



## ANNUAL REPORT 1996-97

### BOARD OF DIRECTORS

**Vishwanath Harlalka**  
(Chairman)

**Deepak Harlalka**  
(Managing Director)

**Ramprasad Poddar**  
(Director)

**Rajendra Kumar Rajgarhia**  
(Director)

**Dinesh Poddar**  
(Director)

#### Registered Office

Chamber Bhavan (3rd Flr)  
232/34 Kalbadevi Road,  
Mumbai - 400 002

#### Corporate Office

9, Rasik Niwas (2nd Flr)  
75 'F' Road, Marine Drive,  
Mumbai 400 020.

#### Works

- 73 AB, Govt. Indl. Estate,  
Charkop, Kandivli (West),  
Mumbai - 400 067.
- E-15, MIDC, Tarapur,  
Boisar, Dist. Thane, Maharashtra.

#### Auditors

**M. L. Sharma & Co.**  
Chartered Accountants

#### Registrars & Share Transfer Agents

**Darshan Computers**  
Ranjit Studio Complex, ('M' Block),  
Dadasaheb Phalke Road,  
Dadar (East), Mumbai - 400 014.

#### Bankers

State Bank of India  
Union Bank of India

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### SEVENTEENTH ANNUAL GENERAL MEETING

On Saturday, the 25th day of October,  
1997 at 3.00 p.m. at Ashoka Hall, 3 & 5  
Arcadia Building, NCPA Marg,  
Nariman Point,  
Mumbai - 400 021.

As a measure of economy, copies of  
the Annual Report will not be  
distributed at the Annual General  
Meeting. Share holders are  
requested to kindly  
bring their copies to  
the meeting.



## NOTICE

### NOTICE TO MEMBERS

NOTICE is hereby given to the Shareholders of GINI SILK MILLS LIMITED that the Annual General Meeting of the Company will be held on Saturday, 25th October, 1997 at Ashoka Hall, 3 & 5 Arcadia Building, NCPA Marg, Nariman Point, Mumbai - 400 021. at 3.00 P.M. to transact the following business.

### ORDINARY BUSINESS

1. To approve and adopt the Audited Balance Sheet as on 31st March, 1997 and the Profit and Loss Account for the Financial year ended on that day alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rajendra Kumar Rajgarhia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Ramprasad Poddar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 372(4) and other applicable provisions if any of the Companies Act, 1956 read with the rules prescribed therein (hereafter referred to as "the Act") and subject to the approval of the Central Government, wherever and whenever necessary, consent of the Company be and is hereby accorded to the Board of Directors for an investment of fund of the Company in Shares, Securities, Debentures (Convertible or non-Convertible), Bonds, Warrants and such other modes of securities including the securities and bonds issued by a State or Central Government, Semi Government bodies, local self Government either secured or unsecured and/or guaranteed or otherwise issued by a body(ies) Corporate, whether or not in the same management, by initial subscription at par or at a premium/ by purchase from an open market at whatever prices prevailing on that day / by a subscription at par or at premium under the rights offered by such body(ies) corporate, upto an amount of such investments made in body(ies) corporate the aggregate of such investments to be made alongwith the investments already made may exceed the limits prescribed under the provisions of the Act."

"RESOLVED FURTHER THAT the Board of Directors or a Committee thereof, be and is hereby authorised to determine in its description the actual amount to be so invested in each of the bodies corporate, subject to the aforesaid limits or the limits as may be approved by the Central Government and to settle all/any matters arising out of and incidental to the investment and for that purpose take all steps and to do all acts, deeds, matters and things as are necessary."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT, pursuant to the provisions of Section 370, and other applicable provisions, if any, of the Companies Act 1956 (hereinafter referred to as 'the Act') which term includes modifications or re-enactment thereof), the consent of the Company be and is hereby accorded to the Board of Directors or a Committee thereof (hereinafter

referred to as 'the Board') loan and/or deposit from time to time whether long term or short term, secured or unsecured, on such terms and conditions as the Board may, in its absolute description, deem fit, proper and in the interest of the Company to bodies corporate, whether or not under the same management as defined under Section 370(1-B) of the Act, of such amount, which is in aggregate with the amounts of loans/deposits already made may exceed the limits prescribed under the Act and rules for the time being inforce with the prior approval of the Central Government obtained for each of the bodies corporate or in general as the case may be."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner stated below :

The following new Articles 6D and 6E with marginal notes as indicated be inserted after the existing Article 6 (C):

### 6D. Issue of Shares

Subject to the provisions of the Companies Act, 1956 or any other applicable laws in force at the relevant time, the Company may issue shares either Equity or any other kind without having any voting rights and upon such other terms and conditions as the resolution authorising such issue may prescribe.

