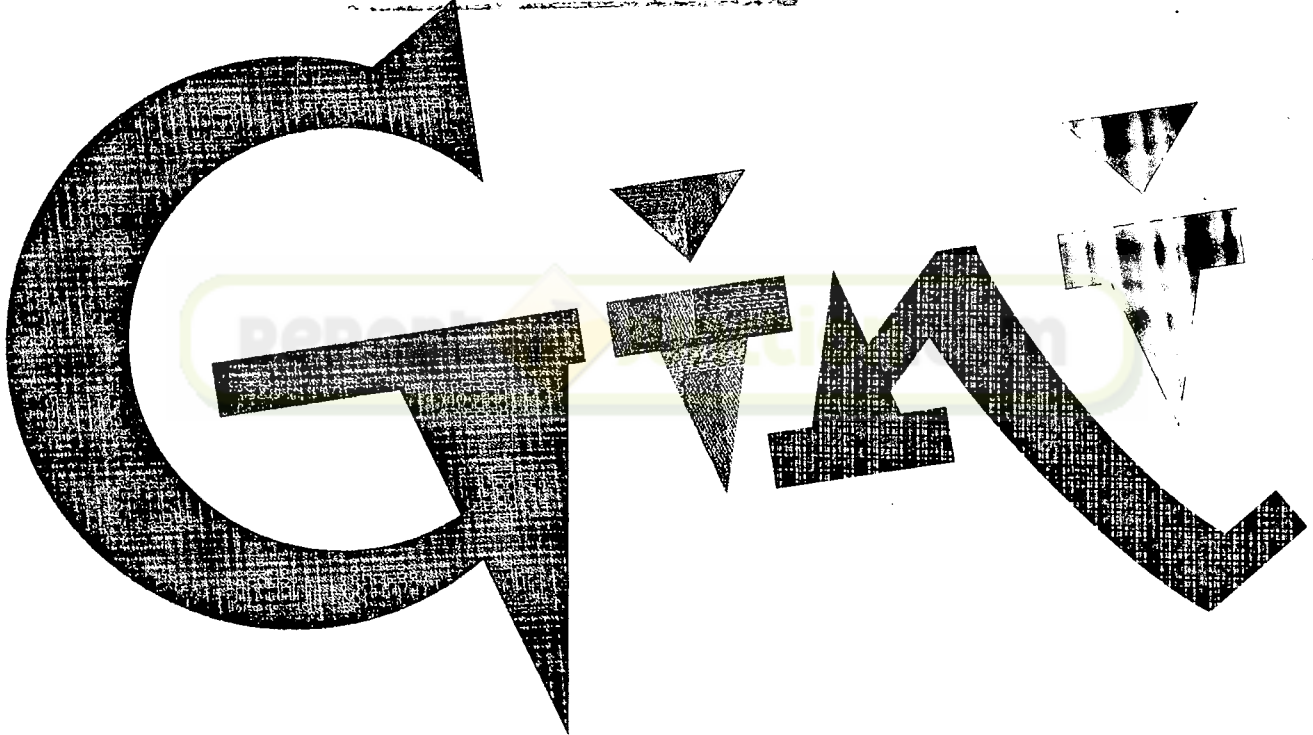


Case no. 18762/0105124

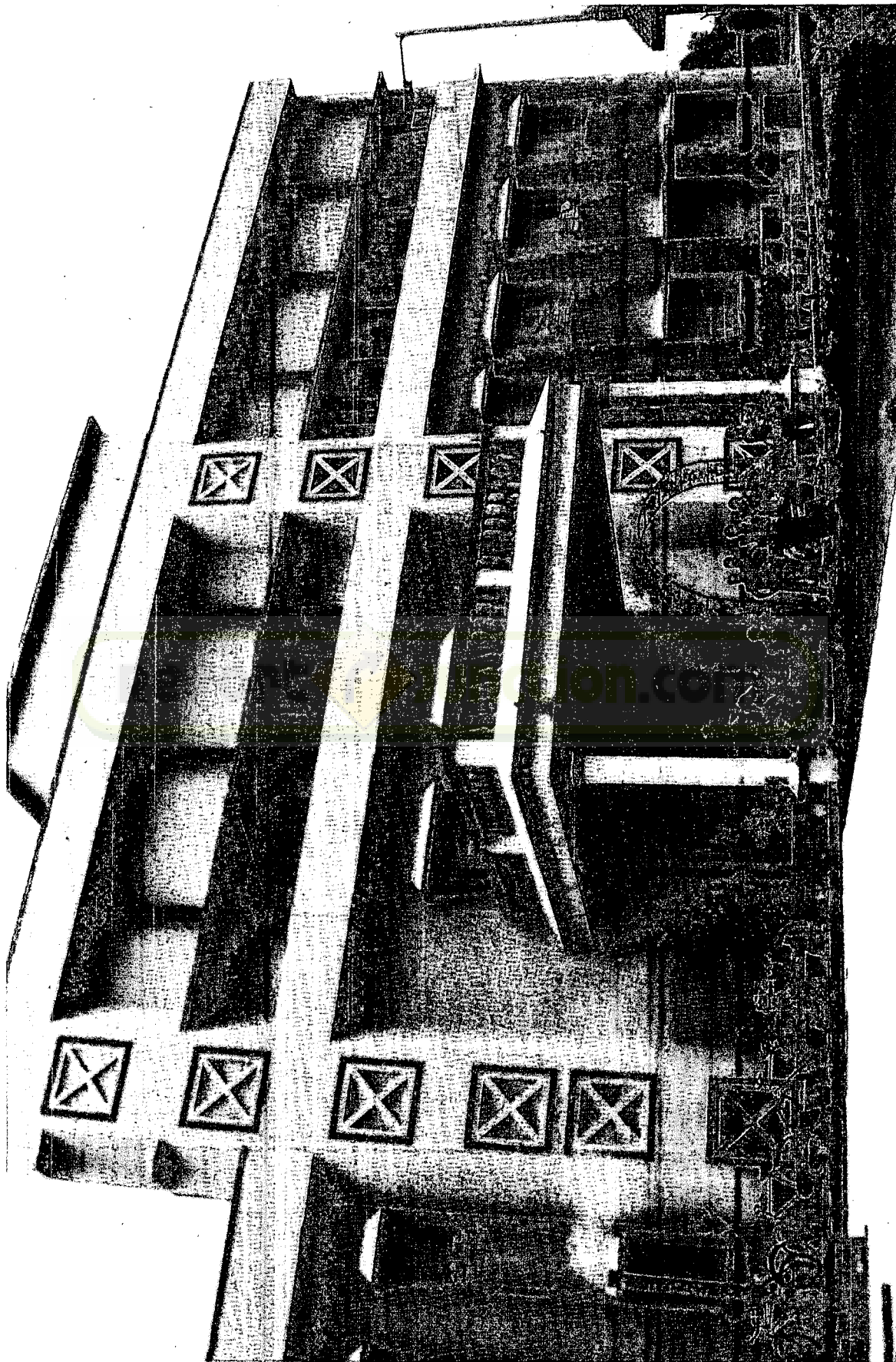
GMA SILK MILLS LTD.

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AG	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>			

SEPT 1998
DEEPAK KARKAL
DIRECTOR



18TH ANNUAL REPORT
1997 - 98



Front view of Tarapur Process House



ANNUAL REPORT 1997-98

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EIGHTEENTH ANNUAL GENERAL MEETING

On Saturday, the 26th day of September,
1998 at 3.00 p.m. at Y.B. Chavan Centre,
Cultural Hall, (3rd Floor),
General Jagannath Bhosle Marg,
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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Vishwanath Harlalka

(Chairman)

Deepak Harlalka

(Managing Director)

Ramprasad Poddar

(Director)

Rajendra Kumar Rajgarhia

(Director)

Dinesh Poddar

(Director)

