

GRAVITY SILK MILLS LIMITED



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**12th
Annual
Report
1998 - 99**

Regd. Office : Gala No. 131, Sanjay Bldg. No. 5-B, Mittal Ind. Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India.
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GRAVITY SILK MILLS LIMITED

TWELFTH ANNUAL REPORT 1998-99

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ANNUAL GENERAL MEETING

On Monday, the 9th August, 1999, at
Gala No. 131, Sanjay Bldg. No. 5-B,
Mittal Ind. Estate, Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.
at 11.00 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
(Wholetime Director)
Smt. Dakshaben R. Thakkar
Shri Samir R. Thakkar
Shri Bharat D. Thakkar
Shri Ravindra A. Gowada
Shri Kishorechandra P. Nagaria
Shri Vinodray F. Jankharia

AUDITORS

P.S. Pancholi & Co.
Chartered Accountants

BANKERS

The Madhavpura Mercantile Co-operative Bank Ltd.
The Kalupur Commercial Co-operative Bank Ltd.
State Bank of India, Nariman Point, Mumbai.
Times Bank, Silvassa.
Janata Sahakari Bank Ltd. Pune, Girgaon Br., Mumbai

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.

NOTICE

NOTICE is hereby given that the TWELFTH 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 Monday, the 9th August, 1999 at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To Consider and adopt the Balance Sheet as at 31st March, 1999, 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, 1999.
3. To appoint a Director in place of Mr. Bharat D. Thakkar, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Kishorchandra P. Nagaria, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Vinod F. Jonkharia, who retires by rotation, and being eligible, offers himself for reappointment.
6. To ratify and confirm the appointment of Shri Samir R. Thakkar as an additional Director.
7. To ratify and confirm the resignation of Shri Jagdishchandra D. Kabra as a Director.
8. To appoint Auditors to hold office from the conclusion of the Twelfth 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.

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



(Rasiklal D. Thakkar)
Chairman & Managing Director

Place : Mumbai
Date : June 19, 1999



Gravity Silk Mills Limited**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, 1999.

(Rs. in lakhs)

FINANCIAL RESULTS	1998-99	1997-98
Gross Sales	537.09	254.48
Other Income	0.52	0.92
Profit before taxation	34.12	8.46
Provision for taxation	-	2.26
Profit after taxation	34.12	6.20
Balance brought forward	0.27	0.18
Profit available for appropriation	34.39	6.38
Appropriations :		
Dividends	25.58	5.10
Tax on Dividend	2.56	0.51
Income Tax for prior period	1.97	-
General Reserve	4.00	0.50
Balance Carried forward	0.28	0.27
	34.39	6.38

SHARE CAPITAL :

Out of call money receivable Rs. 89,91,375/- on 11,98,850 Equity Shares at the beginning of the year, the Company has received Rs. 1,42,125/-, and the balance amount of Rs. 88,49,250/- are still calls in arrears.

RESERVES :

Reserve of Rs.2,26,17,085/- at the end of the year includes a sum of Rs.2,20,56,750/- being Share Premium amount. Out of Share Premium of Rs. 29,93,125/- on 11,97,250 equity shares @ Rs. 2.50 per share receivable at the beginning of the year, the company has received Rs. 47,375/- and the balance amount of Rs. 29,45,750/- is still due.

During the year, the Company has transferred Rs. 4 lakhs (previous year Rs. 50,000/-) out of profits to the General Reserve.

OPERATIONS :

The year under reference is the first year of operations from the New Project at Village Khutali (Union Territory of Dadra and Nagar Haveli). The Company had begun its commercial production from 1st April, 1998 from 32 imported Sulzer Automatic Projectile Weaving Machines and from 1st January 1999 from the further

36 Sulzer Automatic Projectile Weaving Machine imported and put to use during the year. The cost the New Project amounted to Rs. 10.32 crores.

The sales turnover of the Company was of the order of Rs. 537.09 lacs. The Company expects to double its turnover in the following financial year by fully utilising the installed capacity of the machines. The net profit stood at Rs. 34.12 lacs which was quite encouraging for the following reasons :-

- (i) Qualitative products from the fully automatic imported machines.
- (ii) Increased demand and wide acceptance of products by the market.
- (iii) Defectless and high standard weaving of clothes from the imported machines.

