



Fine Fabrics Since 1963

GINI SILK MILLS LIMITED

32ND ANNUAL REPORT 2011 - 2012

As a Measure of economy, copies of the Annual Report not be distributed at the Annual General Meeting.

Shareholders are requested to kindly bring their copies to the meeting.

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CORPORATE INFORMATION
BOARD OF DIRECTORS

Vishwanath Harlalka - Executive Chairman

Deepak Harlalka - Managing Director

Ramprasad Poddar - Director

Rajendra Kumar Rajgarhia - Director

Dinesh Poddar - Director

REGISTERED OFFICE

413, Tantia Jogani Industrial Premises
J. R. Boricha Marg, Lower Parel (East)
Mumbai - 400 011

WORKS

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

AUDITORS

M/s. Vatsaraj & Co.
Chartered Accountants

BANKERS

State Bank of India
Kotak Mahindra Bank Limited

REGISTRARS & TRANSFER AGENTS

BIGSHARES SERVICES PVT. LTD.

E-2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (East), Mumbai - 400 072

THIRTYSECOND ANNUAL GENERAL MEETING

on 22nd August, 2012
12.00 P.M. at Maheshwari Pragati Mandal,
Maheshwari Bhawan,
603, Girgaon Road, Mumbai - 400 002

NOTICE

NOTICE is hereby given that the **Thirty Second** Annual General Meeting of **GINI SILK MILLS LIMITED** will be held on Wednesday, 22nd August, 2012 at 12.00 pm. at **Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai – 400002** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a director in place of Mr. Ramprasad Poddar who retires by rotation, and being eligible, offers him self for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Registered Office:

413, Tantia Jogani Industrial Premises
J. R. Boricha Marg,
Lower Parel (East)
Mumbai – 400 011
Place: Mumbai
Date: 05/07/2012

(Vishwanath Harlalka)
Executive Chairman

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Proxy as per the format given in the Annual Report should be duly filled, stamped, signed and received by the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. Members/ proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The dividend will be paid through NECS in respect of shareholders having demat accounts, to the credit of related bank accounts as furnished by the depositories. Members who desire the warrants and would like to have their bank accounts details incorporated in their dividend warrants may please furnish the following details;
 - i. Folio No. / DP ID / Client ID
 - ii. Name and Address of sole / first shareholder.
 - iii. Bank Accounts No. (With prefix SB / CA etc.).
 - iv. Name of the bank and branch.
 - v. Full address of the bank with Pin Code.
6. The Register of Members and the Transfer Books of the Company will be closed from Wednesday, August 15, 2012 to Wednesday, August 22, 2012 (both days inclusive).
7. The dividend on Equity Shares as recommended by the Directors for the year ended March, 31, 2012 if declared will be payable on or after 22nd August, 2012 in accordance with the Resolution to be passed by the Members of the Company.
8. As per the provisions of the Companies Act, 1956, facility for making nominations is available for Members in respect of shares held by them. Nomination Forms can be obtained from the Company's Registrar and Transfer Agents.

9. Members may please note the contact details of the Company's Registrar and Transfer Agents, M/s BIGSHARE SERVICES PVT LIMITED, as follows :
Bigshare Services Pvt Ltd
E-2/3 Ansa Industrial Estate,
Sakivihar Road, Sakinaka
Andheri (East), Mumbai- 400072
Tel:+91 22 28470652 Fax:+91 22 28475207
Email:info@bigshareonline.com
Website: www.bigshareonline.com
10. Members are requested to notify the change in their Address, Bank Details, Email etc.if any, to the Company's Registrar and Transfer Agents. Shareholders should quote their folio numbers in all their correspondence with the Company and the Registrar and Transfer Agents.
11. As per Securities and Exchange Board of India (SEBI) notification, submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased shareholder or transmission/ transposition of shares. Members holding shares in dematerialised mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.
12. The Company has dematerialized its Equity Shares to CDSL & NSDL and Company's ISIN number is INE548B01018. Members, who had shares in physical form, are requested to dematerialize their shares.
13. Ministry of Corporation Affairs by vide Circular no.17/95/2011 CL-V, has taken a green initiative in the Corporate Governance and clarified that service of document (Notices, Annual Reports etc.) to member through electronic mode is in compliance with the relevant provision of Companies Act,1956. The Company is concerned about the environment and utilizes natural resources in a sustainable way. Members are requested to register their email address, through written application, with Company's Registrar and Transfer Agents to enable the Company to send notice, annual reports and other communication via email
14. The Company has paid the Annual Listing fees for the financial year 2012-2013.

Registered Office:

413, Tantia Jogani Industrial Premises
J. R. Boricha Marg,
Lower Parel (East)
Mumbai – 400 011

Place: Mumbai

Date: 05/07/2012

By Order of the Board

**(Vishwanath Harlalka)
Executive Chairman**

DIRECTOR'S REPORT
TO THE MEMBERS OF GINI SILK MILLS LIMITED

The Directors are pleased to present their Thirty Second Annual Report on the Business and Operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS
(₹ In Lacs)

Particulars	2011-2012 (₹)	2010-2011 (₹)
Revenue		
Net Sales/ Income from operations	3283.81	3581.53
Other Income	205.24	183.66
Total	<u>3489.05</u>	<u>3765.19</u>
Less: Expenses		
Employee Benefit Expenses	272.24	230.60
Financial Cost	16.52	5.23
Depreciation	45.46	45.90
Other Expenses	2881.82	2945.36
Total	<u>3216.04</u>	<u>3227.09</u>
Profit before Tax	273.01	538.10
Less : Tax Expenses		
Current Taxation	75.00	140.00
Deferred Tax	(0.59)	0.62
Excess/ Short provision for Tax in respect of earlier Year	-	0.12
Net Profit after Tax	<u>198.60</u>	<u>397.36</u>
Add : Balance brought forward	1585.61	1236.92
Profit available for appropriation	<u>1784.21</u>	<u>1634.28</u>
APPROPRIATIONS		
Proposed Dividend	27.96	41.94
Distribution Tax	4.54	6.97
Profit Carried to Balance Sheet	1751.71	1585.61
Total	<u>1784.21</u>	<u>1634.28</u>
Basic and diluted EPS (₹)	<u>3.55</u>	<u>7.11</u>

DIVIDEND

For the year under review, the Directors have recommend a dividend of ₹ 0.50 per share (₹ 0.75 per shares for the previous year) on the 5592600 Equity shares amounting to ₹ 27,96,300/-

DIRECTORS

Mr. Ramprasad Poddar, Director of the company is liable to retire by rotation and being eligible, offers himself for re-appointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, the Corporate Governance Report, together with the Auditor's Certificate on compliance with the conditions of Corporate Governance as laid down, forms part of the Annual Report.

AUDITORS

M/s. Vatsaraj & Co., Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to re-appoint them as Auditors of the Company till the conclusion of the next Annual General Meeting.

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 there under.

PARTICULARS OF EMPLOYEES:

There are no employee drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended) and hence no details are required to be annexed to this report.

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) **INSURANCE**
Your Company continued to cover all assets mainly; plant & machinery, building, materials, stocks, furniture & fixtures against possible risks like fire, flood, terrorism and earthquake.
- iv) **INDUSTRIAL RELATIONS**
The industrial relations at the 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 Companies (Disclosure of Particulars in the Report of the 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 listed on the BOMBAY STOCK EXCHANGE LIMITED, Mumbai.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors state that-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year covered under this report and of the profit of the Company for the year.
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the directors have prepared the annual accounts on a going concern basis.

