

**22nd
Annual Report
2001-2002**

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Gini Silk Mills Limited



ANNUAL REPORT 2001-2002

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**TWENTYSECOND ANNUAL
GENERAL MEETING**

On Saturday, the 28th day of September, 2002
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

E-15, MIDC, Tarapur, (Boisar)

Dist. Thane, Maharashtra

31 B, Govt. Industrial Estate

Phase II, Piparia, Silvassa (D & NH) 396230

AUDITORS**M.L. Sharma & Co.**

Chartered Accountants

BANKERS

State 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



NOTICE

NOTICE TO MEMBERS

NOTICE is hereby given to the Shareholders of **GINI SILK MILLS LIMITED** that **TWENTY SECOND Annual General Meeting** of the Company will be held on Saturday, **28th September, 2002** at **Green Room, Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400 020** at, **4.30 p.m.** to transact the following business :

1. To receive and adopt the audited Balance Sheet as on 31st March, 2002 and the Profit & Loss Account for the year ended on that date alongwith the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vishwanath Harlalka who retires by rotation and being eligible

offers himself for re-appointment.

3. To appoint a Director in place of Shri Dinesh Kumar Poddar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

By Order of the Board

Vishwanath Harlalka
Chairman

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

Place : Mumbai
Dated : 24th August, 2002

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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 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 20/09/2002 to 28/09/2002 (both days inclusive).
3. Shareholders seeking any information with regard to the Statements of Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
4. For any change in the address, the shareholders are requested to inform the Company immediately.

5. Shareholders who still hold their shares in physical form are requested to demat the same at the earliest. Dematerialisation of shares is always in the interest of the Members. For further information, the shareholders may contact directly to the Company's Registrars and Share Transfer Agents, M/s.BIGSHARE & SERVICES PRIVATE LIMITED, Mumbai. (Tele. Nos. 8523474, 8560652 & 8560653).
6. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

By Order of the Board,

Vishwanath Harlalka
Chairman

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

Place : Mumbai
Dated : 24th August, 2002

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**DIRECTORS' - REPORT**

To

The Members,

Your Directors have pleasure in presenting the **TWENTY SECOND** Annual Report of the Company together with the Audited Statement of Accounts for the Year ended **31st March, 2002**.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	2001 – 2002	2000-2001
	(Rs.)	(Rs.)
Net Sales / Income from operations	2701.72	2501.04
Other Income	156.80	251.72
	2858.52	2752.76
Net Profit	321.75	283.28
(before interest, depreciation and taxation)		
Interest	24.06	13.46
Depreciation	65.36	55.49
Provision for Taxation	58.35	63.50
Net Profit after Tax	154.08	150.83
Add : Balance brought forward		
From Previous year	286.26	198.49
Less: Tax on Dividends	0	5.79
Prior Period Adjustment	(0.08)	(0.63)
Profit Available for appropriation	440.26	342.90

APPROPRIATIONS

Differed Tax for earlier year	93.85	0
Proposed Dividend on Equity Shares	0	56.65
Balance carried to Balance Sheet	346.41	286.25
TOTAL	440.26	342.90

DIVIDEND

Your Directors regret for not having recommended any Dividend for the year under Report as the management has already utilised the Company's Profit while establishing its Texturising unit. Besides, the unit has already commenced its production and it would demand further working capital fund in the near future. As you all know that your Directors has not so far skipped dividend for any of the financial years in the past. However, the management hope that you, the esteemed members, would continue to extend your co-operation though dividend, for this financial year 2001 – 2002, could not be recommended for obvious reasons.

DIRECTORS

Pursuant to Articles of Association of the Company, Shri Vishwanath Harlalka and Shri Dinesh Kumar Poddar, the Directors of the Company, will retire by rotation and being eligible have offered themselves for re-appointment.

Shri Vishwanath Harlalka, aged about 61 years, is a B.Com., L.L.B. Since last 3 ½ decades, he gained a wide experience and knowledge of Textile Industry. He is the main brain behind successfully promoting a "GINI" Group of Companies and brought this "GINI" Brand to a level of highly accredited and accepted in the present textile market. Besides **GINI SILK MILLS LTD.**, he promoted six other Companies'.

Shri Dinesh Kumar Poddar aged about 34 yrs, is a B.Com., MBA, MS (USA communication) and is also actively involved in "VINAYAKA" group of Companies dealing with Textile Industries since inception of his career. Apart from this, he has also contributed, to the best of his ability, to the group's Investment and Finance Companies. In the group, he is the key person to introduce an effective technology in the field of investment and finance. Besides this Company, Mr. Dinesh Poddar is also a Director/ Executive Director on the Boards of Directors of the Companies under the "VINAYAKA" Group.

AUDITORS

M/s.M.L.SHARMA & CO, Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

FIXED DEPOSITS

The Company has not accepted or renewed 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.

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 applicable since no employee has drawn salary more than the limit as prescribed.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to



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give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that year;

- c) that to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) that they have prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE :

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges at Mumbai and Ahmedabad, the Company is already in process of taking steps to build up the information required to be mentioned in the Report. Publication of this Report in detail is applicable to the Company w.e.f. the financial year 2002 – 2003.

AUDIT COMMITTEE :

The Company has already constituted the Audit Committee on 4th June, 2002 and as such the Committee has effectively started functioning in the Current year 2002-2003.

Following are the members of the Committee.

- | | |
|-----------------------------|------------------------------------|
| 1. Shri Ramprasad Poddar | Independent Non-executive Director |
| 2. Shri Dinesh Kumar Poddar | Independent Non-executive Director |
| 3. Shri Deepak Harlalka | Managing Director of the Company. |

The role and powers of the Audit Committee are as laid down under the relevant Clause 49 of the Listing Agreement and under section 292(A) of the Companies Act, 1956.

