

**20TH ANNUAL REPORT
1999-2000**

Report

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SHIRTINGS

Gina SILK MILLS LTD.



ANNUAL REPORT 1999-2000

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TWENTIETH ANNUAL GENERAL MEETING

On Thursday, the 21st day of September, 2000
at 4.00 p.m. at GREEN ROOM,
Garware Club House, Wankhede Stadium,
'D' Road, Churchgate,
Mumbai - 400 020.

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)

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

E-15, MIDC, Tarapur, (Boisar)
Dist. Thane, Maharashtra.

Auditors

M.L. Sharma & Co.
Chartered Accountants

Bankers

State Bank of India
Union Bank of India
Bank of Maharashtra

CERTIFIED TO BE TRUE COPY
FOR GINI SILK MILLS LTD.

Deepak Harlalka
MANAGING DIRECTOR



NOTICE

NOTICE TO MEMBERS

NOTICE is hereby given to the Shareholders of **GINI SILK MILLS LIMITED** that the **TWENTIETH Annual General Meeting** of the Company will be held on Thursday, **21st September, 2000** at **Green Room, Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400 020** at **4.00 p.m.** to transact the following business :

ORDINARY BUSINESS :

1. To approve and adopt the Audited Balance Sheet as on 31st March, 2000 and the Profit & Loss Account for the year ended on that day alongwith the Reports of the Directors and Auditors thereon.
2. To confirm Interim Dividend paid during the year.
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 Kumar Poddar who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

6. Re-appointment of the Managing Director :
To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :
"RESOLVED THAT, in accordance with the provisions of Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment and terms of remuneration of Shri Deepak Harlalka, Managing Director of the Company, for a period of 5 years with effect from 1st July, 2000 on the terms and conditions set out in the draft Agreement submitted to this meeting and, for identification, signed by the Chairman of the Company, which Agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed to between the Board of Directors and Shri Deepak Harlalka."
7. Amendment to the Articles of Association :
To consider and if thought fit, to pass, with or without modification, the following resolution

as a Special Resolution :

The following new Article No. 12(ii) be and is hereby added after the existing Article No.12(i) in the Articles of Association :

12(ii) Investors to hold the Security with a Depository

Definitions

1. For the purpose of this Article :

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

2. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

3. Options for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

4. Securities in depositories to be in fungible form :

All securities held by a depository shall be



dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 1878, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

5. (a) Rights of depositories and beneficial owners :

Notwithstanding any thing to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

6. Service of documents :

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies of discs.

7. Transfer of Securities :

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

8. Allotment of Securities dealt with in a depository :

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the

depository immediately on allotment of such securities.

9. Distinctive numbers of Securities held in a depository :

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

10. Register and Index of beneficial owners:

The Register and Index of beneficial owners by a depository under the Depositories Act, 1996, shall be deemed to be the Register and index of Members and Security holders for the purposes of these Articles.

8. Change of the Registrars & Share Transfer Agents :

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

“RESOLVED that consent of the Company be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members/Debenture-holders together with the Index of Members, Index of Debenture-holders and copies of all returns prepared U/s. 159 & 160 of the Companies Act, 1956 as also the copies of certificates and documents required to be annexed thereto U/s 160 & 161 of the Companies Act 1956, at MCS SOFTWARE SOLUTIONS LTD. Rajan House, Opp. Century Bazar, Prabhadevi, Mumbai 400 025 with effect from 1st September 2000.”

“RESOLVED FURTHER that Shri Deepak Harlalka the Managing Director of the Company be and is hereby directed to intimate the ROC at Mumbai as also the Stock Exchange at Mumbai & Ahmedabad in this regard.

By Order of the Board,

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

Vishwanath Harlalka
Chairman

Place : Mumbai
Dated : July 29, 2000

**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 the Share Transfer Books of the Company will remain closed from 19/09/2000 to 23/09/2000 (both the 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. Shareholders who have not paid allotment money are requested to make the payment along with interest by demand draft payable at Mumbai.
6. Members are requested to inform immediately any change in their address to the Company.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 6 :

Shri Deepak Harlalka term of appointment as the Managing Director of the Company ended on July 4, 2000. The Board of Directors are of the opinion that it is in the interest of the Company to re-appoint Shri Deepak Harlalka as Managing Director of the Company and therefore have approved the renewal of his contract for a further term of five years with effect from 1st July, 2000 subject to the approval of the shareholders.

The draft Agreement between the Company and Shri Deepak Harlalka contains, inter alia; the following principal terms and conditions :

1. Period of Agreement – 5 years with effect from 1st July, 2000.
2. Remuneration :
 - (a) Salary Scale of Rs.30,000/- per month.
 - (b) Perquisites and Allowances :
 - (i) In addition to the salary, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or

otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs; medical reimbursement, club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be subject to the ceilings as specified in Part II of Schedule XIII.

