3,80,57,783	5,76,78,526
Less: Transfer to P&L	1,96,18,146	1,96,20,743
Closing Balance	1,84,39,637	3,80,57,783
b. General Reserve		
Opening Balance	-82,70,14,270	-68,84,46,217
Profit/(Loss) for the year	-43,90,91,154	-13,85,68,053
Closing Balance	-1,26,61,05,424	-82,70,14,270
c. Share Warrant Forfeited		
Balance as per last account	80,00,000	80,00,000
	80,00,000	80,00,000
d. Share Premium		
Balance as per last account	48,29,26,830	48,29,26,830
	48,29,26,830	48,29,26,830
Total (a+b+c+d)	-75,67,38,956	-29,80,29,657
Note : 3 - Long Term Borrowings		
Secured		
Term Loans		
From Banks	27,55,07,006	46,86,32,271
Total	27,55,07,006	46,86,32,271

Nature of Security

TERM LOANS

- a Term Loan of Rs.245 million and Funded Interest Term loan of Rs.4.94 million 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.
- b Term Loan of Rs.76.10 million and Funded Interest Term Loan of Rs.2.36 million sanctioned by Corporation Bank is Secured by way of exclusive charge over the assets created our of the said loan
- c Term Loan of Rs.15 million and Funded Interest Term Loan of Rs.20.79 million sanctioned by State Bank of Indis 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.
- d Term Loan of Rs.100 million and Funded Interest Term Loan of Rs.23.10 million 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.
- e Term Loan of Rs.150 million and Funded interest Term loan of Rs.9.59 million sanctioned by State Bank of Indore is secured by second charge on all present fixed assets of the Company.
- f Term Loan for New Project from Sanctioned amount.

Rs. In million

Bank Name	Sanctioned Amt	FITL 1&2 *
State Bank of India	410	50.85
State Bank of Hyderabad	250	29.80
State Bank of Mysore	300	31.83
State Bank of Travancore	200	22.86
Syndicate Bank	270	27.37
United Bank of India	400	44.07
Canara Bank	500	79.65
Corporation Bank	400	43.87

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 share on pari passu basis with banks in the consortium for New Project of Rs.351 crores.

* FITL - Funded Interest Term Loan - Under the CDR and reworked package

SECURED TERM LOANS OUTSTANDING AS ON 31.03.2012

BANKERS	TERM LOAN Rate of Interest @ 10% p.a.	FITL I&II Rate of Interest FITL I @ 5% p.a. FITL II @ 15% p.a.	TOTAL
STATE BANK OF INDIA	39,97,13,295	---	39,97,13,295
STATE BANK OF HYDERABAD	17,23,78,312	2,27,21,699	19,51,00,011
STATE BANK OF MYSORE	16,74,23,814	2,72,73,574	19,46,97,388
STATE BANK OF TRAVANCORE	11,58,92,066	1,57,59,485	13,16,51,551
SYNDICATE BANK	16,75,00,000	62,49,945	17,37,49,945
UNITED BANK OF INDIA	23,56,06,894	2,79,36,081	26,35,42,975
CANARA BANK	30,17,99,359	6,47,46,389	36,65,45,748
IDBI BANK	9,40,40,000	1,93,16,783	11,33,56,783
CORPORATION BANK	28,09,43,619	3,48,17,565	31,57,61,184
TOTAL	1,93,52,97,359	21,88,21,521	2,15,41,18,880

WORKING CAPITAL LOANS

- a The working capital loan of Rs.200.30 million 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 The working capital loan of Rs.28.30 million 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 The working capital loan of Rs.18.70 million 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.

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

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

SECURED WORKING CAPITAL LOANS OUTSTANDING AS ON 31.03.2012

Bankers	CASH CREDIT Rate of Interest @ 10% p.a.	WCTL Rate of Interest @ 10% p.a.	FITL Rate of Interest @ 5% p.a.	TOTAL
State Bank of India	12,92,71,354	4,87,15,636	8,67,57,974	26,47,44,964
State Bank of Hyderabad	2,78,18,708	8,85,99,943	---	11,64,18,651
Corporation Bank	1,88,63,440	39,97,55,579	1,58,25,116	43,44,44,135
TOTAL	17,59,53,502	53,70,71,158	10,25,83,090	81,56,07,750