GENERAL INFORMATION :**(i) Board Meetings :**

During the year under Report, there were TEN meetings on the following dates :

- | | |
|---------------------|--------------------|
| - April 07, 2001 | - October 30, 2001 |
| - April 30, 2001 | - December 7, 2001 |
| - July 30, 2001 | - January 14, 2002 |
| - August 27, 2001 | - January 30, 2002 |
| - September 6, 2001 | - March 14, 2002 |

(ii) Last Annual General Meeting :

Last Annual General Meeting of the Shareholders of the Company was held on 29th September, 2001.

(iii) Attendance Record of the Directors at the Board Meetings and the Last AGM is as under :

Name of Directors	No. of Board Meetings attended	Last A.G.M. attended
Shri Vishwanath Harlalka (Chairman)	09	No
Shri Deepak Harlalka (M.D.)	10	Yes
Shri Ramprasad Poddar (Director)	09	Yes
Shri Dinesh Poddar (Director)	09	Yes
Shri Rajendra Kumar Rajgarhia (Director)	08	No

(iv) Details of Annual General Meeting held during the last 3 years.

A.G.M.	Day, Date & Time	Venue
19th Annual General Meeting	Thursday 30/09/99 at 3.00 p.m.	Sun Flower II World Trade Centre 1 30th Floor, Cuffe Parade Mumbai – 400 005
20th Annual General Meeting	Thursday 21/09/2000 at 4.00 p.m.	Green Room Garware Club House Wankhede Stadium "D" Road, Churchgate Mumbai 400 020
21st Annual General Meeting	Saturday 29th Sept. 2001 at 4.30 p.m.	Green Room Garware Club House Wankhede Stadium "D" Road, Churchgate Mumbai 400 020

No Extra-Ordinary General Meeting was held during the last 3 Financial years.

(v) Pattern of shareholding as on 31st March, 2002

Category	No. of Members	No. of Shares	%
Promoters	107	34,96,550	61.26
Non-Residents / OCBs	7	28,600	0.50
Banks & Fis	-	-	-
Bodies Corporate	17	8,92,550	15.64
Public	1329	12,90,000	22.60
Total	1460	57,07,700	100.00

**(vi) Market Price data :**

The details of High & Low market price of the shares at the Mumbai Stock Exchange are as under :

Month	Quotation at Mumbai Stock Exchange	
	High (Rs.)	Low (Rs.)
April, 2001	10.50	9.65
May, 2001	11.00	9.30
June, 2001	10.75	9.90
July, 2001	10.55	9.75
Aug. 2001	10.35	9.55
Sept. 2001	11.00	10.80
Oct. 2001	10.35	9.75
Nov. 2001	10.25	9.45
Dec. 2001	11.25	8.50
Jan. 2002	10.05	7.00
Feb. 2002	10.00	9.50
Mar. 2002	10.50	9.50

Note : Since the quotations have not been received from the Ahmedabad Stock Exchange till the date of this Report, the same are not given.

(vii) Dematerialisation of Equity Shares :

The Equity Shares of the Company have been dematerialised with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd., (CDSL) with effect from 11/09/2000. As on 31st March, 2002, 38,69,850 Equity Shares stand dematerialised and balance 18,37,850 Equity Shares are still held by the Shareholders in physical form.

(viii) FORFEITURE OF PARTLY PAID SHARES :

As on 31st March, 2002, there are 1,20,100 Equity Shares are lying as partly paid. The Directors are concerned about this state of affairs and hence the defaulter members have been served FIRST NOTICE OF FORFEITURE on 03/08/2002.

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

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.

LISTING OF SHARES & SECURITIES

The Company's 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-380 015.

The Company has already paid Annual listing fees to the above Stock Exchanges for the year 2002-2003.

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

Place : Mumbai
Dated : 24th August, 2002

Vishwanath Harlalka
Chairman



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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'****POWER & FUEL CONSUMPTION**

	2001 – 2002	2000 – 2001
(1) ELECTRICITY		
A Purchased		
Unit (KWH)	1760155	1268950
Total Amount (Rs.Lacs)	65.27	51.80
Rate per unit (Rs.)	*3.21	*4.08
B OWN GENERATION		
Though Diesel Generator :		
Units (KWH)	38005	60684
Units Per Ltr.of Diesel oil	3.35	3.38
Cost per unit (Rs.)	6.84	5.08
(2) COAL		
Quantity (Kgs.)	**4702260	**495960
Total Cost (Rs. In lacs)	108.84	13.28
Average rate per Kg. (Rs.)	2.31	2.67
(3) GAS	-	-
(4) DIESEL OIL		
Quantity (K.Ltrs)	13.50	17.91
Total cost (Rs.Lacs)	2.60	3.08
Average Rate Per Ltr. (Rs.)	19.24	17.20
(5) FURNACE OIL		
Quantity (K.Ltrs)	26.75	1295.25
Total cost (Rs.Lacs)	**2.24	**147.73
Average Rate Per Ltr. (Rs.)	**8.36	**11.40

NOTE : * in cluding demand charges ** including Transport charges

CONSUMPTION PER UNIT OF PRODUCTION ENERGY**FABRICS PROCESSING (PER METER)**

	Current Year	Previous Year
Electricity (Kwh.)	0.14	0.11
Furnace Oil (Ltrs.)	0.14	0.11
Coal (Kgs.)	0.36	0.38

A. 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 EARNINGS/OUTGO

	2001 – 2002	2000-2001
Earning	NIL	NIL
Outgo	41170	38589

For and on behalf of the Board

Place : Mumbai
Dated : 24th August, 2002

VISHWANATH HARLALKA
CHAIRMAN