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GRAVITY SILK MILLS LIMITED



**11th
Annual
Report
1997 - 98**

Regd. Office : Gala No. 131, Sanjay Bldg. No. 5-B, Mittal Ind. Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India.
Tel. : 0091-22-8595428 / 8596843 / 8524056 Fax : 8595429 E-Mail : fabrics@bom4.vsnl.net.in

GRAVITY SILK MILLS LIMITED

ELEVENTH ANNUAL REPORT 1997-98

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ANNUAL GENERAL MEETING

On Monday, 30th September, 1998, at
Gala No. 131, Sanjay Bldg. No. 5-B,
Mittal Ind. Estate, Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.
at 9.00 a.m.

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

COMPANY'S REGISTRARS AND TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
(Unit : Gravity Silk Mills Ltd.)
32, Sakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

BOARD OF DIRECTORS

Shri Rasiklal D. Thakkar
(Chairman/Managing Director)
Shri Jay R. Thakkar
Smt. Dakshaben R. Thakkar
Shri Bharat D. Thakkar
Shri Dilip D. Thakkar
Shri Jagdishchandra D. Kabra
Shri Ravindra A. Gowada
Shri Kishorechandra P. Nagaria
Shri Vinodray F. Jankhariya

AUDITORS

P.S. Pancholi & Co.
Chartered Accountants

BANKERS

The Madhavpura Mercantile Co-operative Bank Ltd.
The Kalupur Commercial Co-operative Bank Ltd.
Janata Sahakari Bank Ltd. Pune.

REGISTERED OFFICE

Gala No. 131, Sanjay Bldg. No. 5-B,
Mittal Ind. Estate, Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059. India.

FACTORY

- i) Survey No. 10/1, Village Khutali,
Khanvel Dudhani Road, Silvassa,
Union Territory of Dadra and Nagar Haveli.
- ii) Plot No. 42, Govt. Industrial Estate,
Masat, Silvassa,
Union Territory of Dadra and Nagar Haveli.

11th Annual Report 1997-98**NOTICE**

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING OF GRAVITY SILK MILLS LIMITED will be held at the registered office of the Company situated at Gala No : 131, 1st Floor, Sanjay Building No.: 5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059, on Wednesday, the 30th September, 1998 at 9.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To Consider and adopt the Balance Sheet as at 31st March, 1998, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mrs. Dakshaben R. Thakkar, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Jagdishchandra D. Kabra, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Ravindra A. Gowada, who retires by rotation, and being eligible, offers himself for reappointment.
6. Mr. Dilip D. Thakkar retires as a Director at the conclusion of the ensuing Annual General Meeting.
7. To appoint Auditors to hold office from the conclusion of the Tenth Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

To appoint Mr. Jay R. Thakkar, as a Wholetime Director of the Company with effect from 1st October, 1998 and to pass, with or without modifications, the following resolution as an Ordinary Resolution :-

"RESOLVED THAT" Shri Jay Rasiklal Thakkar, be and is hereby appointed as a Wholetime Director of the Company for a period of 5(Five) years with effect from 1st October 1998 on the Monthly remuneration of Rs. 15,000 and upon the terms, provisions and conditions contained in the Draft Agreement of appointment to be entered into with him and which draft is displayed before this meeting."

"RESOLVED FURTHER THAT" the Board of Directors of the Company be and are hereby authorised to vary and/or alter and /or modify the terms and conditions related to the remuneration, and perquisites to be provided for Shri Jay Rasiklal Thakkar as Wholetime Director of the Company in accordance with the changes that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, and /or any amendments and / or modification, including any guidelines or notifications, as made by the Central Government from time to time."

"RESOLVED FURTHER THAT" the Board of Directors be and is hereby authorised to enter into an Agreement, on behalf of the Company, with Shri Jay Rasiklal Thakkar in terms of the aforesaid draft agreement."

By Order of the Board of Directors
for **GRAVITY SILK MILLS LIMITED**

Place : Mumbai
Date : August 22, 1998

(Rasiklal D. Thakkar)
Chairman & Managing Director

ANNEXTURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956.

To the Members of

GRAVITY SILK MILLS LIMITED.

The following Explanatory statement to the resolutions of the Members at the Annual General Meeting sets out material facts under Section 173 of the Companies Act, 1956.

Item No. 1 : Ordinary Resolution :-

The Company vide Board Resolution dated 30th July 1998, appointed Shri Jay Rasiklal Thakkar as the Wholetime Director of the Company (designated as Wholetime Director) for a period of five years with effect from 1st October 1998 on the following terms and conditions :-

1. The Company and the Wholetime Director have agreed upon a monthly remuneration of Rs. 15,000 commencing from October 1998 payable to the Wholetime Director.
2. As regards perquisites, it has been agreed upon that the same shall be allowed in addition to the Salary, so however that the perquisites shall be restricted to an amount equal to the annual salary. For this purpose, perquisites are classified into three categories 'A' and 'B' and 'C' as follows :

PART - A**i) HOUSING :**

- a) The expenditure on the Company by hiring furnished accommodation will be subject to the following ceilings : 60% of the salary, over and above 10% payable by Shri Jay Rasiklal Thakkar.
- b) If the Company does not provide accommodation to Shri Jay Rasiklal Thakkar, he shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
- c) If accommodation in the Company owned house is provided to Shri Jay Rasiklal Thakkar, a deduction @ 10% shall be made from his salary.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the salary of Shri Jay Rasiklal Thakkar.

Gravity Silk Mills Limited

- ii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) Leave Travel Concession : Leave travel concession for self and family once in a year incurred in accordance with the rules of the Company.
- iv) Club fees : Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
- v) Personal Accident Insurance : Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000.