THE COMPANY HAS NOT SERVED THE FOLLOWING PAYMENTS DUE AS ON 31.03.12

Bankers	Type of Loan	PRINCIPAL	INTEREST	TOTAL
State Bank of India	WCTL-I	25,49,97,000	1,50,31,828	27,00,28,828
	WCTL-II	9,27,90,354	55,02,475	9,82,92,829
	TUF LOAN	19,83,35,427	1,85,19,687	21,68,55,114
	NON-TUF LOAN	4,52,77,885	20,35,980	4,73,13,865
	FITL-I	14,27,41,213	34,57,069	14,61,98,282
	FITL-II	22,72,715	99,308	23,72,023
	TOTAL	73,64,14,594	4,46,46,347	78,10,60,941
State Bank of Hyderabad	WCTL-I	5,64,62,999	16,18,497	5,80,81,496
	WCTL-II	2,06,18,951	7,16,798	2,13,35,749
	TUF LOAN	11,90,66,576	34,93,320	12,25,59,896
	NON-TUF LOAN	2,58,39,990	8,50,853	2,66,90,843
	FITL-I	4,01,84,453	3,79,688	4,05,64,141
	FITL-II	6,00,913	9,482	6,10,395
	TOTAL	26,27,73,882	70,68,637	26,98,42,519
State Bank of Mysore	TUF LOAN	17,31,09,937	89,83,438	18,20,93,375
	NON-TUF LOAN	42,51,102	2,79,081	45,30,183
	FITL-I	1,96,95,725	4,68,523	2,01,64,248
	FITL-II	91,38,935	4,55,156	95,94,091
	TOTAL	20,61,95,698	1,01,86,198	21,63,81,896
State Bank of Travancore	TUF LOAN	8,58,40,463	52,03,851	9,10,44,314
	NON-TUF LOAN	1,99,22,629	13,90,700	2,13,13,329
	FITL-I	1,38,38,981	4,51,125	1,42,90,106
	FITL-II	4,98,728	81,195	5,79,923
	TOTAL	12,01,00,801	71,26,871	12,72,27,672
Syndicate Bank	TUF LOAN	11,57,70,000	11,65,881	11,69,35,881
	NON-TUF LOAN	2,50,40,000	2,67,583	2,53,07,583
	FITL-I	1,77,37,153	74,63,669	2,52,00,822
	TOTAL	15,85,47,153	88,97,132	16,74,44,285
United Bank of India	TUF LOAN	17,10,01,324	1,02,24,331	18,12,25,655
	NON-TUF LOAN	4,12,02,830	32,37,114	4,44,39,944
	FITL-I	2,75,87,749	6,59,679	2,82,47,428
	TOTAL	23,97,91,903	1,41,21,124	25,39,13,027
Canara Bank	TUF LOAN	22,75,45,000	1,45,62,187	24,21,07,187
	NON-TUF LOAN	4,93,27,666	43,05,938	5,36,33,604
	FITL-I	5,76,28,406	18,79,656	5,95,08,062
	FITL-II	82,43,804	3,75,087	86,18,891
	TOTAL	34,27,44,876	2,11,22,868	36,38,67,744
IDBI Bank	TUF LOAN	2,83,40,000	39,08,715	3,22,48,715
	NON-TUF LOAN	5,25,60,000		5,25,60,000
	FITL-I	2,31,66,756	4,84,616	2,36,51,372
	FITL-II	14,17,000		14,17,000
	TOTAL	10,54,83,756	43,93,331	10,98,77,087
Corporation Bank	WCTL	4,98,51,000	18,23,908	5,16,74,908
	OLD TUF LOAN	76,16,000	5,17,648	81,33,648
	TUF & NON-TUF LOAN	24,15,36,000	1,25,19,781	25,40,55,781
	FITL-I	4,40,59,132	6,99,061	4,47,58,193
	TOTAL	34,30,62,132	1,55,60,398	35,86,22,530
		2,51,51,14,796	13,31,22,907	2,64,82,37,702
LESS : REPAYMENT FROM SALE OF NON - CORE ASSETS		24,24,53,805	---	24,24,53,805
		2,27,26,60,991	13,31,22,907	2,40,57,83,897

