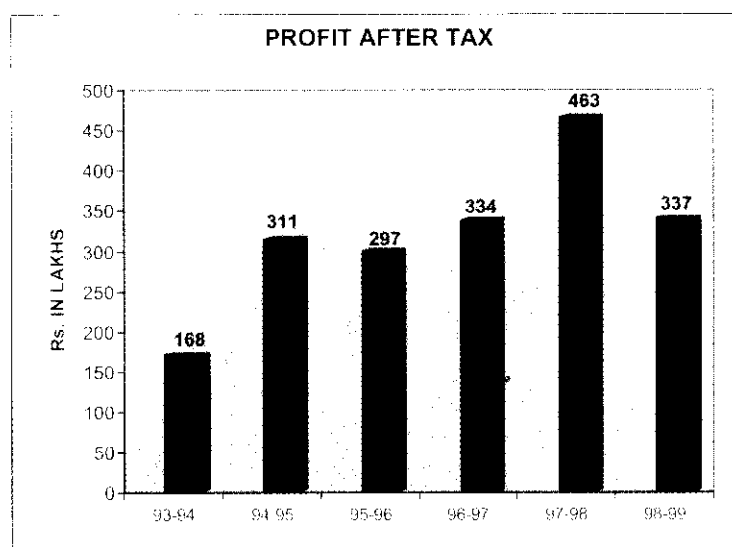
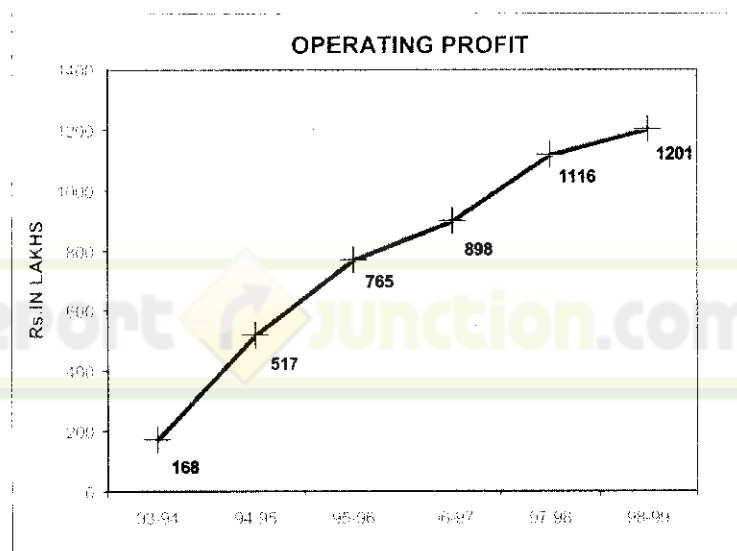
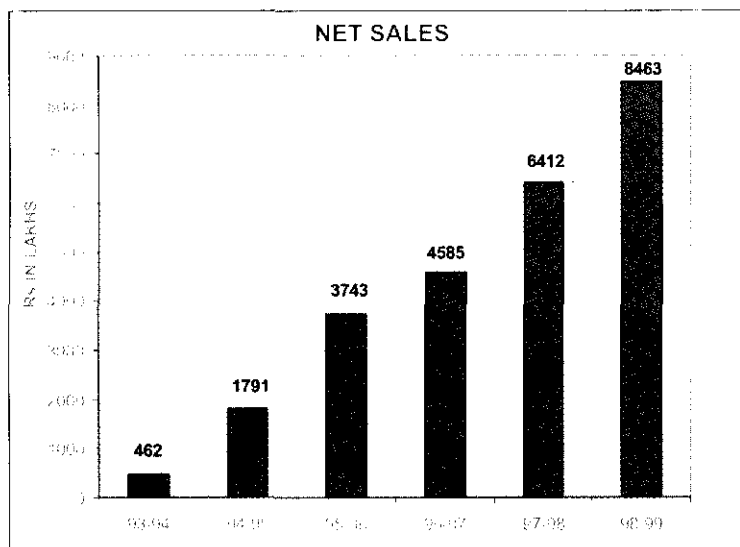