S.B. Mhatre

(SICOM Nominee 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



ANNUAL REPORT 1997-98

NOTICE

NOTICE TO MEMBERS

NOTICE is hereby given to the Equity Shareholders of **GINI SILK MILLS LIMITED** that the **EIGHTEENTH Annual General Meeting** of the Company will be held on Saturday, 26th September, 1998 at Y.B. Chavan Centre, Cultural Hall (3rd Floor), General Jagannath Bhosle Marg, 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, 1998 and the Profit & Loss Account for the year ended on that day alongwith the Reports of the Directors and Auditors thereon.
2. To declare Interim Dividend as Final Dividend on Equity Share Capital of the Company.
3. To appoint a Director in place of Shri Vishwanath Harlalka who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Dinesh Poddar who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company & to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT, in partial modifications of the resolutions passed at the 15th Annual General Meeting held on 5th July 1995 and subject to the provisions of Sections 197, 296, 309, 310 read with Schedule XIII, wherever and whatever applicable, of the Companies Act 1956, the company hereby approves of the changes in the terms of remuneration payable to Shri Deepak Harlalka the Mg. Director of the Company as detailed in the Explanatory Statement attached hereto and more specifically set out in the Supplemental Agreement submitted to the meeting and initialed by the Director for the purpose of identifications, which Supplemental Agreement is hereby specifically approved with effect from 1st April 1998 for the remainder of the tenure of the contract."

"RESOLVED FURTHER THAT, pursuant to Schedule XIII and subsequent explanatory circulars issued related thereto, under the Companies Act, 1956 the remuneration payable to Shri Deepak Harlalka, the Managing Director of the Company as revised as above and as stipulated in the Supplemental Agreement approved under the above resolution, be considered, treated and paid as minimum remuneration in the event of the company incurring loss or earning inadequate/insufficient profit in any of the financial years during the tenure of the office of the Managing Director."

By Order of the Board,
Vishwanath Harlalka
CHAIRMAN

Regd. Office :
Chamber Bhavan, 3rd Floor
232/34 Kalbadevi Road
Mumbai 400 002
Place : Mumbai
Dated : July 30, 1998

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 Register of Members and Share Transfer Books of the Company will remain closed from 16/09/98 to 26/09/98 (both days inclusive).
3. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. 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.
5. Explanatory Statement related to the special business is enclosed.

EXPLANATORY STATEMENT

(Pursuant to Provisions of Section 173 of the Companies Act 1956)
At the 15th Annual General Meeting, the Company approved payment of salary of Rs.11,000/= per month to Mr. Deepak Harlalka, the Mg. Director of the Company.

The Board of Directors however increased the salary to Rs.30,000/= per month w.e.f. 1st April 1998 (with proportionate increase in the value of benefits yearly related to the quantum of the salary) for the balance period of his appointment i.e upto 30th June.2000. This is on account of the Govt.'s liberalised policy and subsequent to the change in Schedule XIII to the Companies Act 1956. The Board of Directors, while increasing the salary, also considered to revoke payment of commission as agreed upon earlier. The Board thought fit the present increase in the salary, which is in conformity with the present standard of living and the ever increasing the quantum of business and vertical expansion of the company's operational fields which have demanded greater involvement and constant personal supervision from the Managing Director.

All other terms and conditions of the appointment of Shri Deepak Harlalka as Mg. Director and as approved by the members of the company will remain unchanged. The resolution as setout in the notice is commended to be passed as an Ordinary resolution.

The Draft Supplemental Agreement to be executed between the company and the Mg. Director is available for inspection at the Corporate office of the Company at, Rasik Niwas, 75'F' Road, Marine Drive, Mumbai 400 020 between 11.00 a.m. to 1.00 p.m. on any working day of the company.

Shri Vishwanath Harlalka and Shri Deepak Harlalka are concerned and interested in this resolution.

This may also be treated as an abstract of the Draft Supplemental Agreement between the company and Shri Deepak Harlalka under the provision of Sections 302 of the Act.