### 6E. Purchase of the Company's own shares.

Subject to the provisions of the Companies Act, 1956 or any other applicable laws in force at the relevant time, the Board of Directors shall have powers to purchase any of its own fully paid shares whether or not they are redeemable and may make payment out of its capital in respect of such purchases.

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be stipulated or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board') consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid shares on such terms and conditions and upto such limits as may be prescribed by law from time to time, provided that the acquisition/purchase of such fully paid shares of the Company be not construed as reduction of Share Capital which is subject to the controls as stipulated in Sections 100 to 104 and 402 of the Companies Act, 1956 for the time being in force AND THAT the Board be and is hereby authorised to do all such acts and things as may be necessary or proper for giving effect to this Resolution."

By order of the Board

(VISHWANATH HARLALKA)  
CHAIRMAN

Regd. Office :  
Chamber Bhavan (3rd Floor),  
232/34, Kalbadevi Road,  
Mumbai - 400 002.

Mumbai, 30th September, 1997.



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### NOTES :

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relevant Explanatory Statement of material facts pursuant to Section 173(2) of the Companies Act, 1956, in respect of Items 5 to 8 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 10/10/97 To 28/10/97 (both days inclusive)
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

### EXPLANATORY STATEMENT

(as required u/s 173(2) of the Companies Act, 1956)

#### Item No. 5 :

The Resolution as commended is only of an enabling nature which, if passed, would empower the Board of Directors to invest Company's fund in such of the bodies corporate as and when demanded depending upon the availability of surplus fund. However for all times, the Directors would ensure that the investment would not exceed the prescribed limit of 30% of the Investee Company's subscribed or paid up capital whichever is less.

The restriction on the Investing Company (i.e. Gini Silk Mills Ltd.) is that the total investments at any time in aggregate should not exceed 30% of its subscribed capital and free reserves.

The Directors would also ensure that prior approval of the Central Government shall be obtained if at any time, the investments are likely to exceed the limit prescribed.

At present the Company has invested Rs. 8.87 lacs in the equity capital of Gini Tex Ltd., a company under the same group which amount is well within the prescribed limit.

The Directors may be considered as concerned or interested only if the investments are made in such bodies corporate in which they are interested and so declared under Section 299 of the Companies Act, 1956.

#### Item No. 6 :

The commended Resolution under this item of the Agenda is also of an enabling nature which shall empower the Board of Directors, depending upon the availability of surplus/idle fund to consider giving loans or deposits (long term or short term, secured or un-secured) to bodies corporate whether or not under the same management.

Section 370 of the Companies Act, 1956 authorises the Board to give loans/deposits to bodies corporate upto 30% of the lending Company's Subscribed Capital and free reserves. However if this limit is to exceed, a special resolution is to be passed. The Directors have therefore opted to seek your

approval in advance so as to enable the Directors to implement the Resolution without any lapse of time.

Before exercising this authority, the Directors would ensure to fulfil all the formalities as required under the Companies Act, 1956 and would consider all the financial and feasible factors of the bodies corporate as and when approached by them. The Board would also ensure that loans/deposits would be given only if it is not detrimental to the interest of the Company and not at the cost of Company's operations.

The Directors may be considered as concerned or interested only if loans/deposits are given to such bodies corporate in which they are interested and so declared under Section 299 of the Companies Act, 1956.

#### Item No. 7 :

It is proposed to add new Articles 6D and 6E as set out at Item No. 7 of the accompanying Notice, to enable the Company to issue shares without having any voting rights and to purchase/finance the purchase of its own shares as and when the Act is amended. In the event that it is permitted by the Act to issue shares without any voting rights as also purchases/financing of the purchases by a Company of its own shares, the Resolution confers authority on the Board for the purpose.

#### Item No. 8 :

Section 77 of the Act presently restricts the purchase of its own shares by a Company or the financing of such a purchase of its own shares unless the provisions of Sections 100 to 104 and 402 of the Act relating to reduction of share capital are complied with.

With the liberalisation of economy, a move is being made towards gradual alignment of the corporate law and policies of the country with the global trends in practice. It is expected that the Company law (Amendment) Bill would make necessary provisions in the Act permitting Companies to purchase/finance the purchase of its own shares.

It is therefore, considered desirable that the Company and its Board of Directors should have the enabling power to purchase the Company's own shares for various reasons such as to bring down the overall cost of Capital or when the market prices of the shares do not reflect the real value thereof.

It must be clearly understood that acquisition/purchase of the shares of the Company as proposed at Item No. 8 of the accompanying Notice should not be construed as reduction of capital which is subject to controls as stipulated in Section 100 to 104 and 402 of the Act for the time being in force.

The Directors recommend the Resolution for your approval.