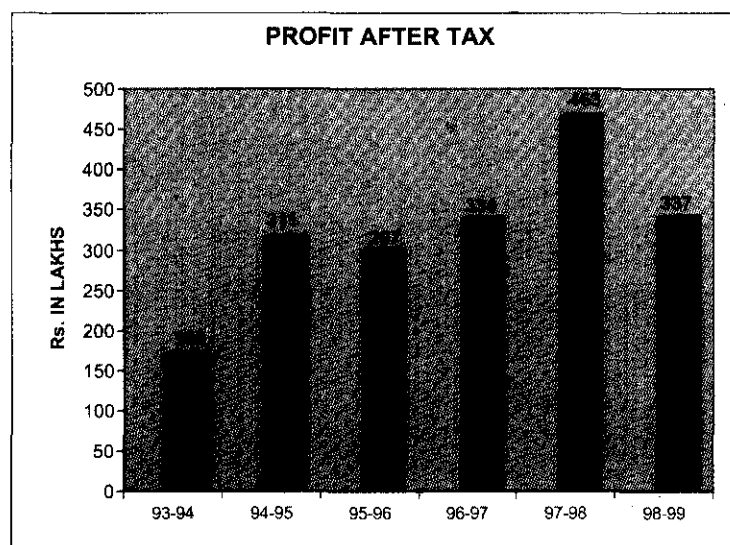
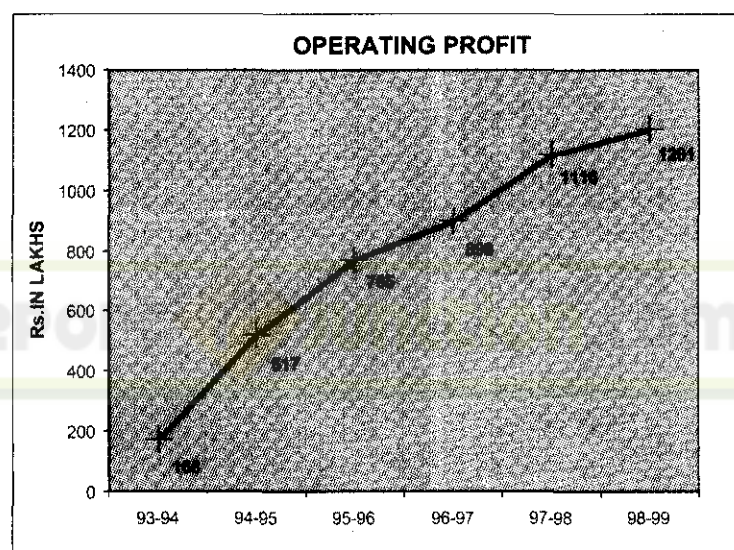
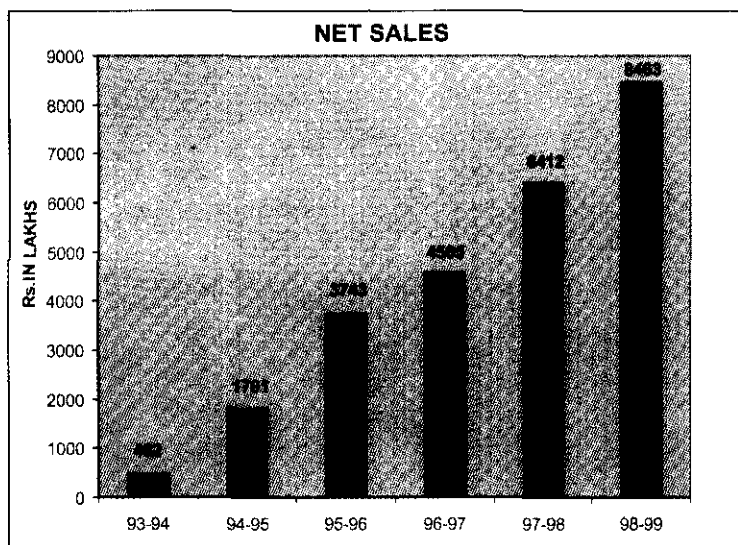


