

**GANGOTRI TEXTILES LIMITED**  
**EXTRAORDINARY GENERAL MEETING**  
**3-11-2010 - WEDNESDAY**

Proceedings of the Extraordinary General Meeting of M/S.Gangotri Textiles Limited held on Wednesday, the 3<sup>rd</sup> day of November, 2010 at 3.30 P.M at A.R.Patel Hall, Coimbatore Gujarat Samaj, 662 Mettupalayam Road, Post Box No 1164, R.S.Puram, Coimbatore – 641 002

Members present : 57  
Proxies present : 12  
Directors' Present : 1) Sri. Manoj Kumar Tibrewal  
2) Sri. Mohanlal Tibrewal

Sri.Manoj Kumar Tibrewal was elected as Chairman of the meeting and he presided.

Then the Chairman informed the members present that the Register of Directors' Shareholding maintained under section 307 of the Companies Act, 1956 is being kept open for inspection for the members who may desire so to do.

The Notice convening the meeting was taken as read.

**Erosion of Peak Net Worth**

The Chairman informed that the accumulated loss of the Company for the Financial Year ended 31<sup>st</sup> March, 2010 exceeds 50 % of the Peak Net Worth of the immediately preceding four Financial Year and in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, and the Regulations thereunder wherever the accumulated losses of the Company on the relevant date exceeds 50% of the Company's peak network during the immediately preceding four financial years, then the Company shall within a period of 60 days from the date of finalization of the fully audited accounts of the Company for the relevant financial year report the fact of such erosion to the Board for Industrial and Financial Reconstruction and shall also hold a General Meeting of the Shareholders of the Company for considering such erosion. Accordingly, the Extraordinary General Meeting is being convened for considering the erosion.

The Chairman informed the shareholders that the fortunes of the textile industry took a beating in the immediately preceding three to four financial years, though the Company's well intentioned diversification-cum-expansion programmes were implemented, still in view of the adverse situation prevailing in the industry, the Company had to face the reality of both cost and time over-run in the implementation of the projects which it had taken up. This resulted in the Company incurring losses which have accumulated as on 31.03.2010 and the extent of such accumulated losses caused an erosion of peak network during the immediately preceding four financial years.

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The Chairman informed that the Members may be aware that in each of the Annual General Meetings the situation prevailing in the industry with particular reference to the Company has been discussed in detail and the reasons for the adverse working results were fully explained. The Company has also reported the matter to the Bankers and at the joint initiative of the Bankers and the Company, the Company has been brought under the Corporate Dept Restructuring Scheme of the Reserve Bank of India.

Since the beginning of the current financial year the situation in the textile industry in general is improving and in the case of your Company also the cash losses have been averted and steps are being taken to liquidated unremunerative assets, thereby bringing down the liabilities which in turn bring down the interest cost. The Directors are fully aware of the situation and are taking all effective steps to bring the Company back to positive network.

Then the Chairman informed that before the resolution is put to vote, members may express their views if any, on the subject and also seek clarifications if they desire so. Two members asked few queries on the erosions and the Chairman provided the clarifications in his reply.

After providing necessary clarifications, the Chairman then requested that the following resolution be proposed and seconded by the Shareholders.

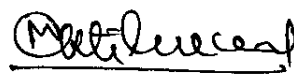
Proposed by : Sri.K.S.Balasubramaniam  
Seconded by : Sri. A.S.Senthilkumar

RESOLVED that the Company do hereby take on record the erosion of the peak network of the preceding four financial years as at March 31, 2010 and also to take on record the reasons for such erosion as well as the steps proposed to be taken by the Board of Directors to set right the situation.

Then the resolution was then put to vote by show of hands and was declared carried unanimously.

There being no further business, the Chairman declared the meeting as closed.

3-11-2010



CHAIRMAN