By Order of the Board,
Vishwanath Harlalka
CHAIRMAN

Regd. Office :
Chamber Bhavan, 3rd Floor
232/34 Kalbadevi Road
Mumbai 400 002
Place : Mumbai
Dated : July 30, 1998



DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the EIGHTEENTH Annual Report of the Company together with the Audited Statement of Accounts for the Year ended 31st March, 1998

FINANCIAL RESULTS	1997-98	1996-97
	Rs.	Rs.
Net Sales / Income from operations	113420523	74428645
Other Income	3027501	1864879
Interest	4317872	1905518
Gross Profit (after interest but before depreciation and taxation)	11497878	7775166
Depreciation	4358386	1791140
Provision for Taxation	800000	860000
Net Profit after Tax	6339492	5124026
Add: Balance brought forward		
from Previous year	6276557	1853327
Excess I.T. Provision W/Back	(77144)	1197
Less: Tax on Dividends	316050	63818
Prior Period Adjustment	49114	—
Profit Available for appropriation	12173741	6914732
APPROPRIATIONS		
Interim Dividend on		
Equity Shares (Paid)	2458701	—
Proposed Dividend on		
10% CCPS.	701600	638175
	3160301	638175
Balance carried to Balance Sheet	9013440	6276557
	12173741	6914732

DIVIDEND

In order to conserve the resources of the company for the enhanced Working Capital, the Directors do not recommend final dividend on Equity Shares. However the company had declared and paid 5% Interim dividend on Equity shares of Rs. 10/- each, for the financial year ended 31st March, 1998.

DIRECTORS

In accordance with Articles of Association of the Company Shri Vishwanath Harlalka and Shri Dinesh Poddar, Directors of the company, will retire by rotation and being eligible offer themselves for re-appointment. During the year Mr. S.B. Mhatre has been appointed as a nominee director of SICOM Ltd.

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	1592.50	1304.38	288.12	18.09%
P.B.T	217.00	71.39	145.61	67.10%
P.A.T	139.00	63.39	75.61	54.40%

1. Funds have been fully utilised for the Project as planned.
2. Sales and margins in fabrics, which showed a stable trend in the first half of the year fell steeply in the second half due to reduced off-take of fabrics despite the traditional festive season. Due to depressed market condition and economic crisis, company's margin was seriously affected resulting lower sales realisation.

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 conforming 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 men, material and machinery.

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.

LISTING OF SHARES & SECURITIES

The Company's Equity & Preference Shares are being traded on the following Stock Exchanges:

1. The Stock Exchange, Mumbai, P.J. Towers, Dalal Street, Fort, Mumbai 400 001 (Regional)
2. The Stock Exchange, Ahmedabad, Kamdhenu Complex, Panjarapole, Ahmedabad

The Company has already paid Annual listing fees to the above Stock Exchanges for the year 1998-99.

ACKNOWLEDGEMENT

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the financial institutions and banks, for the utmost confidence reposed in the management by the shareholders and customers during the year under review. Your Directors wish to thank for the services of the executives, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline.

For and on behalf of the Board

(VISHWANATH HARLALKA)
CHAIRMAN

PLACE : MUMBAI
DATED : JULY 30, 1998

**ANNUAL REPORT 1997-98****ANNEXURE TO DIRECTORS' REPORT****FORM A**

(See Rule 2)

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

PART 'A'	1997-98	1996-97
POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
A. Purchased		
Units (KWH)	1323146	431595
Total Amount (Rs.Lacs)	54.95	20.98
Rate per unit (Rs.)	4.15 *	4.86 *
B. OWN GENERATION		
Through Diesel Generator :		
Units (KWH)	18884	182603
Units Per Ltr.of Diesel oil	3.40	3.46
Cost per unit (Rs.)	2.75	2.58
2. COAL	—	—
3. GAS	—	—
4. DIESEL OIL		
Quantity (K.Ltrs)	5.53	52.7
Total cost (Rs.Lacs)	0.52	4.71
Average Rate Per Ltr.(Rs.)	9.39	8.92
5. FURNACE OIL		
Quantity (K.Ltrs)	872.00	297.98
Total cost (Rs.Lacs)	61.50 **	22.82 **
Average Rate Per Ltr.(Rs.)	7.05 **	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)	0.49	0.51	0.12	0.12
FURNACE OIL (LTRS)	—	—	0.10	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

	1997-98	1996-97
Rs.	Rs.	
Earning	Nil	Nil
Outgo	78776	Nil

For and on behalf of the board

(VISHWANATH HARLALKA)
CHAIRMAN

PLACE : MUMBAI

DATED: JULY 30, 1998