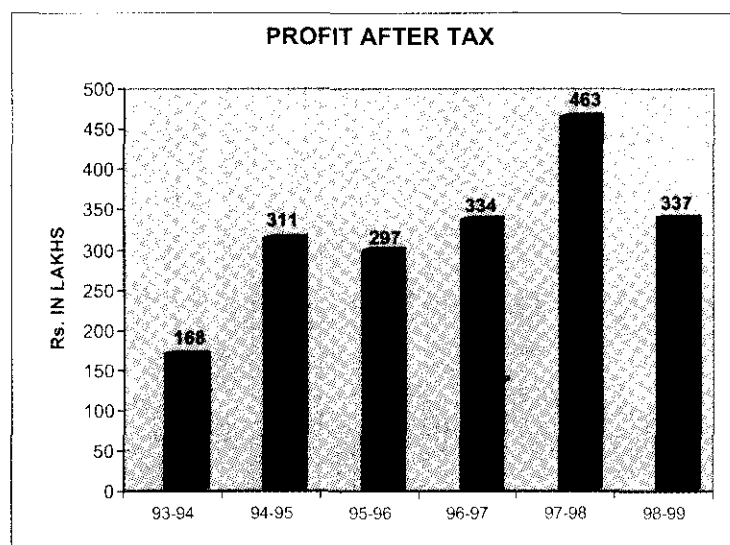
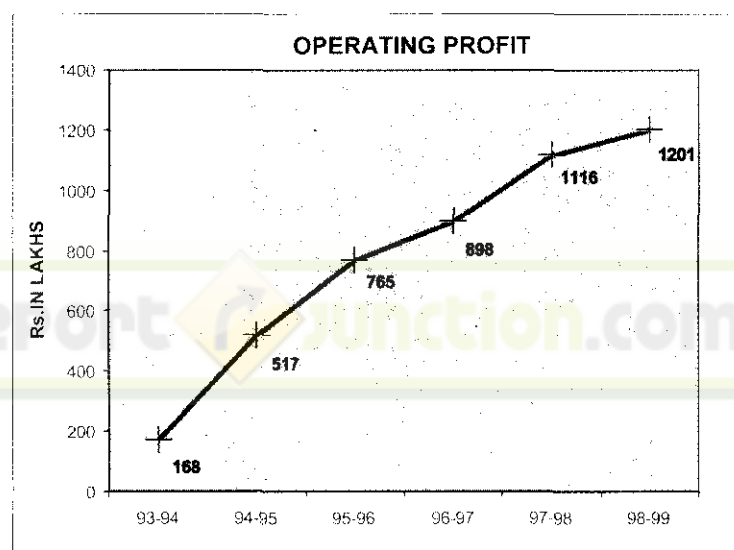
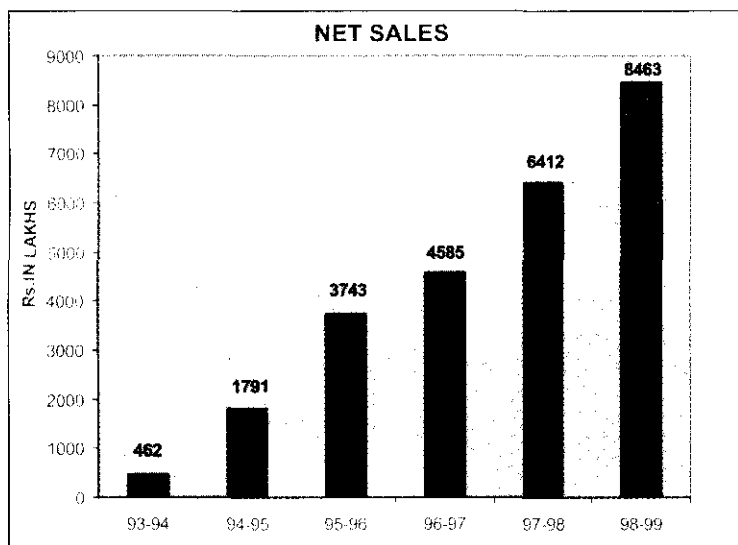
10th Annual Report
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Gangotri Textiles Ltd.









GANGOTRI TEXTILES LIMITED

BOARD OF DIRECTORS

SRI RAMESH KUMAR TIBREWAL
Managing Director

SRI MANOJ KUMAR TIBREWAL
Wholetime Director

SRI MOHANLAL TIBREWAL

SRI K.N. SREEDHARAN

REGISTERED OFFICE

14, East Periaswamy Road,
R .S. Puram,
Coimbatore - 641 002.