	31.03.2012	31.03.2011
Note :4 Other Long Term Liabilities		
Other Payable	13,39,85,406	14,78,10,842
Total	13,39,85,406	14,78,10,842
Note : 5 Long Term Provisions		
Provisions	5,55,00,000	---
Total	5,55,00,000	---
Note :6 - Short Term Borrowings		
Secured		
(a) Working Capital Loans from Banks	17,68,02,365	17,68,64,709
(b) Hire Purchase Loan	1,44,614	14,66,446
(c) Funded Interest Term Loan & Interest Accrued	43,74,36,309	47,90,64,445
(d) Current maturities of long-term debt	2,22,58,90,989	2,18,07,36,686
Total	2,84,02,74,277	2,83,81,32,286
Note : 7 - Other Current Liabilities		
(a) Unclaimed dividends	4,37,233	5,68,498
(b) Statutory Dues	1,47,06,325	1,78,54,421
(c) Advance against Sales	61,08,559	85,75,207
(d) Other payables	2,87,83,808	3,53,50,479
Total	5,00,35,925	6,23,48,605
Note 8 - Short Term Provisions		
Wealth Tax provision	75,000	75,000
Total	75,000	75,000
Note: 9 Fixed Assets		
(i) Tangible Assets	2,91,99,20,958	2,99,88,96,321
(ii) Capital work-in-progress	28,19,877	35,09,51,370
Total	2,92,27,40,835	3,34,98,47,691

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2012
Note - 9 - FIXED ASSETS - (i) TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	UP TO 31.03.2011	ADDITIONS	SALE	TOTAL 31.03.2012	UP TO 31.03.2011	FOR THE YEAR	WITH DRAWN DURING THE YEAR	TOTAL 31.03.2012	W.D.V AS 31.03.2012	W.D.V AS 31.03.2011
LAND	10,04,62,870	-	76,37,250	9,28,25,620	-	-	-	-	9,28,25,620	10,04,62,870
BUILDINGS	1,05,73,48,824	12,30,69,473	-	1,18,04,18,297	16,71,17,957	3,79,03,152	-	20,50,21,109	97,53,97,189	89,02,30,867
PLANT & MACHINERY	3,17,26,00,084	23,82,63,677	34,73,80,144	3,06,34,83,617	1,20,28,51,899	14,41,72,463	10,12,91,041	12,45,73,320	1,81,77,50,296	1,96,97,48,185
OFFICE EQUIPMENT	4,07,62,635	7,00,576	-	4,14,63,211	2,74,66,138	18,11,320	-	2,92,77,458	1,21,85,753	1,32,96,497
FURNITURE	1,79,45,946	14,290	-	1,79,60,236	71,86,167	10,44,132	-	82,30,299	97,29,937	1,07,59,779
VEHICLES	3,12,20,624	7,13,446	14,62,084	3,04,71,986	1,86,79,745	21,45,219	6,73,597	2,01,51,367	1,03,20,619	1,25,40,879
CANTEEN ASSETS	25,91,302	-	-	25,91,302	8,31,558	1,11,101	-	9,42,659	16,48,643	17,59,744
LIVE STOCK	97,500	-	34,600	62,900	-	-	-	-	62,900	97,500
Total	4,42,30,29,785	36,27,61,462	35,65,14,078	4,42,92,77,170	1,42,41,33,464	18,71,87,386	10,19,64,638	1,50,93,56,212	2,91,99,20,958	2,99,88,96,321
Previous Year	4,32,39,26,658	10,05,42,282	14,39,155	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

(ii) CAPITAL WORK IN PROGRESS AS ON 31.3.2012

PARTICULARS	AS on 31.03.2011	Added During the Year	Total	BROUGHT INTO USE	AS ON 31.03.2012
BUILDING & DEVELOPMENT	12,26,90,188	-	12,26,90,188	11,98,70,311	28,19,877
PLANT AND MACHINERY	22,82,61,182	-	22,82,61,182	22,82,61,182	-
TOTAL	35,09,51,370	-	35,09,51,370	34,81,31,493	28,19,877

Note: Depreciation includes depreciation on revaluation assets of Rs.9,90,677/- (Previous year Rs.9,93,256/-)