APPRECIATION:

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the 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 executive, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline. The Directors express their profound thanks to the shareholders for their continued support and goodwill and they look forward to the future with confidence.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Date: 05 /07 /2012

VISHWANATH HARLALKA
(Executive Chairman)

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

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

PART 'A'

		2011-2012	2010-2011
POWER & FUEL CONSUMPTION			
(1)			
A	Purchased		
	Unit (KWH)	2374993	2395099
	Total Amount (₹ lacs)*	143.67	124.68
	Rate per unit (₹)	6.05	5.20
B	OWN GENERATION		
	Though Diesel Generator :		
	Units (KWH)	37000	82229
	Units Per Ltr.of Diesel oil	3.50	3.50
	Cost per unit (₹)	12.40	11.43
(2)	COAL		
	Quantity (Kgs.)	6688875	6757180
	Total Cost (₹ In lacs)**	351.41	335.96
	Average rate per Kg. (₹)	5.25	4.97
(3)	GAS		
	Quantity (Kgs.)	24396	38000
	Total Cost (₹ In lacs)	15.89	20.58
	Average rate per Kg. (₹)	65.14	54.15
(4)	DIESEL OIL		
	Quantity (Ltrs)	10890	23267
	Total cost (₹ lacs)	4.59	9.40
	Average Rate Per Ltr. (₹)	42.14	40.41

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

PART 'B'

CONSUMPTION PER UNIT OF PRODUCTION ENERGY

	FABRICS PROCESSING (PER METER)	
	Current Year	Previous Year
Electricity (Kwh.)	0.13	0.12
Coal (Kgs.)	0.39	0.30

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 specialized Technology, since in India; technical know-how for Textile Industries has been standardized 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.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Date: 05 /07 /2012

**VISHWANATH HARLALKA
(Executive Chairman)**

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE ECONOMY

Global growth is projected to be 3.5% for current year 2012. US economy is expected to continue its slow recovery, whilst the Eurozone grapples with its debt-crisis.

Notwithstanding the current economic environment there are strong reasons to be bullish on the country's long term growth potential. Favourable demographics, a large growing middle class with increasing disposal incomes support to strong consumption story.

The Textile Industry is one of the most important sector in the Indian Economy and the second largest generator of employment after Agriculture. It contributes more than 4% to the GDP and 17% to country's export earnings. The Textile sector provides employment to over 3.5 crore people.

The Government proposes to increase the investment in this sector to generate more employment through various scheme viz. Scheme for Integrated Textile Parks (SITP), Technology Upgradation Funds Scheme(TUFS), Integrated Skill Development Scheme(ISDS), Technology Mission on Technical Textiles(TMTT), The allocation for this sector during the 12th Five Year Plan is proposed to be increased to around Rs. 49,650 crore as against an allocation of Rs. 14,000 crore during the 11th Five Year Plan

Opportunities and Challenges

The present global economic scenario throws up opportunities for fundamentally strong companies such as your Company. The inherent strengths, in the form of strong domain expertise, powerful brand positioning, strength and resilience of the brands, fully integrated state of the art production facilities, cutting edge technology and unparalleled product innovation capabilities combined with the deep retail market penetration, provide a highly potent platform to seize the opportunities that are bound to arise during cyclical downturns in the form of newer markets, new segments of customers, new channels of distribution, etc.

2. Production & Sales Review:

During the year under review, your company has registered a turnover of ₹ 3283.81 Lacs as compared to ₹ 3581.53 Lacs in the previous year.

The production in the Company's Process House at Tarapur (Maharashtra) i.e. Dyeing & printing of textile fabrics was 17,352,930. Mtrs. as against 21,361,474 Mtrs. in previous year. The sales revenue from Processing of Fabric decreased from ₹ 1440.68 Lacs to ₹ 1207.02 Lacs during the year under review. The sale revenue from sale of fabrics decreased from ₹ 2076.37 lacs to ₹ 2140.50 lacs.

3. Outlook:

Industrial scenario in the Textile Sector remained unchanged during the year under review with stagnant domestic market and fierce competition in the international market. The company is, however, confident of sustained growth through a series of initiatives in the areas of product development, technological up gradation and strengthening of distribution network.

4. Internal Control Systems and Their Adequacy:

The Company has management, which is much concerned about the adequacy of Internal Control System. It is aware that for a multi-faceted growth of any organization, only the strict overall control & efficient supervision can check all the operations, whether minor or major, and such control are backbone of any commercial establishment or manufacturing units.

The management of your Company has taken appropriate steps by constituting Internal Audit team with well-experienced and hard working personnel under the supervision of Audit Committee of the Board; which frequently checks and reviews functions of various departments and effectiveness of Audit checks and revision of systems and procedures periodically. In the year under review, the Company initiated a focused policy to evaluate the design effectiveness of existing management controls across all its locations. Under this initiative, the company also undertook steps to implement new control measures in line with global best-in-class practices.

5. The Financial and Operational Performance:

The financial statement given in the Report of the Directors for the financial year 2011–2012 is quite satisfactory. It reflects the genuine steps taken by the management for transparency and best judgment for the estimate made to correctly reflect the true & fair affairs of the Company.

6. Human Resource Development:

The people of any industry serve as propeller for upliftment of the industry and thus indirectly contribute the National Product and through this to the exchequer of India. The management has always remained conscious of these inter-related factors and maintained a favorable climate during the year to suit the growth and excellence in the Company. The management has always strived to maintain cordial relationship between the staff, workers and management. This attitude created an atmosphere where each and every staff and worker started feeling a sense of 'ONENESS'.

7. Cautionary statement:

The Statements in Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the company's operations such as Government policies, political and economic development etc.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement formulated by Securities and Exchange Board of India and Stock Exchanges. The Company presents its report on compliance of governance conditions specified in Clause 49 of the Listing Agreement

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that Corporate Governance is powerful medium to sub serve the long-term interest of all the shareholders, creditors, customers, employees and other stakeholders. Corporate Governance strengthens Investors and Creditors trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with good governance and operates with transparency, professionalism, good conduct and value based systems.

2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct,, supervises and controls the performance of the Company. The present strength of Board of Directors is 5 (Five), whose composition and category is given below:

Two - Promoter, Executive Director

Three- Independent Directors

(A) THE CONSTITUTION OF THE BOARD AS ON MARCH 31, 2012

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/ Chairman are given below:

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Vishwanath S. Harlalka	Promoter, Executive	-	4	-	-
Deepak V. Harlalka	Promoter, Executive	-	7	-	-
Ramprasad Poddar	Independent	3	6	-	1
Dineshkumar Poddar	Independent	3	6	4	1
Rajendrakumar Rajgarhia	Independent	8	0	-	1

None of the Directors is a member in more than ten committees and acts as chairman in more than 5 committees across all the companies in which he is a Director.

(B) BOARD PROCEDURE

Agenda is sent to each Director in advance of Board and Committee meetings to enable the Board discharge to its responsibilities effectively; the Managing Director briefs the Board at every meeting on the overall performance of the Company, followed by discussion by the Directors. The Board also reviews:

- Strategy and business plans
- Operations and capital expenditures
- Finance and Banking operations
- Adoption of quarterly/half yearly/ annual results
- Compliance with statutory/ regulatory requirements and review of major legal issues
- Significant labour issues

(C) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

During the year ended March 31, 2012, 05 (Five) Board Meetings were held on 9th May 2011, 25th July, 2011, 30th July, 2011, 4th November, 2011, & 2nd February 2012. Annual General Meeting during the year was held on August 30, 2011.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 30.08.2011
Shri. Vishwanath S. Harlalka	Chairman	05	Present
Shri. Deepak V. Harlalka	Managing Director	05	Present
Shri. Ramprasad Poddar	Independent Director Non Executive	05	Present
Shri. Dineshkumar Poddar	Independent Director Non Executive	05	Present
Shri. Rajendrakumar Rajgarhia	Independent Director Non Executive	05	Absent

(D) DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT:

The brief particulars of the Director of the company, being eligible for re-appointment as Directors, retiring by rotation at the ensuing Annual General Meeting is as follows:

Mr. Ramprasad Poddar retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

His directorship and Committee Membership of the Board of other Limited Companies as on date is as follows:

Name of the Company	Position	Committee Membership
Swasti Vinayaka Art and Heritage Corporation Limited	Managing Director	-
Ashirwad Capital Limited	Director	-
Swasti Vinayaka Synthetics Limited	Director	-

3. COMMITTEES OF THE BOARD:

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference. Targets set by them as agreed with the management are reviewed periodically and mid-course corrections are also carried out. The Board of Directors and the Committees also take decisions by the circular resolutions which are noted at the next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions/noting.