REGISTRARS AND SHARE TRANSFER AGENTS

S.K.D.C. CONSULTANTS LTD.
P.B. No. 2979,
No. 11, Street No. 1,
Seth Narayandoss Layout,
Tatabad, Coimbatore - 641 012.

BANKERS

STATE BANK OF INDIA
(Industrial Finance Branch)
Coimbatore

AUDITORS

M/s. THAKKER & SANGHANI
Chartered Accountants
16/77, Syrian Church Road No. 1,
Coimbatore - 641 001.

M/s. SRIKISHEN & CO
Chartered Accountants
No. 11 Street No. 1
Seth Narayanadoss Layout, Tatabad
Coimbatore - 641 012.

M/s. AGARWAL KEJRIWAL & CO
Chartered Accountants
1 Ganesh Chandra Avenue
4th Floor
Calcutta - 700 013.

FACTORIES

Unit I : SF No. 496 A/497
Kittampalayam
Kaduvettipalayam Post
Palladam Taluk
Coimbatore - 641 659.

Unit II : **SRI DWARKA TEXTILES**
3/161 Ponnandampalayam
Kaniyur Post
Karumathampatty
Avinashi Taluk
Coimbatore - 641 659.

Unit III : Kumbhojgiri Road
Village Alate
T.K. Hhatkanangale
Dist. Kolhapur
Maharashtra - 416 109.

The Equity Shares of the Company are listed in the following Stock Exchanges :

- | | |
|---|---|
| 1. COIMBATORE STOCK EXCHANGE LIMITED
CSX TOWERS, 683 - 686, TRICHY ROAD
SINGANALLUR
COIMBATORE - 641 005 | 2. MADRAS STOCK EXCHANGE LIMITED
11, SECOND LINE BEACH
CHENNAI - 600 001 |
| 3. THE STOCK EXCHANGE, MUMBAI
PHIROZE JEEJEEBHOY TOWERS
DALAL STREET
MUMBAI - 400 001 | 4. THE CALCUTTA STOCK EXCHANGE
ASSOCIATION LIMITED
7, LYONS RANGE
CALCUTTA - 700 001 |

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OUR VISION

- ☆ To Become an integrated textile Company producing from Fibre to Garments with the most modern plants and technologies.
- ☆ To have a greater market spread – both domestic and overseas.
- ☆ To develop our Core Competencies to face the future.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held on Saturday the 25th day of September, 1999 at 3.30 p.m. at Banquet Hall-Legend, The Residency, 1076 Avanashi Road, Coimbatore - 641018 to transact the following business.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Profit and Loss Account for the year ended 31st March 1999 and the Balance Sheet as on that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in the place of Sri K.N. Sreedharan, a Director who retires by rotation and being eligible seeks reappointment.
4. To appoint a Director in the place of Sri Ramesh Kumar Tibrewal, a Director who retires by rotation and being eligible seeks reappointment.
5. To appoint Auditors and to 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 the Members and Share Transfer Register of the Company will remain closed from 16th September 1999 to 25th September 1999 (both days inclusive).

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

Coimbatore
 27.05.1999

RAMESH KUMAR TIBREWAL
 Managing Director

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DIRECTORS' REPORT TO SHAREHOLDERS

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the Tenth Annual Report of the Company alongwith the Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Year Ended 31.03.1999 (Rs. in Lakhs)	Year Ended 31.03.1998 (Rs. in Lakhs)
Sales Turnover	8,428.16	6,384.28
Profit before Interest and Depreciation	1,200.31	1,115.75
Less :		
1. Interest	481.42	289.45
2. Depreciation	367.10	258.26
Balance	351.79	568.04
Add : 1. Surplus carried forward from prior year	72.49	5.85
2. Prior Year Income	—	0.52
Total	424.28	574.41
APPROPRIATIONS		
1. Investment Fluctuation Reserve	0.23	0.20
2. Income Tax for prior years	0.06	15.12
3. Prior year expenses written off	0.34	—
4. Provision for Taxes	5.00	81.00
5. Proposed Dividend on Equity Shares	96.00	96.00
6. Proposed Corporate Dividend Tax	10.56	9.60
7. Transfer to General Reserve	300.00	300.00
8. Surplus to be carried over	12.09	72.49
Total	424.28	574.41

DIVIDEND

Your Directors have pleasure in recommending dividend at the rate of Rs. 2/- per share (20 %) on the equity shares of the Company. This dividend is payable to such shareholders whose names stand registered on the date of the Annual General Meeting.