	31.03.2012	31.03.2011
Note : 10 Non Current Investments		
a) Trade Investments		
Government Securities - NSC	13,500	13,500
Total (a)	13,500	13,500
b) Other Investments		
QUOTED		
Equity Shares - 640 IDBI Shares of Rs. 10/- each at premium of Rs.120/- each,(Market Value of Rs. 67008/-)	52,000	52,000
UN QUOTED		
Preference Shares (1,50,00,000 6% Redeemable cumulative preference shares of Rs. 10/- each at par of M/s. Jagannath Textile Co.Ltd.,)	15,00,00,000	15,00,00,000
Total (b)	15,00,52,000	15,00,52,000
Total (a+b)	15,00,65,500	15,00,65,500
Note :11 Long Term Loans and Advances		
a. Capital Advances		
Unsecured, considered good	15,95,623	61,48,254
b. Other loans and advances		
Others	4,33,00,000	4,33,00,000
Total	4,48,95,623	4,94,48,254
Note:12 Other Non Current Assets		
a. Long term trade receivables (including trade receivables on deferred credit terms)		
a. MAT Credit receivables	90,23,991	90,23,991
b. Others	4,17,24,190	3,20,63,506
Total	5,07,48,181	4,10,87,497
Note : 13 Inventories		
a. Raw Materials	4,40,70,031	11,85,82,048
b. Work-in-Progress	2,54,11,811	11,10,29,341
c. Finished Goods	9,49,51,010	13,82,73,442
d. Salable waste	31,76,662	44,69,175
e. Accessories	67,98,797	85,68,163
f. Stores and Spares	1,16,20,967	1,86,02,406
Total	18,60,29,278	39,95,24,575

	31.03.2012	31.03.2011
Note: 14 Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment Secured, Unsecured, considered good	2,07,43,499	1,51,34,923
Less: Provisions for doubtful debts	-1,76,23,062	71,71,325
	31,20,437	79,63,598
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	11,06,68,370	21,51,75,100
Less: Provision for doubtful debts	---	---
	11,06,68,370	21,51,75,100
Total	11,37,88,807	22,31,38,698
Note: 15 Cash and Bank Balance		
Cash and Cash Equivalents		
a. Balances with Banks	4,33,315	21,24,455
b. Cash on hand	9,63,702	21,93,370
	13,97,017	43,17,825
Other Bank Balance		
a. Unclaimed Dividend	4,37,233	5,68,498
b. Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	17,12,263	73,69,012
	21,49,496	79,37,510
Total	35,46,513	1,22,55,335
Note : 16 Short term Loans and advances		
Advance to Staff, Labour and others	5,09,055	5,40,247
Total	5,09,055	5,40,247
Note : 17 Other Current Assets		
Advance to Suppliers	1,59,17,071	1,49,11,726
Advance Tax / Tax deducted at source	50,87,486	36,01,615
Advances recoverable in cash or in kind or for value to be received	7,04,50,116	8,66,01,639
others	44,88,863	78,24,320
Total	9,59,43,536	11,29,39,300

The notes referred to above form an integral part of the Profit and Loss account

Particulars	31.03.2012	31.03.2011
NOTE : 18 REVENUE FROM OPERATIONS		
SALE PRODUCT		
Yarn Sales -Domestic	76,42,42,184	98,96,19,812
Yarn Sales -Export	88,40,473	1,06,13,114
Fabric Sales -domestic	60,82,61,780	84,44,41,232
Fabric Sales - Export	13,37,541	2,87,118
Garment Sales	15,00,51,270	14,60,22,111
Garment Sales Trading	43,79,906	9,79,689
Waste Sales	1,22,65,228	1,09,05,090
Dyeing Charges Receipts	6,65,12,355	7,95,70,035
A	1,61,58,90,737	2,08,24,38,201
OTHER OPERATING REVENUES		
Sale of manufacturing scrap	14,10,269	14,06,359
B	14,10,269	14,06,359
TOTAL (A)+(B)	1,61,73,01,006	2,08,38,44,560
NOTE : 19 OTHER INCOME		
Dividend Income on Long Term investments	1,80,03,520	1,80,01,920
Subsidy Income - TUFs	---	---
Capital subsidy	1,86,27,490	1,86,27,487
Other non-operating income	40,86,390	31,14,598
Total	4,07,17,400	3,97,44,005
NOTE : 20 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	12,64,10,198	8,10,38,853
Add: Purchases during the year	80,27,76,551	1,26,76,74,864
Less: Inventory at the end of the year	5,08,68,828	12,64,10,198
Total	87,83,17,921	1,22,23,03,519
NOTE : 21 CHANGES IN INVENTORIES		
Inventories at the beginning of the year		
Finished goods	14,27,42,617	10,66,94,711
Work in Process	11,10,29,341	10,41,32,044
Inventories at the end of the year		
Finished goods	9,81,27,672	14,27,42,617
Work in Process	2,54,11,811	11,10,29,341
Total	13,02,32,475	-4,29,45,203
NOTE : 22 EMPLOYEES BENEFITS EXPENSE		
Salaries, Wages and Bonus	7,33,37,942	6,53,87,922
Contribution to Provident Fund	68,99,240	53,28,626
Staff Welfare Expenses	1,89,64,315	2,38,71,090
Managing/Whole Time Director's Remuneration	42,00,000	42,00,000
Salary to Management Trainee	1,80,000	1,80,000
Total	10,35,81,497	9,89,67,638