NOTE : For the purpose of perquisites stated hereinabove, 'Family' means the spouse, the dependent children and dependent parents of the appointee.

PART - B

- i) Contribution to Provident Fund and superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- ii) Earned leave : On full pay and allowances as per the rules of the Company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

PART - C

Provision for car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Commission : Such amount of commission (in addition to Salary and Perquisites stated hereinabove) calculated with reference to the net profits of the Company for each Financial Year as may be fixed by the Board of Directors which together with the salary and monetary value of perquisites shall not exceed the ceiling laid down in Section 196 and Section 309 of the Companies Act.

- (3) The remuneration and the perquisites payable to the Wholtime Director shall be within the permissible remuneration and perquisites, etc., as specified in Schedule XIII of the Companies Act, 1956. In accordance with the said Schedule, the Company having profits in the financial year may pay any remuneration by way of salary, dearness allowance, perquisites, commission and other allowances which shall not exceed 5% of its profits for one such managerial person, and if there is more than one such managerial person, 10% for all of them together.
- (4) It is agreed upon between the Company and the Wholtime Director that the terms and conditions of appointment and the remuneration herein above mentioned may be altered and varied, from time to time, by the Board of Directors of the Company as it may, at its discretion, deem fit, so as not to exceed the limit specified in Schedule XIII to the

Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force, or any amendments made thereto.

- (5) The Wholtime Director hereby agrees that he shall discharge his duties and responsibilities to the entire exclusion of the affairs of the Company in a bonafide manner and shall report periodically the affairs of the Company to the Board of Directors of the Company.
- (6) The Company hereby empowers the Wholtime Director to delegate his powers to his subordinates or to any other director of the company so far as its relates to the management of the affairs of the company.
- (7) The Company hereby further empowers the Wholtime Director to execute a power of attorney between him and the Company or between him and any other competent person for execution of any contracts, agreements or the day to day affairs of the Company, or for any other purpose as the Wholtime Director may deem fit.
- (8) The Company is further empowered to alter, vary, add or amend any of the above terms and conditions in the interest of the company, so however that the period of appointment, i.e. five years, shall always remain unaffected.

By Order of the Board of Directors
for **GRAVITY SILK MILLS LIMITED**

Place : Mumbai
Date : August 22, 1998

(**Rasiklal D. Thakkar**)
Chairman & Managing Director



11th Annual Report 1997-98**DIRECTORS' REPORT**

To,
The Members,
Gravity Silk Mills Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended 31st March, 1998.

(Rs. in lakhs)

FINANCIAL RESULTS	1997-98	1996-97
Gross Sales	254.48	236.03
Other Income	0.92	1.54
Profit before taxation	8.46	11.68
Provision for taxation	2.26	3.97
Profit after taxation	6.20	7.71
Balance brought forward	0.18	0.13
Transfer from General Reserve	-	3.25
Profit available for appropriation	6.38	11.09
Appropriations :		
Dividends	5.10	9.92
Tax on Dividend	0.51	0.99
General Reserve	0.50	—
Balance Carried forward	0.27	0.18
	6.38	11.09

SHARE CAPITAL :

Out of call money receivable Rs. 1,02,82,125/- on 11,98,850 Equity Shares at the beginning of the year, the Company has received Rs. 12,90,750/-, and the balance amount of Rs. 89,91,375/- are still calls in arrears.

RESERVES :

Reserve of Rs.2,21,68,405/- at the end of the year includes a sum of Rs.2,20,09,375/- being Share Premium amount. Out of Share Premium of Rs. 34,23,375/- on 13,70,950 equity shares @ Rs. 2.50 per share receivable at the beginning of the year, the company has received Rs. 4,30,250/- and the balance amount of Rs. 29,93,125/- is still due.

OPERATIONS :

The sale of the Company from the existing Unit at Village Masat (Union Territory of Dadra and Nagar Haveli) has marginally increased by 7.81% from Rs. 236.03 Lakhs to Rs. 254.48 Lakhs. The net profit of the Company has, however, reduced by 19.5% from Rs. 7.71 Lakhs to Rs. 6.20 Lakhs on account of increase in overheads.

As regards the new project at Village Khutali (Union Territory of Dadra and Nagar Haveli), the Company has successfully installed 32 imported Sulzer Projectile Weaving Machines. The Company has received the factory power release on 28th January, 1998. Since the power connection was received very late, the Company could only do trial run at the year end for testing the machines and the quality of goods. The Commercial production of Fabrics has begun from April 1998. The balance 36 Imported Sulzer Projectile Weaving Machines are received in the next financial year, which shall be installed and put to use by October, 1998.

The Company has incurred a capital expenditure of Rs. 4,42,09,718 (Previous year Rs. 3,02,31,107) for its new project at village Khutali.

DIVIDEND :

Your Directors are pleased to recommend a dividend @ 1% for the year 1997-98 on the Capital base of Rs.5.10 crores. The total Dividend outgo on the share capital will be to the tune of Rs.5,10,216/- as under :-

(i) On 48,02,450 Equity Shares of Rs.10/- each, fully paid up	Rs. 4,80,245
(ii) On 11,98,850 Equity Shares of Rs.10/- each, partly paid up	Rs. 29,971
Total	Rs. 5,10,216

The Dividend, if approved, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on September 30th, 1998 without deduction of tax at source. However, the Company will bear tax of Rs. 51,022/- @ 10% on proposed dividend.

DIRECTORS :

(A) The following Directors of the Company retire by rotation, and being eligible, offer themselves for re-appointment :-

- (i) Mrs. Dakshaben R. Thakkar
- (ii) Mr. Jagdishchandra D. Kabra
- (iii) Mr. Ravindra A. Gowada