Your Directors wish to draw your attention that ever since the Company made its public issue in July 1994, for all the Financial years, which have gone by commencing from the year ended 31.03.1995, your Directors have been in a position to consistently pay a dividend of 20%, notwithstanding the troubles and turbulences which the spinning industry has been facing during this 5 year period.

PERFORMANCE

During the year under review, the sales improved to Rs. 84.28 Crores, compared to Rs. 63.84 Crores, which was achieved in the previous year. This represents a 32% increase in the turnover as compared to the previous year. The increase in turnover is in view of the fact that all the 20 O.E. frames in Coimbatore were fully operational during the year and in Kolhapur 5 frames were operational during the major portion of the year and the other two frames became operational during the fag end of the year. If only the yarn prices had ruled firm and steady throughout the year, much higher turnover could have been achieved.

There are two important aspects, which has affected the net working results of the Company during the current year.

Firstly, yarn manufactured by the Company on cones was suffering Excise Duty of 5.75% on the ultimate sale value. By the Budget presented on 27th February, this Excise Duty was hiked to 9.2%, an increase of 3.45% of the selling price. The market did not react to this and the selling prices remained the same, which meant this additional burden of 3.45% had to be absorbed by the manufacturers. This situation has come about in a period when the spinning industry, as a whole, has been clamouring reduction in Excise Duty.

Secondly on its part, the State Government has brought in the Additional Sales Tax which cannot be passed on to the buyers. There is such a big unfairness in this Additional Sales Tax in the sense that Additional Sales Tax is payable only when the turnover liable to TNGST crosses Rs. 25 Crores. But the moment the Rs. 25 Crores floor level is crossed, the Additional Sales Tax is to be paid on the entire turnover. Unless this unfairness is remedied by a legislative action, units achieving a higher production and higher turnover will be continuously penalised.

During the year, there were more adverse factors to spinning industry in general. This extended to open end spinning as well. The prices of both virgin cotton as well as waste manufactured by spinning units ruled firm, whereas there has been a drop in yarn prices. The power tariffs experienced the annual increase. In fact your Company is relying more on captive generation of electricity than on electricity from the Electricity Board.

These adverse factors had its impact on the margin of profit of the Company. However, in view of the higher turnover achieved by the Company, the gross profit before interest and

depreciation could be maintained and improved upon only marginally during the year under review.

Consequent upon the full utilisation of the term loans for establishing of facilities in Kolhapur, the total term loans on which interest is payable, has gone up. Similarly, consequent upon higher turnover, we had to utilise higher working capital limits. All these factors have contributed in increase in interest cost from Rs. 289.46 Lakhs in the previous year to Rs. 481.42 Lakhs in the current year. Similarly, the installation of additional machinery in Kolhapur has constituted higher depreciation charged at Rs. 367.10 Lakhs as against Rs. 258.25 Lakhs.

EXPANSION

Your Directors wish to draw your attention to what they had stated in their report of the earlier year. The expectation of your Directors for significant increase in the sales turnover has materialised and it is expected that with the installation of additional two frames in the end of March, 1999, the contribution by Kolhapur unit will be almost 20% of the Company's total turnover from the year 1999-2000 onwards.

DIVERSIFICATION

The difficult situation prevailing in the textile spinning industry has made your Directors think in terms of not relying only on spinning and that too totally on Open End Spinning. Various options of diversifications are being considered. At the same time, your Directors would like to keep the overall debts of the Company within acceptable and manageable limits. With this end in view, it has been decided to enter in a small way into readymade garments area. The Company is planning to introduce to start with the marketing of stitched cotton trousers for men. The focus is likely to be on the market of the young and mid age group.

Your Directors are also seriously considering diversifying into ring spinning area, which will support the operations of the readymade garment activity. Parallely the possibilities of setting up a modern processing house is also being considered and these plans and projects will be taken up subject to a proper funding arrangement.

PROSPECTS

The crisis in the spinning industry is continuing even as on the date of this report. Quite a number of units are either closing down or have made available their facilities to third parties for conversion or are idling major part of the facilities. The outlook for the industry continues to be grim.