The Board of Directors has constituted three committees of the Board – (i) The Audit Committee (ii) Remuneration Committee and (iii) Shareholders/Investors Grievance Committee.

i) Audit Committee:

The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with the Companies Act, 1956 and listing requirements and is reviewed from time to time.

BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Committee's powers, role and functions are as stipulated in Clause 49 of the Listing Agreement and under Section 292 A of the Companies Act, 1956.

COMPOSITION:

The Composition of the Audit Committee is as follows:

Sr.No	Members of Audit Committee	Position	No. of Meeting Attended
1	Shri. Ramprasad Poddar	Chairman	5
2	Shri. Dinesh Kumar Poddar	Member	5
3	Shri. Rajendra Kumar Rajgarhia	Member	5

During the year ended 31st March, 2012, Five Audit Committee Meetings were held.

ii) REMUNERATION COMMITTEE:

The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Director, retirement benefits to be paid to them under the Retirement Benefit Guidelines approved by the Board, recommending on the amount and distribution of commission to the non-executive directors based on criteria fixed by the Board and to deal with matters pertaining to Employees' Stock Option Scheme, if any.

BRIEF DESCRIPTION OF TERMS OF REFERENCE

- Fixation of salary, perquisites etc. of all executive directors of the Company, as and when any new executive director is appointed / existing executive director is re-appointed; and
- Deciding commission payable to executive directors based on performance of the concerned executive director and for this purpose fixes targets for achievements.

COMPOSITION

The constitution of the Remuneration Committee is as follows:

1. Shri. Ramprasad Poddar - Chairman
2. Shri. Vishwanath Harlalka - Member
3. Shri. Dinesh Kumar Poddar - Member

The detail of remuneration for the year ended 31st March, 2012 paid to the Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	Total
Shri. Deepak Harlalka	24,00,000	139,396	2,88,000	28,27,396
Shri Vishwanath Harlalka	24,00,000	-	2,88,000	26,88,000

iii) SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:
BRIEF DESCRIPTION OF TERMS OF REFERENCE

The "Investors Grievance Committee" of the Board, looks into various issues relating to investor grievances and to deal with matters relating to transfers/transmissions of shares, and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance-sheet, non-receipt of dividends declared, issue of duplicate share certificates, etc.

COMPOSITION

The constitution of the Committee is as follows:

- 1) Shri. Vishwanath Harlalka - Chairman
- 2) Shri. Deepak Harlalka - Member
- 3) Shri. Dinesh Kumar Poddar - Member

The Company's shares are compulsory traded in the dematerialized form at Bombay Stock Exchange Limited where Company's shares are listed. Shri. Chetan Patel, Manager Account, is appointed Compliance Officer as required by the Listing Agreement.

During the year no letters / complaints were received from the Investors. Routine inquiries were replied / resolved to the satisfaction of the investors.

There were no valid share transfer requests pending as on March 31, 2012.

4. GENERAL BODY MEETINGS

Location and time, where last three Annual General Meetings were held is given below:

Financial Year	Date	Time	Location of the Meeting
2010-2011	30.08.2011	12.00 pm	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.
2009-2010	27.09.2010	11.30 am	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.
2008-2009	31.08.2009	1.00 pm	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.

5. DISCLOSURES

The Company had not entered into any transaction of a material nature, which will have a conflict with its interest during the year.

The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosers' issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No. 28 of Notes on the Annual Accounts. All the transaction covered under related party transaction were fair, transparent and at arms length.

The Company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 1956 while preparing its financial statements.

6. MEANS OF COMMUNICATIONS

The quarterly, half yearly and annual results are communicated to all the Stock Exchanges where the Company's shares are listed as soon as the same are approved and taken on record by the Board of Directors of the Company. Further the results are published in widely circulating national and local dailies such as Free Press Journal & Navshakti (Marathi). The results are not sent individually to the shareholders.

These results are simultaneously posted on the website for the Company at www.ginitex.com.

7. CODE OF CONDUCT

The Board of Director has adopted the Code of Business Conduct and Ethics for Director and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management.

8. GENERAL SHAREHOLDERS INFORMATION

- | | | |
|----|--|--|
| a) | Annual General Meeting | |
| | i) Date & Time | : Wednesday, 22nd August, 2012 at 12.00 pm |
| | ii) Venue | : Maheshwari Pragati Mandal,
Maheshwari Bhawan, 603, Girgaon Road,
Mumbai – 400002 |
| b) | Financial Calendar (tentative) | |
| | Results for the 1st Quarter Ending 30th June, 2012 | : Last week of July, 2012 |
| | Results for the 2nd Quarter/Half Year Ending
30th September, 2012 | : Last week of October, 2012 |
| | Results for the 3rd Quarter Ending 31st December, 2012 | : Last week of January, 2013 |
| | Results for the 4th Quarter/Year Ending
31st March, 2013 | : Last week of April/May, 2013 |
| c) | Book Closure Date | : Wednesday, August 15, 2012 to
Wednesday, August 22, 2012
(both days inclusive) |
| d) | Dividend Payment Date | : Within 30 days of AGM; if approved by
the Shareholders of the Company. |
| e) | Listing on Stock Exchanges | : The Bombay Stock Exchange
Limited, Mumbai |
| f) | Stock Code | : Physical Segment – BSE: 531744
NSDL/CDSL-ISIN: INE: 548B01018 |

- g) Stock Market Data : The monthly high and low prices during the year at BSE are as follows:

Month	Mumbai Stock Exchange	
	High ₹	Low ₹
April 2011	57.00	46.00
May 2011	47.70	37.00
June 2011	44.75	36.10
July 2011	42.85	37.00
August 2011	40.50	31.40
September 2011	39.90	33.05
October 2011	46.55	36.00
November 2011	45.80	31.50
December 2011	34.70	29.00
January 2012	36.55	31.00
February 2012	38.35	30.15
March 2012	45.45	35.75

- h) Share holding pattern as on 31.03.2012

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate	4193460	74.98
2	Body Corporate	747280	13.36
3	Resident Individuals	651262	11.65
4	Non Resident of India	133	0.002
6	Clearing Member	465	0.008
	TOTAL	5592600	100.00

- i) Distribution of Share holding as on 31.03.2012

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 5000	666	76.91	109933	1.97
5001 to 10000	98	11.32	83717	1.50
10001 to 20000	38	4.39	59137	1.06
20001 to 30000	17	1.96	43116	0.78
30001 to 40000	9	1.04	31075	0.55
40001 to 50000	6	0.69	26594	0.47
50001 to 100000	9	1.03	71847	1.28
100001 onwards	23	2.66	5167181	92.39
	859	100.00	5592600	100.00

- j) Registrar and Share Transfer Agent: **BIGSHARES SERVICES PRIVATE LIMITED**
E-2 Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (East), Mumbai –400 072

- k) Share Transfer System:

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Big Shares Services Private Limited handles both Demat and Physical Shares Transfers.

The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.