No Director of the Company is concerned or interested in the said Resolution.

By order of the Board

(VISHWANATH HARLALKA)  
CHAIRMAN

#### Regd. Office :

Chamber Bhavan (3rd Floor),  
232/34, Kalbadevi Road,  
Mumbai - 400 002.

Mumbai, 30th September, 1997.



## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the SEVENTEENTH Annual Report of the Company together with the Audited Statement of Accounts for the Year ended March 31, 1997

<b>FINANCIAL RESULTS</b>	<b>1996-97</b>	<b>1995-96</b>
	<b>Rs.</b>	<b>Rs.</b>
Net Sales / Income from operations	74428645	33056749
Other Income	1864879	1083816
Interest	1905518	552734
Gross Profit (after interest but before depreciation and taxation)	7775166	1839452
Depreciation	1791140	167343
Provision for Taxation	860000	820000
Net Profit after Tax	5124026	852109
Add: Balance brought forward from Previous year	1853327	1135071
Excess I.T. Provision W/Back	1197	116148
Profit Available for appropriation	6978550	2103328
<b>APPROPRIATIONS</b>		
Proposed Dividend		
— On Equity	—	200000
— On Preference	638175	—
Dividend Tax	63818	—
Transfer to General Reserve	—	50000
Balance carried to Balance Sheet	6276557	1853328
	6978550	2103328

## OPERATION

Due to procedural delay in Public Issue and receipt of proceed of issue from Banks the Process House project of the Company was delayed, as against the projected date of commencement of commercial production in April 1996, the actual production was commenced by the end of August 1996. In spite of the delay, the Company's revenue and profitability have shown satisfactory improvement.

## NEW VENTURE

Your Directors are happy to inform you that your company has also installed Yarn Dyeing project at the site of the processing unit at Tarapur, to achieve the maximum utilisation of manpower, technicians, energy and to run the plant at low inventory of dyes and chemicals. Trial-runs of the plant is under progress and the commercial production is expected to commence by October 1997. The present installed capacity of the plant is 300 M/Tons per annum.

## PUBLIC ISSUE

During the year under review the Company has issued and allotted 47,56,100 Equity shares of Rs. 10/- each for cash at par and 70,160 10% cumulative convertible preference shares of Rs. 100/- each for cash at par. The subscribed Equity capital of the company has therefore increased to Rs. 500.61 lacs, and Preference share capital to Rs. 70.16 lacs as on 31st March 1997.

## DIVIDEND

In order to conserve the resources of the company for the on going project (Yarn Dyg.) and to meet the enhanced cost of the Process House project, the Directors do not recommend any dividend on Equity Shares. However the dividend on Preference Shares will be disbursed on pro-rata basis for the year under review

## DIRECTORS

In accordance with Articles of Association of the Company Mr. Rajendra Kumar Rajgarhia and Mr. Ramprasad Poddar, Directors of the company, will retire by rotation and being eligible offer themselves for re-appointment.

## AUDITORS

M/s. M.L. Sharma & Co., Chartered Accountants, are the present Auditors of the Company. They shall retire at the conclusion of the ensuing Annual General Meeting. Being eligible, offer themselves for re-appointment.

## FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

## INSURANCE

Company's plants are adequately insured.

## PARTICULARS OF EMPLOYEES

The information required U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not given, as there is no employees, drawing salary more than the prescribed limit.

## INFORMATION AS REQUIRED UNDER CLAUSE 43 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES

Particulars	Projected Profitability Statement (Rs. Lacs)	Actual Profitability Statement (Rs. Lacs)	Variation (Rs. Lacs)	(In %)
TURNOVER	1405	744.84	660.16	46.99%
<del>EBIT</del> PBT	178	59.84	118.16	66.4%
P.A.T	130	51.24	78.76	60.6%

1. Funds have been fully utilised for the Project as planned.
2. Commercial Production as per Prospectus dated 8th Feb, 1996 was supposed to start in April 1996, however commercial production commenced only from Aug. 14, 1996 for the reason beyond the control of the Company.

## ENVIRONMENT AND SAFETY MEASURES

### EFFLUENT CONTROL

Company's weaving unit at Mumbai does not generate any type of effluent. Effluent at Process House unit at Tarapur is carefully monitored and treated confirming to the requirements of the State Pollution Control Board.

### SAFETY

The Process equipments have built in safety system and all the employees are well trained for safe working on plant operations. Adequate fire protection system is installed for the safety of the plant, men and material.

### INDUSTRIAL RELATIONS

The industrial relations at both the units of the Company remained cordial.

### PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of the Report.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the co-operation and assistance received from the financial institutions and banks, shareholders and customers during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company at all levels for their dedication and loyalty.