The notes referred to above form an integral part of the Profit and Loss account

Particulars	31.03.2012	31.03.2011
NOTE : 23 FINANCE COST		
Interest Expenses	26,78,25,730	23,37,65,207
Total	26,78,25,730	23,37,65,207
NOTE : 24 DEPRECIATION		
Depreciation of tangible assets	18,61,96,709	18,31,69,238
Total	18,61,96,709	18,31,69,238
NOTE : 25 OTHER EXPENSES		
Carriage Inwards	1,63,92,653	2,57,48,370
Power and Fuel	16,07,00,059	22,50,89,563
Repairs to Building	17,21,901	19,16,522
Repairs to Machinery	2,51,09,540	4,40,44,390
Repairs Others	68,21,166	91,64,246
Stores and Spares	2,89,58,522	3,77,11,559
Insurance	36,50,729	47,64,819
Processing charges	7,82,29,031	11,02,85,138
Testing Charges	6,09,028	6,50,162
Sitting fee to directors	1,35,000	1,45,000
Travelling Expenses	1,27,82,081	1,26,89,451
Postage, Courier and Telephone	20,21,301	26,07,015
Rent	6,08,016	5,96,810
Audit fees	6,08,635	4,23,921
Legal and Professional charges	37,77,100	46,98,761
Rates and Taxes	1,72,93,229	89,49,026
Printing and Stationery	9,43,009	9,53,666
General Expenses	89,59,924	1,09,21,805
Carriage Outwards	72,32,984	97,26,805
Advertisement	1,79,251	2,29,383
Bank Charges	62,10,126	73,39,046
Loss on sale of fixed assets	---	1,39,126
Miscellaneous Expenses Written off	1,93,43,932	1,94,73,966
Selling Expenses	4,25,40,455	5,08,37,406
Other Expenses	7,52,81,529	1,80,52,881
Total	52,01,09,201	60,71,58,837
NOTE : 26 EXCEPTIONAL ITEM REPRESENTS		
Profit on sale of Non Core Assets	2,72,30,105	---
Total	2,72,30,105	---
NOTE : 27 EXTRA ORDINARY ITEMS REPRESENTS		
a. Impairment of Assets (Non Viable and Non Operating power Generation plant)	-3,80,76,132	---
b. TUF Subsidy of Prior years	---	6,98,75,009
Total	-3,80,76,132	6,98,75,009

34. Earning per share (EPS)	2011-12	2010-11
Profit / Loss After Tax (Rs in lakhs)	-4,391	-1,386
Profit / Loss available to Equity Shareholders (after deducting the probable Dividend on Preference Shares and Dividend Distribution Tax)	-5,076	-2,071
Average number of equity shares (Face value of Rs 5 /-each) (No. in lakhs)	326	326
Basic EPS (in Rupees)	-15.56	-6.35
Diluted EPS (in Rupees)	-15.56	-6.35

- 35.** 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 in Rs.Nil (Previous year Nil)
- 36.** In compliances with AS 22 relating to "Taxes on Income" the company has not recognized Deferred Tax Liability / assets for current year on account of

The Net Deferred Tax Asset and Liability are represented as follows :

	Opening as on 1.04.2011	During the Year	Closing as on 31.03.2012
Depreciation	41,64,65,582	--	41,64,65,582
Others	-55,69,39,391	--	-55,69,39,391
Total	-14,04,73,811	--	-14,04,73,811

37. Breakup of Audit Fees	2011-12	2010-11
For Statutory Audit	2,24,720	1,65,450
For Certification	96,517	1,56,626
For Out of Pocket Expenses	-	2,575
For Tax Audit/ other Representations	1,09,270	55,150
For Cost Audit	1,78,128	44,120
	6,08,635	4,23,921

38. Expenditure in Foreign Currency on account of	2011-12	2010-11
a. Capital Goods	-	93,77,889
b. Stores & Spares	67,85,730	-
c. Raw materials	25,23,084	-