The Shareholders/Investors Grievance Committee meets periodically to consider the transfer and other proposals and attend to shareholders grievances.

l) **DEMATERIALIZATION OF SHARES**

As on 31st March, 2012, 55,35,993 Equity shares were in dematerialized form representing 98.98% of total share capital of the Company.

m) **PLANT LOCATION:**

Fabric Process Unit: E-15, MIDC – Tarapur, Boisar – 421 506, Thane, Maharashtra)

n) **ADDRESS FOR CORRESPONDENCE:**

Bigshares Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar
Road, Saki Naka, Andheri (E)
Mumbai – 400 072.
Tel.No. 228470652
Fax No. 228475207

DECLARATION

As provide under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and senior management perosnnel have affirmed compliance with Gini Silk Mills Limited Code of Business Conduct and Ethics for the year ended March 31, 2012.

For Gini Silk Mills Limited

Place : Mumbai
Date : 05/07/2012

Deepak Harlalka
(Managing Director)



Auditor's Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To,

The Members of **GINI SILK MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by GINI SILK MILLS LIMITED, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Share Transfer and Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For VATSARAJ &CO
Chartered Accountants

Place: Mumbai

Date: 05 / 07/ 2012

CA NITESH K DEDHIA
(Partner)
M.NO.114893
FRN:111327W

AUDITORS' REPORT

To the Members of

GINI SILK MILLS LIMITED

- 1) We have audited the attached balance sheet of **GINI SILK MILLS LIMITED** as at 31st March, 2012 and the relative profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes as per Notes No. 1 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - ii) In the case of the Profit and Loss account of the Profit for the year ended on that date and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For VATSARAJ & CO
Chartered Accountants

Place: Mumbai
Date: 05 / 07 / 2012

CA NITESH K DEDHIA
(Partner)
M.NO.114893
FRN:111327W

ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the Auditor's Report to the members of GINI SILK MILLS LIMITED for the year ended 31st March 2012.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year; in our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noted on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly para 1(iii) (a), (b), (c), and (d) is not applicable.
- (e) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except for unsecured loans, taken from two directors payable on demand. The amount outstanding as on 31.3.2012 ₹ 15,377,415/-. And the maximum amount outstanding during the year is ₹ 18,939,565/-.
- (f) The rate of interest and other terms and conditions of loans taken by the company, are, in our opinion, prima facie not prejudicial to the interest of the company; and
- (g) Repayment of the principal amount and interest is on demand.
- (iv) In our opinion and based on the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding value of rupees five lakhs of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any relevant provisions of the Act and the rules framed there under are not applicable.
- (vii) Based on the records examined by us and information and explanations given to us, in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) The company has maintained the records relating to materials, labour or any other items of cost prescribed pursuant to the Rules made by Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) Based on the records examined by us and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except for Service Tax of ` NIL /- were outstanding as at 31st March, 2012 for a period of more than six month from the date of becoming payable.

- (b) According to the information and explanations given to us, there are no dues of income tax/Sales Tax / wealth tax/ Service Tax/ Custom Duty /excise duty/cess which have not been deposited with the appropriate authorities on account of any dispute except for the following;

Name of the Statute	Nature of Dues	Amounts (₹)	Forum where dispute is pending
Central Excise Act	Demand for interest and penalty on differential amount of excise duty	2,15,820/-	Commissioner of Central Excise (Appeal)
Excise Service Tax	Demand for Deemed Credit	2,38,418/-	Registrar the Customs Excise Service Tax Appellate Tribunal
Textile Committee	Collection of cess under the Textile Committee Act and cess Rules reg.	2,99,150/-	Textile Committee Cess Appellate Tribunal
Central Excise Act	Demand on differential amount of excise duty for the period 16/12/98 to 28/02/2001	1,85,09,688/-	Supreme Court of India

- (x) The company does not have any accumulated losses at the end of the financial year and the company has not incurred cash losses in current financial year and in the immediately preceding financial year;
- (xi) In our opinion and according to the information and explanations given to us, the company is regular in repaying dues to the bank. There are no dues to Financial Institute and there are no debenture holders in current year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) This is not a chit fund or nidhi / mutual benefit fund/societies. Accordingly the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us and on the basis of records examined by us, in our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not obtained any term loans during the year. Accordingly the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, there are no funds raised on short term basis during the year under audit and hence the question of using the same for long term investment does not arise.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) The Company has not issued any debentures. Accordingly the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised money by public issues during the year. Accordingly the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Vatsaraj & Co.
Chartered Accountants

CA Nitesh K Dedhia
Partner

M.No.114893
FRN:111327W

Place: Mumbai
Date: 05 / 07 / 2012



BALANCE SHEET AS AT 31ST MARCH' 2012

PARTICULARS	Note No.	As at 31st March' 2012	As at 31st March' 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	55,926,000	56,740,063
Reserves and Surplus	3	177,008,108	159,584,385
		<u>232,934,108</u>	<u>216,324,448</u>
Non-current Liabilities			
Deferred tax liabilities (Net)	4	3,851,656	3,910,311
Other Long Term liabilities	5	2,826,487	2,736,510
		<u>6,678,143</u>	<u>6,646,821</u>
Current Liabilities			
Short-term borrowings	6	15,377,415	11,685,620
Trade payables	7	12,389,237	25,031,831
Other current liabilities	8	2,081,533	5,682,334
Short-term provisions	9	7,585,329	9,646,973
		<u>37,433,514</u>	<u>52,046,758</u>
TOTAL		<u>277,045,765</u>	<u>275,018,027</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	41,455,099	44,326,641
Intangible assets	10	182,096	157,481
Capital work-in-progress		-	-
Non-current investments	11	11,613,679	118,998,562
Long-term loans and advances	12	13,438,820	8,842,682
		<u>66,689,694</u>	<u>172,325,366</u>
Current assets			
Inventories	13	61,561,718	63,342,060
Trade receivables	14	32,822,264	26,739,755
Cash and cash equivalents	15	37,094,467	897,880
Short-term loans and advances	16	77,987,683	11,115,851
Other current assets	17	889,939	597,115
		<u>210,356,071</u>	<u>102,692,661</u>
TOTAL		<u>277,045,765</u>	<u>275,018,027</u>

Significant Accounting Policies
Notes on Financial Statements

1 to 35

As per our Report of even date
For Vatsaraj & Co
Chartered Accountants
FRN : 111327W

CA NITESH K DEDHIA
Partner
Membership No, 114893
Place :Mumbai
Date : 05/07/2012

For and on behalf of the Board

Vishwanath Harlalka
Chairman
Deepak Harlalka
Managing Director
Dinesh Poddar
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH' 2012

PARTICULARS	Note No.	As at 31st March' 2012	As at 31st March' 2011
INCOME			
Revenue from operations	18	328,380,972	358,153,461
Other income	19	20,523,774	18,366,201
TOTAL REVENUE		<u>348,904,746</u>	<u>376,519,662</u>
EXPENSES			
Cost of materials consumed	20a	163,458,709	145,548,479
Purchases of traded goods	20b	7,313,451	21,501,785
(Increase)/ decrease in inventories of finished goods and Stock in Process	20c	(12,375,535)	(6,461,066)
Employee benefits expense	21	27,224,241	23,059,677
Finance costs	22	1,652,330	523,218
Depreciation and amortization expense		4,545,606	4,590,448
Other expenses	23	129,785,012	133,946,536
TOTAL EXPENSES		<u>321,603,814</u>	<u>322,709,076</u>
Profit before Taxations		27,300,932	53,810,586
TAX EXPENSES			
Current tax		7,500,000	14,000,000
Excess/ Short provisions written back of earlier years		-	11,757
Deferred tax		<u>(58,655)</u>	<u>61,620</u>
Profit for the period		19,859,587	39,760,723
Basic/ Diluted Earning per equity share(₹)		3.55	7.11
Significant Accounting Policies			
Notes on Financial Statements	1 to 35		