For and on behalf of the Board

(VISHWANATH HARILAKA)  
CHAIRMAN

Mumbai, 30th September 1997.



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## ANNEXURE TO DIRECTORS' REPORT

## FORM A

(See Rule 2)

## Form for disclosure of Particulars with Respect to Conservation of Energy:-

PART 'A'	1996-97	1995-96
<b>POWER &amp; FUEL CONSUMPTION</b>		
<b>1. ELECTRICITY</b>		
A. Purchased		
Units (KWH)	431595	240488
Total Amount (Rs.Lacs)	20.98	11.60
Rate per unit (Rs.)	4.86 *	4.82
B. OWN GENERATION		
Through Diesel Generator :		
Units (KWH)	182603	—
Units Per Ltr.of Diesel oil	3.46	—
Cost per unit (Rs.)	2.58	—
<b>2. COAL</b>	—	—
<b>3. GAS</b>	—	—
<b>4. DIESEL OIL</b>		
Quantity (K.Ltrs)	52.7	—
Total cost (Rs.Lacs)	4.71	—
Average Rate Per Ltr.(Rs.)	8.92 **	—
<b>5. FURNACE OIL</b>		
Quantity (K.Ltrs)	297.98	—
Total cost (Rs.Lacs)	22.82 **	—
Average Rate Per Ltr.(Rs.)	7.66 **	—

NOTE: \* including demand charges \*\* including Transport charges

## PART 'B'

## CONSUMPTION PER UNIT OF PRODUCTION

ENERGY	FABRICS PER MTR		PROCESSING PER MTR	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
ELECTRICITY (KWH)	0.51	0.52	0.12	—
FURNACE OIL (LTRS)	—	—	0.10	—

## CONSERVATION OF ENERGY

The Company's operation involves low energy consumption Nevertheless energy conservation measures have already been taken wherever possible. Efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

## B. TECHNOLOGY AND TECHNICAL ABSORPTION AND ADOPTION

## 1. TECHNOLOGY ABSORPTION

The Company's present manufacturing activities are such that the same do not require any specialised technology. Since in India, technical know-how for Textile Industries has been standardised and is being used in the industry. Besides, the Promoters of the Company are engaged in Textile business since last 3 decades and the business is inherited. In view of the above, the question of technical absorption and adoption does not arise.

## 2. RESEARCH AND DEVELOPMENT

At present the Company does not have separate division for carrying out Research work and Development. No expenditure has therefore earmarked for this activity.

## C. FOREIGN EXCHANGE

	1996-97 Rs.	1995-96 Rs.
Earning	Nil	Nil
Outgo	Nil	Nil

For and on behalf of the board

(VISHWANATH HARLALKA)  
CHAIRMAN

Mumbai, 30th September, 1997.



## AUDITORS' REPORT

To

THE MEMBERS OF  
GINI SILK MILLS LTD.

We have audited the attached Balance Sheet of GINI SILK MILLS LTD., Mumbai as at 31st March, 1997 and also annexed Profit & Loss Account of the Company for the year ended on that date and report as under:

1. 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.
2. 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 the books of the Company.
3. The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account of the Company.
4. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to .

Note 1(b) regarding interest received on delayed bills and interest paid to Bank on Bills Discounting Account which are accounted for on cash basis, and Note no. 1(f) regarding on Capital Work-in-Progress and read together with other notes as per Schedule "X" gives information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997

AND

- ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.
5. As required by the Manufacturing and other Companies (Auditor's Report) order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:
  - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Further as per information and explanations given to us, during the period, fixed Assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
  - ii) None of the fixed Assets have been revalued during the year.

iii) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare-parts and raw-materials.

iv) The procedure of physical verification of stocks followed by the management, in our opinion, is reasonable and adequate in relation to size of the Company and the nature of its business.

v) No material discrepancies have been noticed on physical verification of stocks as compared to the book records.

vi) On the basis of our examination of stocks, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and the basis of valuation of stock is same as in the preceding period.

vii) In our opinion, the rate of interest and terms and conditions on which loans have been taken from shareholders are not prima-facie prejudicial to the interest of the Company. No loans have been taken from the Companies. Firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 or from Companies under the same management as defined u/s 370(1-B) of the Companies Act, 1956.

viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained u/s 301 and/or to the Companies under the same management within the meaning of section 370 (1-B) of the Companies Act, 1956.

ix) The Company has given loans or advances in nature of loans to other parties. The recovery of the principal amounts and interest thereon, wherever stipulated is generally regular.

The loans given to employees ( free of interest ) are repaying the principal amount.

x) In our opinion and in accordance to the information and explanations given to us, there is an adequate internal control procedure, commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw-materials including components, plant and machinery and other assets and for the sale of goods.

xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the