- (ii) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- (iii) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

- (c) Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

- (d) The terms and conditions of the said re-appointment and/or Agreement may be altered and varied from time to time by



the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Companies Act, 1956 or any amendments made hereafter in this regard.

- (e) The Agreement may be terminated by either party giving the other party six months' notice or either party paying six months' remuneration in lieu thereof.
- (f) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall also cease to be the Managing Director of the Company.
- (g) If at any time the Managing Director ceases to be the Managing Director of the Company for any cause whatsoever, he may at his option continue to be a Director of the Company.
- (h) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commissions. He shall not also become interested or otherwise concerned directly or through his spouse and/or minor children, if any, in any selling agency of the Company, without the prior approval of the Central Government.
- (i) The Managing Director shall not have, inter alia, the following powers :
 - (i) the power to make calls on Members in respect of monies unpaid on shares of the Company;
 - (ii) the power to issue debentures; and
 - (iii) the power to invest the funds of the Company in shares, stocks and securities.

In accordance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

The draft Agreement between the Company and Shri Deepak Harlalka is available for inspection by the members of the Company at the Registered Office

of the Company between 11.00 a.m and 1.00 p.m. on any working day of the Company.

Shri Vishwanath Harlalka and Shri Deepak Harlalka is concerned or interested in the Resolution at item No.6 of the Notice.

This may be treated as an abstract of the draft terms of appointment of Shri Deepak Harlalka pursuant to Section 302 of the Act.

Item 7 :

For the benefit of the Company's Shareholders, the Company is seriously thinking of dematerialisation of its Equity Shares. To enable the Board of Directors to act upon this proposal, necessary amendment in the Articles of Association by inclusion of a new Article No. 12 (ii) has been commended.

None of the Directors is concerned or interested in this resolution.

The members are requested to accord their consent & pass the Resolution as a Special Resolution.

Item 8 :

M/s.Darshan Computers, Dadar, Mumbai, the present Registrars and Share Transfer Agents of the Company, have served a notice to terminate their appointment w.e.f. 1st Sept. 2000. After due negotiation with various Registrars, it has been decided to appoint M/s.MCS Software Services Pvt.Ltd. Mumbai. The appointment will be with effect from 1st Sept.2000.

A special Resolution is required to be passed to comply with the provisions under the Companies Act, 1956.

None of the Directors is concerned or interested in this Resolution.

By Order of the Board,

Regd. Office :

Chamber Bhavan (3rd flr.)
232/34 Kalbadevi Road
Mumbai 400 002

Vishwanath Harlalka

Chairman

Place : Mumbai
Dated : July 29, 2000

**DIRECTORS' -- REPORT**

To

The Members,

Your Directors have pleasure in presenting the **TWENTIETH Annual Report** of the Company together with the Audited Statement of Accounts for the Year ended **31st March, 2000**.

FINANCIAL RESULTS	1999-2000	1998-99
	(Rs.)	(Rs.)
Net Sales/Income from operations	239720422	176969937
Other Income	3500578	3493070
Interest	1084966	3315766
Gross Profit (After interest but before depreciation and taxation)	21163541	18831550
Depreciation	4813395	4598394
Provision for Taxation	5750000	3100000
Net Profit after Tax	10600146	11133156
Add : Balance brought forward from Previous year	13798037	9013440
Excess Tax Provision W/Back	1785743	(10252)
Less: Tax on Dividends	620904	627847
Prior Period Adjustment	(63857)	(2760)
Profit Available for appropriation	25499165	19505737

APPROPRIATIONS

Interim Dividend on Equity Shares	5587184	0
Dividend paid on 10% CCPs	63144	0
Proposed Dividend on 10% CCPS	0	701600
Proposed Dividend on Equity Shares	0	5006100
Balance carried to Balance Sheet	19848837	13798037
TOTAL	25499165	19505737

DIVIDEND

Your Directors have already declared and paid an Interim Dividend on Equity Shares @ 10%. Since no further dividend as final dividend has been recommended by the Board of Directors, the said interim dividend be treated and considered as final for the year under review. The management has therefore proposed suitable resolution in this regard for declaration of the total dividend at 10% for the year 1999-2000.

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.

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 thereunder.

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.

ENVIRONMENT AND SAFETY MEASURES**I. EFFLUENT CONTROL**

Effluent at Process House unit at Tarapur is carefully monitored and treated conforming to the requirements of the State Pollution Control Board.

II. SAFETY

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

III. INDUSTRIAL RELATIONS

The industrial relations at plants of the Company during the year under review continued to be cordial throughout the year.

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.