As per our Report of even date
For Vatsaraj & Co
Chartered Accountants
FRN : 111327W

CA NITESH K DEDHIA
Partner
Membership No, 114893
Place :Mumbai
Date : 05/07/2012

For and on behalf of the Board

Vishwanath Harlalka
Chairman
Deepak Harlalka
Managing Director
Dinesh Poddar
Director

CASH FLOW STATEMENT FOR THE YEAR ended 31st March, 2012

PARTICULARS	31st March' 2012	31st March' 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	27,300,932	53,810,584
Adjusted For :		
Depreciation	4,545,606	4,590,448
Profit / Loss on Sale of Assets (Net)	(99,521)	(304,377)
Interest Income	(8,283,334)	(65,008)
Interest Charges	1,432,053	322,930
Dividend Received	(1,569,992)	(4,168,380)
Rent Received	(5,044,337)	(4,970,900)
Profit on Partnership Firm	(5,408,117)	(7,440,694)
Profit / Loss on Sale of Mutual Fund & shares	257,208	(437,309)
	(14,170,434)	(12,473,290)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	13,130,498	41,337,294
CHANGES IN WORKING CAPITAL		
(Increase) / Decrease in Inventories	1,780,342	(17,738,492)
Trade Receivable	(6,082,509)	884,962
Short Term Loans and advances	(66,200,219)	(9,499,846)
Long Term Loans and Advances	(16,548,059)	(4,790,768)
Other Current Aeest	(292,824)	988,306
Trade Payables	(12,642,594)	(5,823,929)
Other Current Liabilities	(3,600,801)	(7,044,981)
Short Term provision	(420,468)	(89,492)
	(104,007,132)	(43,114,240)
Cash Generated from operations	(90,876,634)	(1,776,946)
Direct Taxes Paid	5,000,000	(10,000,000)
NET CASH FLOW FROM OPERATING ACTIVITY	(85,876,634)	(11,776,946)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	(2,506,860)	(4,608,210)
Sale of Fixed Assets	907,700	373,528
Long Term Investments Purchased	(108,540,996)	(787,778,996)
Long Term Investments sold	190,299,953	794,273,947
Amount received from Partnership Firm	32,100,000	2,071,015

CASH FLOW STATEMENT FOR THE YEAR ended 31st March, 2012

	31st March' 2012	31st March' 2011
Interest received	7,605,179	65,008
Dividend Received	246,827	151,114
Rent Received	4,502,805	4,444,665
Bank Balances not considered as Cash and cash equivalents	<u>(24,798)</u>	<u>(166,700)</u>
NET CASH FLOW FROM INVESTING ACTIVITY	124,589,810	8,825,371
CASH FLOW FROM FINANCING ACTIVITY		
Repayment of Short Term Borrowings from Director	(13,740,944)	(12,111,101)
Proceeds from Short Term Borrowings from Director	25,125,000	11,900,000
Repayment from Other Short Term Borrowings	(8,930,111)	7,386,624
Interest Paid	(194,203)	(39,030)
Other Long Term Liabilities	89,977	432,622
Tax on Dividend Paid	(696,656)	(719,976)
Dividend Paid	<u>(4,194,450)</u>	<u>(4,194,450)</u>
NET CASH FLOW FROM FINANCING ACTIVITY	<u>(2,541,387)</u>	<u>2,654,689</u>
NET CASH FLOW	36,171,789	(296,886)
Cash and Cash Equivalents as at commencement of the year	731,180	1,028,066
Cash and Cash Equivalents at the end of the year	36,902,969	731,180
NET INCREASE/(DECREASE) OF CASH & CASH EQUIVALENTS	<u>36,171,789</u>	<u>(296,886)</u>

As per our Report of even date
For Vatsaraj & Co
Chartered Accountants
FRN : 111327W

CA NITESH K DEDHIA
Partner
Membership No, 114893
Place :Mumbai
Date : 05/07/2012

For and on behalf of the Board

Vishwanath Harlalka
Chairman
Deepak Harlalka
Managing Director
Dinesh Poddar
Director

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**CORPORATE INFORMATION**

Gini Silk Mills Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange Limited, Mumbai. The company is engaged in the manufacturing and selling of shirting and suiting fabrics with reputed brand name “GINI”.

1 SIGNIFICANT ACCOUNTING POLICIES**i. ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The statement complies with the Accounting Standard prescribed by the ICAI and also complies with the Section 211(3) (C) of the Companies Act, 1956. The accounts are prepared as a going concern.

ii. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised

iii. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise cash and bank and in hand and short-term investments with an original maturity of three months or less

iv. FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction inclusive of incidental expenses related thereto and is net of credit under the excise CENVAT Scheme where applicable.

v. DEPRECIATION / AMORTIZATION

Depreciation for the year in respect of assets relating to undertaking at Tarapur has been provided on straight line method at the rates specified as per Schedule XIV of the Companies Act, 1956

In respect of assets relating to undertakings at Kandivali depreciation has been provided on written down value method at the rates specified as per Schedule XIV of the Companies Act, 1956.

Lease hold land has been amortized over the period of the lease on straight line basis

Depreciation on the Fixed Assets added during the year has been provided on pro –rata basis with reference to the month of addition.

vi. INVESTMENTS

The long-term investments are stated at cost. Provision for permanent diminution in value is made only if such a decline is other than temporary in nature.

vii. INVENTORIES

Inventories of Raw Materials, Stores and Spares, Finished goods and Work in progress are valued at lower of cost or net realizable value

Cost comprises of all cost of purchases, cost of conversion and other cost incurred in bringing the inventory to their present location and conditions

Cost is determined under Weighted Average method for stores & spares and for fabrics on FIFO basis.

viii. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measure and it is reasonable to expect ultimate collection.

Purchases/Sales/Process & Job work receipts are exclusive of Sales Tax but net off after adjusting claims, incentives, rebates, discounts etc

Dividend income on investments is accounted for when the right to receive the payment is established.

ix. EMPLOYEES BENEFITS

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered

Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

The Company has taken Group/Master insurance Policy with Life Insurance Corporation of India for the future payments of retiring employee's gratuities. The premium thereon has been so adjusted as to cover the liability under scheme in respect of eligible employees at the end of their future anticipated service with the company

x. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the assets, up to the date the asset is ready for its intended use. All other borrowing costs are recognized as expense and charged to the Profit and Loss Account in the year in which they are incurred

xi. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax for the year is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable/virtual certainty of its realization.

xii. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statement.

xiii. SEGMENT REPORTING

The Company's operation fall under single segment namely "Textile" therefore, separate business segment is not disclosed.

Notes on Financial Statements for the Year ended 31st March,2012

Particulars	As at 31st March' 2012 ₹	As at 31st March' 2011 ₹
Note 2 SHARE CAPITAL		
Authorised Share Capital		
60,00,000 (31 March 2011 : 60,00,000)Equity shares of ₹ 10/- each	60,000,000	60,000,000
1,00,000 (31 March 2011 : 100,000) 10% Cumulative Convertible Preference shares of 100 each	10,000,000	10,000,000
	70,000,000	70,000,000
Issued, Subscribed and Paid up		
55,92,600 (31 March 2011 : 55,92,600).Equity shares of ₹ 10/- each fully paid up	55,926,000	55,926,000
Add: Shares Forfeiture A/c	814063	814,063
Less : Transferred to Capital Reserve A/c	(814063)	-
TOTAL	55,926,000	56,740,063

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:
Equity Shares

	31st Mar' 2012		31st Mar' 2011	
	No	₹	No	₹
At the beginning of the period	5592600	55926000	5592600	55926000
Issued during the period - Bonus Issue	-	-	-	-
Issued during the period - ESOP	-	-	-	-
Outstanding at the end of the period	5592600	55926000	5592600	55926000