39. Earning in Foreign Currency on account of	2011-12	2010-11
a. Export of Goods	---	13,44,231

40. EMPLOYEE BENEFITS

	Company's Contribution to Provident Fund	31.03.2012	31.03.2011
	Defined Benefit Plans	6899240	5328626
a	Liability recognised in the balance sheet	Gratuity	Gratuity
	Present value of obligations as at 01.04.2011	56,41,903	44,84,906
	Interest Cost	4,51,352	3,58,792
	Current Service Cost	12,46,616	10,64,401
	Benefits Paid	-10,01,646	-3,93,275
	Actuarial (gain)/ loss on obligations	-7,82,274	1,27,079
	Present value of obligations as at 31.03.2012	55,55,951	56,41,903
b	Fair value of Plan Assets as on 01.04.2011	1,12,90,615	52,26,851
	Expected return on plan assets	10,02,444	7,97,381
	Contributions	93,828	16,39,658
	Benefits Paid	-10,01,646	-3,93,275
	Actuarial (gain) / loss on plan assets	-	-
	Fair value of plan assets	1,13,85,241	1,12,90,615
	Funded Status	58,29,290	56,48,712
	Net Asset / (Liability) recognised in the balance sheet	-58,29,290	-56,48,712
c	Actuarial (gain) /loss recognised 31.03.2012		
	Actuarial (gain) /loss - obligation	9,07,758	-1,27,019
	Actuarial (gain) / loss - plan assets	-	-
	Total (gain) / loss for the year	-7,82,274	1,27,079
	Actuarial (gain) / loss recognised	-7,82,274	1,27,079
d	Expenses during the year		
	Current service cost	12,46,616	10,64,401
	Interest Cost	4,51,352	3,58,792
	Expected return on plan assets	-10,02,444	-7,97,381
	Net actuarial (gain) / loss	-7,82,274	1,27,079
	Total	-86,750	7,52,891
e	Principal actuarial assumptions		
	Discounting rate	8.00%	8.00%
	Salary escalation	6.50%	6.50%

41. According to the Management, the Loans and Advances and other receivables are recoverable except Rs. 4.23 Crores which is not certain of recovery.
42. Previous year figures have been regrouped and reclassified wherever necessary.
43. Figures have been rounded off to the nearest rupee.

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
29.05.2012

Aswin.C
Partner
Membership No:22204

MOHANLAL TIBREWAL
Executive Director

SIGNIFICANT ACCOUNTING POLICIES - Annexure I

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 recognized 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. CHANGES IN ACCOUNTING POLICY

During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparation and presentation of financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosure of financial statements. The company has also reclassified the previous year figures.

3. 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/materialized.

4. INVENTORIES

Inventories are valued as under (As Furnished, valued and certified by the Management)

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

5. 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 that production of new units are capitalised as Fixed Assets wherever applicable.

6. 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.

7. IMPAIRMENTS OF ASSETS

The Company has internal system to assess 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.

8. 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.

9. 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 and Loss A/c is recognized at the present value of the amount payable determined using actuarial valuation techniques.

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

10. 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 forwarded covers have been obtained. All exchange differences arising from conversion specific borrowings and other liabilities attributable to the fixed assets, which are capitalized.

11. INTEREST ON BORROWINGS

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

12. INTEREST UNDER TUF SCHEME

Certain term loans of the company have been sanctioned under the TUF scheme of the Govt., of 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.

13. 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 lawas.

b. Minimum alternative Tax (MAT) credit is recognized as on 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 balances 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.

