



Gini SILK MILLS LTD.



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TWENTYFIRST ANNUAL GENERAL MEETING

On Saturday, the 29th day of September, 2001
at 4.30 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 DEPARTMENT

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

REGISTRARS & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

E/2 Ansa Industrial Estate,

Sakivihar Road, Sakinaka,

Andheri (E), Mumbai 400 072

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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 Register of Members and the Share Transfer Books of the Company will remain closed from 21/09/2001 to 29/09/2001 (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. 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 :

M/s. MCS SOFTWARE SERVICES PVT. LTD., Mumbai, the present Registrars and Share Transfer Agents of the Company, have served a notice to terminate their appointment w.e.f. 6th July, 2001 and the Board of Directors has accepted his notice, and after due negotiation with various other Registrars, it has been decided to appoint **M/s. BIGSHARE SERVICES PRIVATE LTD.**, Mumbai, w.e.f. 6th July, 2001.

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,

Vishwanath Harlalka
Chairman

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

Place : Mumbai
Dated : 27th August, 2001

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that is aimed at the efficient conduct of the company's business so as to meet Company's obligation to the shareholders.

- the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- the Board has ensured that all legal provisions laid down in various enactments have been duly complied with.
- the process of decision making in the organisation has been and is being reviewed periodically so as to make it transparent.
- the Board has always endeavoured to disclose all relevant and material information to the shareholders.

2. **Constitution of the Board and its Meetings :**

The present Board of Directors consists of two (Promoter) Executive Directors and three Non-Executive (independent) Directors who are themselves experienced industrialists heading their business empire.

During the year under review, Six Board meetings were held which were attended to by each of the Directors as detailed hereunder :

Name of Directors	Category	No. of Board Meetings attended	Attendance of last AGM
Shri Vishwanath Harlalka	Executive	05	Present
Shri Deepak Harlalka	Executive	06	Present
Shri Ramprasad Poddar	Non executive	05	Present
Shri Dinesh Poddar	Non executive	06	Present
Shri Rajendra Kumar Rajgarhia	Non executive	04	Absent

The Board Meetings were held on the following dates: April 29, 2000, July 29, 2000, August 8, 2000, October 30, 2000, January 30, 2001 and February 10, 2001.

3. **AUDIT COMMITTEE :**

The Company is in the process of constituting the Audit Committee and it is ensured that the process would be completed before March, 2002. However, our Internal Auditors have been and are functioning with their efficient team in Co-ordination with our Statutory Auditors. This has always been helping the Management to place before you the transparent statements of account.

4. **SHAREHOLDERS GRIEVANCES :**

Mr. Deepak Harlalka, the Managing Director of your Company has always remained very cautious, conscious and concerned about the shareholders' grievances. This resulted in quick attendance and settlement of any grievances leaving no complaint unattended to for a longer time. The Board of Directors is pleased to announce that there were no complaints received during the year under review.

DISCLOSURES :

1. Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

NONE

2. Details of non compliance by the company, penalties, strictures imposed on the Company by SEBI, ROC, Stock Exchanges, or any other statutory authorities on any matter related to capital market during the last three financial years.

NONE

Except that the Company had to seek permission once from the Company Law Board for condonation of late filing of forms for satisfaction of charges when the company settled in full the loan liabilities towards SICOM.

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 through out 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



ANNEXURE TO DIRECTORS' REPORT (FORM - A) (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :

PART 'A'

A. POWER & FUEL CONSUMPTION	2000 - 2001	1999-2000
(1) ELECTRICITY		
A Purchased		
Unit (KWH)	1268950	1184623
Total Amount (Rs.Lacs)	51.80	49.34
Rate per unit (Rs.)	*4.08	*4.17
B OWN GENERATION		
Though Diesel Generator :		
Units (KWH)	60684	42386
Units Per Ltr.of Diesel oil	3.38	3.24
Cost per unit (Rs.)	5.08	4.09
(2) COAL		
Quantity (Kgs.)	495960	-
Total Cost (Rs. In lacs)	13.28	-
Average rate per Kg. (Rs.)	2.67	-
(3) GAS		
(4) DIESEL OIL		
Quantity (K.Ltrs)	17.91	13.05
Total cost (Rs.Lacs)	3.08	1.73
Average Rate Per Ltr. (Rs.)	17.20	13.27
(5) FURNACE OIL		
Quantity (K.Ltrs)	1295.25	1328.82
Total cost (Rs.Lacs)	**147.73	**119.94
Average Rate Per Ltr. (Rs.)	**11.40	**9.03

NOTE : * including demand charges ** including Transport charges

PART 'B'

CONSUMPTION PER UNIT OF PRODUCTION ENERGY

FABRICS PROCESSING (PER METER)

	Current Year	Previous Year
Electricity (Kwh.)	0.11	0.11
Furnace Oil (Ltrs.)	0.11	0.12
Coal (Kgs.)	0.04	-

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 adaptation does not arise.

2. RESEARCH & DEVELOPMENT

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

C. FOREIGN EXCHANGE

	2000 - 2001	1999-2000
Earning	NIL	NIL
Outgo	38589	66509

For and on behalf of the Board

Place : Mumbai
Dated : 27th August, 2001

VISHWANATH HARLALKA
CHAIRMAN



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- applicable to company on and after 31st October 1998.
- ix) The Company has given loans or advances in nature of loans to other parties and employees. The recovery of the principal amounts and interest thereon, wherever stipulated, are generally repaid regularly.
 - 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 and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 and aggregating during the period to Rs.50000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services where such market prices were available with Company or the prices at which transactions for similar goods or services have been made with other parties;
 - xii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw-materials and semi-finished goods and adequate provisions has been made in the accounts for the loss arising on the items so determined;
 - xiii) The Company has not accepted any deposits from the public u/s 58A of the Companies Act, 1956;
 - xiv) In our opinion the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by-product;
 - xv) The Company has appointed a firm of Chartered Accountants for carrying out internal audit. In our opinion, the same is adequate with the size and nature of the Company. However the same is required to be strengthened;
 - xvi) The Central Government has not prescribed maintenance of cost records under Section 209(l)(d) of the Companies Act, 1956 in respect of manufacturing activities of the Company.
 - xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues have generally been regularly deposited during the period with the appropriate authorities;
 - xviii) According to the information and explanations given to us, no undisputed amount payable in respect of Income-tax, Wealth-tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable;
 - xix) The Company has a policy of authorising expenditure based on reasonable checks and controls. This policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgment, and to the best of our knowledge and belief, could be regarded as personal expenses.
 - xx) The Company is not a Sick Industrial Company, within the meaning of Clause (o) of Sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.
 - xxi) In respect of the trading activities, we have been informed that there are no unserviceable or damaged goods during the year ;
 - xxii) The Company has maintained proper records for transaction and contracts regarding dealing in shares and other investments.

**FOR M. L. SHARMA & CO.
CHARTERED ACCOUNTANTS**

Place : Mumbai
Dated : 27th August, 2001

(C.H.BANDI)
PARTNER