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per shares. Each holder of equity shares is entitled to one vote per shares. The Company declares and pay dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognized as distribution of equity shareholders was ₹ 27,96,300/- (31 st March 2011 : ₹ 41,94,450/-).

c) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Vishwanath Harlalka Promoter	1890660	33.80	1890660	33.80
Deepak Harlalka Promoter	309600	5.54	309600	5.54
Deepak Harlalka HUF Promoter	863350	15.44	863350	15.44
Anjali D Harlalka Person Acting Concert	310900	5.56	310900	5.56
Vimla V Harlalka Person Acting Concert	508500	9.09	508500	9.09
Garnet International Ltd Public	538318	9.63	569318	10.18

Note 3 RESERVES AND SURPLUS

	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
Capital Reserve		
As per Last Balance Sheet	-	-
Add: Transfer from Share Forfeiture A/c	814,063	-
Closing Balance	814,063	-
General Reserve		
As per Last Balance Sheet	1,023,091	1,023,091
Add/Less : Transfer from Profit & Loss Account	-	-
Closing Balance	1,023,091	1,023,091
Profit and Loss Account		
As per Last Balance Sheet	158,561,297	123,691,680
Add: Profit for the year	19,859,587	39,760,720
Less : Appropriations		
Proposed final equity dividend (amount per share ₹ 0.50; 31 st March 2011 ₹ 0.75)	(2,796,300)	(4,194,450)
Tax on Dividend	(453,630)	(696,656)
Closing Balance	175,170,954	158,561,294
Total Reserves and Surplus	177,008,108	159,584,385
Note 4 DEFERRED TAX LIABILITIES (NET)		
Deferred tax liability		
On Accumulated Depreciation	3,851,656	3,910,311
Deferred tax assets	-	-
Total	3,851,656	3,910,311
Note 5 OTHER LONG-TERM LIABILITIES		
Trade deposits received (unsecured considered good)	264,487	174,510
Security deposits received (unsecured considered good)	2,562,000	2,562,000
Total	2,826,487	2,736,510
Note 6 SHORT-TERM BORROWINGS		
From Banks #	-	8,930,111
From Directors (unsecured, repayable on demand)	15,377,415	2,755,509
Total	15,377,415	11,685,620
# CASH CREDIT Loan is secured by hypothecation of Raw Materials, semi -finished and finished goods, stores and spares, book debts and further secured by second charge over the immovable assets of the Company		
Note 7 TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Others	12,389,237	25,031,831
Total	12,389,237	25,031,831
Note 8 OTHER CURRENT LIABILITIES		
Unpaid dividends #	136,725	111,927
Statutory remittances(Contribution to PF ,ESIC, VAT, TDS and Service Tax)	576,931	935,059
Advances from customers	1,104,667	4,202,201
Others payable	263,210	433,147
Total	2,081,533	5,682,334
# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund		
Note 9 SHORT TERM PROVISIONS		
Provision for other employees benefits		
Bonus	356,330	345,392
Leave Encashment	1,176,888	1,087,471
Provision for proposed equity dividend	2,796,300	4,194,450
Provision for tax on proposed dividends	453,630	696,656
Other	2,802,181	3,323,004
Total	7,585,329	9,646,973

Note 10 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2011	Additions	Adjustments/ Deduction	As at 31/03/2012	Up to 01/04/2011	Provided For the Year	Adjust- Ments/ Deduction	Up to 31/03/2012	As at 31/03/2012	As at 31/03/2011
TANGIBLE ASSETS										
Leasehold Land	4,987,194	-	-	4,987,194	840,537	56,036	-	896,573	4,090,621	4,146,657
Factory Building										
Own Use	28,810,140	-	-	28,810,140	12,387,804	962,258	-	13,350,064	15,460,076	16,422,336
Given on Lease	1,210,131			1,210,131	1,038,611	17,152		1,055,765	154,366	171,520
Building	849,453	-	-	849,453	183,746	15,199	-	198,944	650,509	665,707
Plant & Machinery	62,021,975	1,026,251	1,977,685	61,070,541	44,910,269	2,629,859	1,169,506	46,370,622	14,699,919	17,111,706
Furniture & Fixture	1,469,806	12,051	-	1,481,857	1,100,702	54,351	-	1,155,052	326,805	369,104
Electric Installation	6,036,979	27,336	-	6,064,315	3,211,853	283,153	-	3,495,006	2,569,309	2,825,126
Office Equipment	1,057,116	225,799	-	1,282,915	666,535	48,457	-	714,993	567,922	390,581
Vehicles	1,834,433	938,900	-	2,773,333	795,410	175,278	-	970,688	1,802,645	1,039,023
Computers	2,670,837	97,804	-	2,768,641	2,236,846	148,316	-	2,385,162	383,479	433,992
Fire Fighting Equipment	180,781	51,874	-	232,655	111,595	8,488	-	120,082	112,573	69,186
E.T.Plant	1,517,371	-	-	1,517,371	1,517,170	-	-	1,517,170	201	201
Lab Equipments	941,368	-	-	941,368	259,865	44,829	-	304,694	636,674	681,503
Sub-Total A	113,587,584	2,380,015	1,977,685	113,989,914	69,260,943	4,443,376	1,169,506	72,534,815	41,455,099	44,326,642
INTANGIBLE ASSETS										
Computer Software	159,935	126,845	-	286,780	2,454	102,230	-	104,684	182,096	157,481
Sub-Total B	159,935	126,845	-	286,780	2,454	102,230	-	104,684	182,096	157,481
Total A + B	113,747,519	2,506,860	1,977,685	114,276,694	69,263,397	4,545,606	1,169,506	72,639,499	41,637,195	44,484,122
PREVIOUS YEAR	111,669,572	4,608,810	2,530,263	113,747,518	57,134,061	4,590,448	2,461,112	69,263,397	44,484,122	44,535,512

Note 11 NON-CURRENT INVESTMENTS

	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
TRADE		
In Equity Share (Fully Paid Up)		
Unquoted		
195000 Equity Shares (31 March 2011 : 195000) of ₹10/- each, of Gini Tex Private Limited	887,500	887,500
NON - TRADE		
In Equity Share (Fully Paid Up)		
Unquoted		
1800 Equity Shares (31 March 2011 : 1800)of ₹ 10/- each, of Gini Construction Private Limited	18,000	18,000
Investment in Equity shares		
Quoted		
664 Equity Shares (31 March 2011 : 664) of ₹ 10/- each of Reliance Industries Ltd	318,720	318,720
2,019 Equity Shares (31 March 2011 : 2,019) of ₹ 10/- each of National Thermal Power Corporation	125,178	125,178
2,535 Equity Shares (31 March 2011 : 2,535) of ₹ 10/- each of N H P C Limited	91,260	91,260

Note 11 NON-CURRENT INVESTMENTS

	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
265 Equity Shares (31 March 2011 : 265) of ₹ 10/- each Oil India Public Limited	278,250	278,250
6,000 Equity Shares (31 March 2011 : 6,000) of ₹ 10/- each of TATA Steel Limited	3,725,684	3,725,684
300 Equity Shares (31 March 2011 : 300) of ₹ 5/- each of BF Utilities Ltd	234,270	234,270
19,050 Equity Shares (31 March 2011 : 19,050) of ₹ 10/- each Power Grid Corporation of India	1,714,500	1,714,500
0 Equity Shares (31 March 2011 : 1,848) of ₹ 10/- each of MOIL Ltd	-	693,000
Investment in mutual funds		
0 Units (31 March 2011 : 8000000) face value ₹ 10/- each LIC MF Interval Fund - Monthly Div Plan	-	80,000,000
Investment in partnership firms (Refer Note below)		
Gini Construction Co - Capital Account #	4,208,117	30,900,000
Other investments		
Gini Citicorp Reality LLP Capital Account	5,000	5,000
72 Shares (31 March 2011 : 72) @ 100/- each of Tarapur Environment Protection Society	7,200	7,200
TOTAL	11,613,679	118,998,562
Quoted Investments		
Book Value	6,487,862	87,180,862
Market Value	6,005,479	88,147,846
Unquoted Investments		
Book Value	4,861,027	31,817,700