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.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	31.03.2012		31.03.2011	
A CASH FLOW FROM OPERATING ACTIVITY				
Net Loss before tax and extraordinary items		-40,10,15,022		-17,87,55,671
Adjustment for				
Depreciation	18,61,96,709		18,31,69,238	
Profit/Loss on sale of assets	-2,72,30,105		1,39,126	
Dividend Receipt	-1,80,03,520		-1,80,01,920	
Interest Receipt	-34,73,505		-7,68,507	
Interest on Term Loan	23,40,53,762	37,15,43,341	21,91,72,205	38,37,10,142
Operating profit before working capital changes		-2,94,71,681		20,49,54,471
Adjustment for:				
Trade & other receipts	12,24,46,091		-8,63,09,385	
Inventories	21,34,95,297		-9,44,87,633	
Trade payable	-18,75,88,729	14,83,52,660	9,88,08,063	-8,19,88,955
Cash generated from operation		11,88,80,978		12,29,65,516
Direct taxes paid	-77,656	-77,656	-59,738	-59,738
Cash flow before extraordinary items		11,89,58,634		12,30,25,254
Extraordinary items		---		6,98,75,009
Net cash from operation Total (A)		11,89,58,634		19,29,00,263
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of fixed assets(less revaluation amount)		80,26,395		2,22,33,958
Sale of fixed assets		-24,36,69,935		-4,51,495
Capital subsidy		1,86,27,490		1,86,27,487
Miscellaneous Expenses written off		-1,93,43,932		-1,94,73,966
Dividend Receipt		-1,80,03,520		-1,80,01,920
Total (B)		-25,43,63,502		29,34,064
C CASH FLOW FROM FINANCIAL ACTIVITIES				
Proceeds/Repayment of borrowings		-15,14,50,700		-62,42,770
Interest Receipt		34,73,505		7,68,507
Interest on Term Loan		-23,40,53,762		-21,91,72,205
D NET CASH FROM FINANCIAL ACTIVITIES		-38,20,30,957		-22,46,46,468
E NET INCREASE IN CASH AND CASH EQUIVALENTS(A+C-B)		-87,08,821		-3,46,80,269
F CASH AND CASH EQUIVALENTS OPENING BALANCE		1,22,55,335		4,69,35,604
Cash and bank balances				
G CASH AND CASH EQUIVALENTS CLOSING BALANCE		35,46,514		1,22,55,335
Cash and bank balances				
		87,08,821		3,46,80,269

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
29.05.2012

Aswin.C
Partner
Membership No:22204

MOHANLAL TIBREWAL
Executive Director

GANGOTRI TEXTILES LIMITED

Regd. Office : 35, Robertson Road, R.S. Puram, Coimbatore-641 002

ADMISSION SLIP

Name of the Sole / First Shareholder :

DATE & TIME Wednesday 12th September 2012 at 3.30 pm
VENUE : Conference Hall, Sree Coimbatore Gujarat Samaj 662, Mettupalayam Road, P.B. No.1164 R.S.Puram, Coimbatore -641 002

I hereby record my presence at the **23rd ANNUAL GENERAL MEETING** of the Company

NAME & SIGNATURE OF THE ATTENDING MEMBER

NAME & SIGNATURE OF THE PROXY

- NOTE : (1) Members are requested to tender the attendance slip, duly signed in accordance with their specimen signatures registered with the Company, for admission to the meeting hall.
(2) Members are requested to bring their copy of Annual Report.

GANGOTRI TEXTILES LIMITED

Regd. Office : 35, Robertson Road, R.S. Puram, Coimbatore-641 002

PROXY FORM

REG : FOLIO / CLIENT ID :

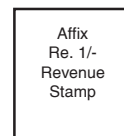
I / WEofbeing

Member / Members of GANGOTRI TEXTILES LIMITED, hereby appoint

oforfailing him

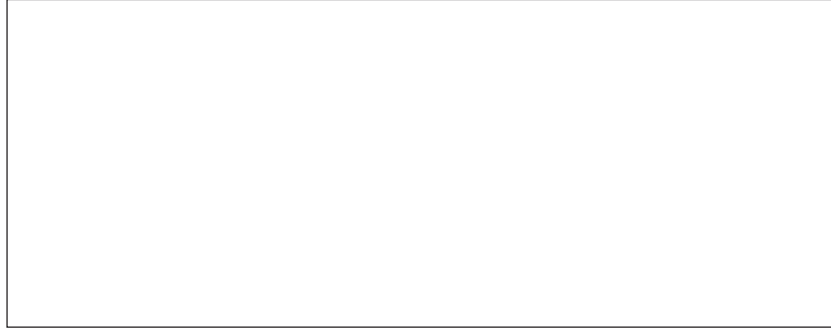
ofas my / our Proxy to attend and vote for me / on our behalf at the
23rd ANNUAL GENERAL MEETING of the Company to be held Friday, the 12th September 2012, at 3.30 p.m. or at any adjournment thereof.

Signed thisdays of2012



NOTE : The Proxy to be effective, should be deposited at the Registered Office of the Company, 35, Robertson Road, R.S. Puram, Coimbatore-641 002 before 3.30.p.m on 10.09.2012. A Proxy need not be a member of the Company.

Book Post



If undelivered, please return to :

M/S. S.K.D.C Consultants Ltd

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