Moreover, the new project installed at Village Khutali is located in the backward area of Union territory of Dadra and Nagar Haveli, which is entitled to "Tax Holiday Benefit" under the Income Tax Act for Five years from the date of commencement of production. As a result, the entire profits earned by the Company for Five years are Tax Free under the Income Tax Law.

Your Directors further inform you that the production from company's old factory at Village Masat (Union territory of Dadra and Nagar Haveli) have been stopped with effect from 1st April, 1998.

DIVIDEND :

Your Directors are pleased to recommend a dividend @ 5% for the year 1998-99 on the Capital base of Rs.5.12 crores. The total Dividend outgo on the share capital will be to the tune of Rs.25,58,188/- as under :-

(i) On 48,21,400 Equity Shares of Rs.10/- each, fully paid up	Rs. 24,10,700
(ii) On 11,79,900 Equity Shares of Rs.10/- each, partly paid up Rs. 2.50 per share	Rs. 1,47,488
Total	Rs. 25,58,188

The Dividend, if approved, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on August 9th, 1999 without deduction of tax at source. However, the Company will bear tax of Rs. 2,55,819/- @ 10% on proposed dividend.

DIRECTORS :

- (A) The following Directors of the Company retire by rotation, and being eligible, offer themselves for re-appointment :-
- (i) Mr. Bharat D. Thakkar
 - (ii) Mr. Kishorchandra P. Nagaria
 - (iii) Mr. Vinodray F. Jankhariya

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- (B) Mr. Samir R. Thakkar was appointed as an Additional Director during the year under reference. His appointment needs to be ratified and approved.
- (C) Mr. Jagdishchandra D. Kabra had resigned as a Director during the year under reference. His resignation needs to be rectified and confirmed.

YEAR 2000:

The Company does not anticipate that the year 2000 issue will have a material cost and effect on the results of operations or financial condition. However, in view of the risks inherent, over which the Company has no control or for which no precedents exist, the Company is unable to provide any definite assurances.

AUDITORS :

The Company's Auditors M/s P. S. Pancholi & Co., Chartered Accountants retire, and being eligible, offer themselves for reappointment.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :

The requirements u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/ outgo during the year are given in schedule 18 to the Accounts.

PERSONNEL :

Information in accordance with the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules 1975, as amended, is given in the Annexure forming part of this Report.

For and on behalf of the Board of Directors.

Mumbai
18th June, 1999

(Rasiklal D. Thakkar)
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1999.

- (A) Employed throughout the financial year under review and were in receipt of remuneration for the financial year not less than Rs.3,00,000 : NIL (Previous year Rs. NIL)
- (B) Employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 25,000 per month RS. NIL (Previous year : NIL)

For and on behalf of the Board of Directors.

Mumbai
18th June, 1999

(Rasiklal D. Thakkar)
Chairman & Managing Director

NOTES FOR MEMBERS' ATTENTION :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY 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 Transfer Books of the Company will be closed from Monday the 2nd August 1999 to Monday the 9th August 1999, both days inclusive.
3. Members are requested to send their queries, if any, at least seven days in advance of the meeting so that the information can be made available at the meeting.
4. Dividend, upon its declaration at the meeting, will be paid on and from Monday the 23rd August 1999 to those members whose names shall appear on the Register of Member of the Company on Wednesday, the 9th August 1999.
5. Members/ Proxies should bring with them the Attendance Card which may be submitted at the entrance, duly signed.

6. Members are requested to immediately notify any change in their addresses to the Company's Registrars and Share Transfer Agents :

MONDKAR COMPUTERS PVT. LTD.
(Unit : Gravity Silk Mills Limited)
21, Sakil Niwas, Mahlakali Caves Road,
Andheri (East), Mumbai - 400 093.

7. The members are requested to provide the details of their Bank Account Numbers, names and address of the bank branches to enable the company to incorporate the said details in the dividend warrants that may be issued in future, quoting their folio numbers. The shareholders will appreciate that the company will not be responsible for any loss arising out of fraudulent encashment of dividend warrants.
8. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agents of the Company enclosing their share certificates to enable them to consolidate their shareholding in one folio.