The Company had entered in to partnership with Gini Construction Co for development and construction of residential building. The share of profit / loss of each partner are Gini Silk Mills Limited is 9%, Gini Tex Private Limited is 9%, Shree Gini Texturising Private Limited 2%, Shri Vishwanath S. Harlalka 15%, Shri Deepak V. Harlalka 15%, Shri Gautam Vinod Harlalka 20%, Shri Manish Vinod Harlalka 20% and Shri Vinod S. Harlalka 10%. The fixed capital of the partnership firm is ₹ NIL

Note 12 LONG-TERM LOANS AND ADVANCES

Capital Advances (unsecured considered good)	942,648	-
Security Deposit (Unsecured considered good)	1,867,984	1,814,076
Advance Income tax (Net of Provisions)	4,070,740	2,263,374
Balances with government authorities (Unsecured considered good)		
Mvat Receivable	6,414,408	4,591,672
Central Excise #	100,000	100,000
Prepaid Expenses	43,040	73,560
Total	13,438,820	8,842,682

Commissioner of Central Excise, Thane II has demanded of ₹ 3, 38,418/- on Deemed Credit. The Company has deposited ₹ 1,00,000/- (Previous year ₹ 1,00,000/-) to Asst. Registrar the Customs Excise Service Tax Appellate Tribunal W.Z.B. (Previous year ₹ 3,38,418/-)

Note 13 INVENTORIES

(At lower of cost and net realisable value)

	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
Raw materials	10,784,484	25,070,421
Work-in-progress	5,138,664	4,218,949
Finished goods	40,364,539	28,908,719
Stores and spares	5,274,031	5,143,971
Total	61,561,718	63,342,060

Note 14 TRADE RECEIVABLES

(Unsecured, considered good)

Over Six Months	1,127,871	1,121,225
Others	31,694,393	25,618,530
Total	32,822,264	26,739,755

Note 15 CASH AND CASH EQUIVALENTS

Cash on hand # (# Includes foreign currency in hand of ₹ 50945/-)

Balances with banks	371,440	462,326
In current accounts	36,531,529	268,854
Unpaid dividend accounts	143,726	118,928
Others		
Fixed Deposit with bank (Maturity period more than 12 months) # (# Fixed deposit Receipts are given to Sales Tax Department on account of Margin Money)	47,772	47,772
Total	37,094,467	897,880

Note 16 SHORT TERM LOANS AND ADVANCES

Life Insurance Corporation of India - Gratuity	526,703	398,197
Prepaid Expenses	468,182	333,880
Loans and Advances to Employees (Unsecured, considered good)	471,511	383,774
Other Loans and Advances (Unsecured, considered good)	76,521,287	10,000,000
Total	77,987,683	11,115,851

Note 17 OTHER CURRENT ASSETS

Advance to Suppliers	413,015	139,333
Rent Receivable	407,627	405,716
Interest Receivable	69,297	52,066
Total	889,939	597,115

Note 18 REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
	Sale of products	328,339,172
Other operating revenues	41,800	34,130
Total	328,380,972	358,153,461
Sale of products comprises		
Manufactured goods		
Fabric Sales	207,636,878	214,050,489
Processing Income	120,702,294	144,068,842
Total - Sale of manufactured goods	328,339,172	358,119,331
Other operating revenue		
Sale of scrap	41,800	34,130
Total - Other operating revenues	41,800	34,130

Note 19 OTHER INCOME

	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
Dividend income:		
From Long Term Investments - Mutual Fund	1,323,165	4,034,011
From Long Term Investments - Equity Shares	246,827	134,369
Net gain on sale of:		
Long-term investments	(256,208)	437,309
	<u>1,313,784</u>	<u>4,605,689</u>
Interest income comprises:		
Interest on loans and advances	7,460,359	-
Interest on overdue trade receivables	712,163	792,826
Interest on Security Deposit	110,812	65,008
Total - Interest income	<u>8,283,334</u>	<u>8,57,834</u>
Share of profit from partnership firms	<u>5,408,117</u>	<u>7,440,694</u>
(Previous year Profit was accounted as per the Unaudited Accounts of Partnership Firm)		
Other non-operating income comprises:		
Rental income from investment properties	5,044,337	4,970,900
Profit on sale of fixed assets	99,521	304,377
Foreign Exchange Fluctuation	395	-
Miscellaneous income	374,286	186,707
Total - Other non-operating income	<u>5,518,539</u>	<u>5,461,984</u>
Total	<u>20,523,774</u>	<u>18,366,201</u>
Note 20 a COST OF MATERIAL CONSUMED		
Opening stock	25,070,421	14,819,012
Add: Purchases	149,172,772	155,799,888
	<u>174,243,193</u>	<u>170,618,900</u>
Less: Closing stock	10,784,484	25,070,421
Cost of material consumed	<u>163,458,709</u>	<u>145,548,479</u>
Material consumed comprises:		
Dyes & Chemicals	25,971,318	25,726,196
Grey Fabrics	137,487,391	119,822,283
Total	<u>163,458,709</u>	<u>145,548,479</u>
Note 20 b Purchase of traded goods		
Finished Fabrics	7,313,451	21,501,785
Total	<u>7,313,451</u>	<u>21,501,785</u>
Note 20 c Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	40,364,539	28,908,719
Work-in-progress (Job)	5,138,664	4,218,949
	<u>45,503,203</u>	<u>33,127,668</u>
Inventories at the beginning of the year:		
Finished goods	28,908,719	23,596,104
Work-in-progress (Job)	4,218,949	3,070,498
	<u>33,127,668</u>	<u>26,666,602</u>
Net (increase) / decrease	<u>12,375,535</u>	<u>6,461,066</u>

VALUE OF RAW-MATERIAL/STORES/SPARES/GREY FABRICS CONSUMED

	2012 ₹	% of Consumption	2011 ₹	% of Consumption
Imported	-	-		
Indigenous	163,458,709	100%	145,548,479	100%
	163,458,709	100%	145,548,479	100%

Note 21 EMPLOYEE BENEFITS EXPENSE

Salaries and wages	23,444,942	19,951,197
Contributions to provident and other funds	3,010,340	2,483,032
Staff welfare expenses	768,959	625,448
Total	27,224,241	23,059,677

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under

	2011-2012	2010-2011
Employer's Contribution to Provident Fund	1,739,920	14, 21,532

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Calculation of changes in PV of Obligation

Particulars	2011-2012	2010-2011
Opening PV of Obligation	3,257,284	2,198,045
Interest Cost	260,583	175,844
Current Service Cost	449,163	397,756
Benefits Paid	(771,284)	(118,711)
Actuarial Gain / Loss	780,826	604,350
PV of Closing Obligation	3,976,572	3,257,284

Calculation of Changes in Fair Value of Plan Asset

FV of Plan Asset at beginning	3,655,481	2,763,088
Expected Return on Plan Asset	320,403	250,838
Employer Contribution	1,298,675	760,266
Benefits Paid	(771,284)	(118,711)
Actuarial Gain / (Loss)	NIL	NIL
FV of Asset at end	4,503,275	3,655,481

Liability in Balance Sheet

Closing PV of Obligation	3,976,572	3,257,284
FV of Plan Asset	4,503,275	3,655,481
Net Asset/ (Liability) recognised in Balance Sheet	526,703	398,197

Expense in Profit & Loss A/c Statement

Current Service Cost	449,163	397,756
Interest Cost	260,583	175,844
Expected Return on Plan Asset	(320,403)	(250,838)
Actuarial Loss	780,826	604,350
Actuarial Gain	-	-
Total Expenses Recognised in P & L A/c	1,170,169	927,112

Actuarial Assumptions

	<u>31/03/2012</u>	<u>31/03/2011</u>
Discount Rate Per Annum	8%	8%
Rate of Escalation in salary (per annum)	4%	4%
Principal actuarial assumptions at the Balance Sheet date are as follows:		
Mortality Table (LIC)		1994- 1996
Discount rate per annum		8%
Withdrawal rate	1% to 3% depending on age	
Retirement age	58 year	

The rate of escalation in salary considered in actuarial calculation is estimated taking into account inflation, seniority, promotion and other relevant factors.

	<u>As at 31 March, 2012</u>	<u>As at 31 March, 2011</u>
	₹	₹
Note 22 FINANCE COST		
Interest expense on:		
Borrowings from Directors	1,375,390	283,900
Cash Credit from Bank	19,813	6,720
Trade Deposits	36,850	32,310
Bank Commission Charges	220,277	200,288
Total	<u>1,652,330</u>	<u>523,218</u>

Note 23 OTHER EXPENSES
STORES & SPARES CONSUMED

Opening Stock	2,501,392	2,342,557
Add : Purchases	4,255,783	5,322,289
	<u>6,757,175</u>	<u>7,664,846</u>
Less : Closing Stock	2,278,035	2,501,392
	<u>4,479,140</u>	<u>5,163,454</u>

PACKING MATERIAL CONSUMED

Opening Stock	2,261,083	1,482,702
Add : Purchases	10,018,508	9,445,546
	<u>12,279,591</u>	<u>10,928,248</u>
Less : Closing Stock	2,521,417	2,261,083
	<u>9,758,174</u>	<u>8,667,165</u>

COAL CONSUMED

Opening Stock	327,824	244,237
Add : Purchases	35,039,858	33,679,512
	<u>35,367,682</u>	<u>33,923,749</u>
Less : Closing Stock	412,303	327,824
	<u>34,955,379</u>	<u>33,595,925</u>

POWER & FUEL CONSUMED

Opening Stock	53,672	48,455
Add : Purchases	15,460,438	14,821,074
	<u>15,514,110</u>	<u>14,869,529</u>
Less : Closing Stock	62,276	53,672
	<u>15,451,834</u>	<u>14,815,857</u>

Particulars	2011-2012	2010-2011
OTHER MANUFACTURING EXPENSES		
Processing Charges	9,677,815	8,790,554
Embroidery Charges	480,222	1,532,690
Design Charges	560,383	550,543
Labour Charges	16,560,410	15,746,830
Carriage & Freight	2,423,722	3,638,238
Packing Charges	2,448,774	769,494
Printing Charges	18,170	15,451
Water Charges	5,797,830	7,039,005
Effluent Treatment Expenses	1,846,365	2,388,166
	<u>39,813,691</u>	<u>40,470,971</u>
SELLING DISTRIBUTION AND OTHER EXPENSES		
Commission on Sales	6,151,570	8,088,041
Advertisement Expenses	4,164,664	8,985,990
Sales Conference	167,146	69,897
Sales Promotion Expenses	1,726,148	1,492,878
	<u>12,209,528</u>	<u>18,636,806</u>
ESTABLISHMENT EXPENSES		
Insurance Charges	769,955	807,383
Rent	1,257,452	1,254,360
Rates & Taxes	753,050	685,704
Testing Fees & Laboratory Charges	50,410	74,105
Traveling & Conveyance	3,728,571	3,211,403
Printing & Stationery	366,291	440,207
Legal & Professional Charges	849,247	1,020,245
Postage Expenses	385,338	408,651
Miscellaneous Expenses	583,863	610,256
Motor Car Expenses	597,211	545,287
Telephone Charges	681,763	613,509
Electricity Charges	1,071,202	723,664
Donation	12,750	104,600
Entertainment Expenses	22,795	47,549
Ragistration Charges- Leave & Licences	35,840	16,410
Sundry Balances W/off	14,997	-
Security Transaction Tax	629	9,615
Share Expenses	1,642	-
Internet Expenses	109,884	101,474
	<u>11,292,890</u>	<u>10,674,422</u>
REPIRS & MAINTENANCE		
To Plant & Machinery	1,165,808	813,596
To Building	176,956	251,422
To Others	386,612	754,318
	<u>1,729,376</u>	<u>1,819,336</u>
PAYMENT TO AUDITORS		
As Audit Fees	73,034	71,695
As Tax Audit Fees	20,225	19,854
For Expenses	1,741	11,051
	<u>95,000</u>	<u>102,600</u>
Total	<u>129,785,012</u>	<u>133,946,536</u>

24. VALUE OF STORES/SPARES CONSUMED

	2012 ₹	% of Consumption	2011 ₹	% of Consumption
Imported	-	-	22,982,479	48%
Indigenous	49,192,693	100%	24,444,065	52%
	49,192,693	100%	47,426,544	100%

25 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Expenditure in foreign currency

2011-2012	2010-2011
234,741	195,006

26 EARNING PER SHARE (EPS)

Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders

19,859,587	39,760,723
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Weighted Average number of equity shares used as denominator for calculating EPS

5,592,600	5,592,600
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Basic and Diluted Earning per share

3.55	7.11
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Face Value per equity share

10	10
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27 DEFERRED TAX (LIABILITY)/ ASSETS
LIABILITY

Accumulated Depreciation

3,851,656	3,910,311
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Deferred Tax Liability

3,851,656	3,910,311
------------------	-----------

ASSETS

Accrued Expenses deductible on payment basis

-	-
---	---

Business Loss

-	-
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Net Deferred Tax Liability

3,851,656	3,910,311
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The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax

28 RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships

Name of the Related Party
Relationship

Vishwanath Harlalka

Key Managerial Personal

Deepak Harlalka

Key Managerial Personal

Gini Tex Private Limited

Associates

Shree Enterprises

Partner

Gini Construction Co.

Partner

Gini Constructions Pvt Ltd

Partner

Gini Citicorp Reality LLP

Partner

Transactions during the year with related parties

Nature of Transactions	Partner	Associates	Key Managerial Personal	Total
Processing Job Work		71,816,997 78,687,621		71,816,997 78,687,621
Purchase of Grey Fabrics		13,475,646 30,715,115		13,475,646 30,715,115
Rent Paid		400,000 1,169,860		400,000 1,169,860
Purchase Dyed fabrics		756,072 -		756,072 -
Acceptance of Unsecured Loans			25,125,000 11,900,000	25,125,000 11,900,000
Telephone Charges Paid		172,511 177,356		172,511 177,356
Managerial Remuneration			4,800,000 4,500,000	4,800,000 4,500,000
Interest on Unsecured Loan Payment			1,375,390 283,900	1,375,390 283,900
Return of Investments	32,100,000 37,300,000			32,100,000 37,300,000
Share of Profit	4,201,789 7,500,000			4,201,789 7,500,000
Balance as at 31st March, 2012				
Trade Receivables			-	-
Trade Payables			-	-
Loans and Advances			15,377,415 2,755,509	15,377,415 2,755,509
Investments	39,43,327 30,923,000			3,943,327 30,923,000

Figures in italic represents Previous Year's amount

29 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liability Not Provided For In Respect Of

Central Excise duty Demand of ₹ 215,820 /-for Interest and Penalty on differential amount of Excise duty [The Company has gone in appeal to the Commissioner (Appeal)] (Previous year ₹ 215,820/-)

Liability if any, arising on account of an undertaking given by the company to Excise authorities on account of purchase of land & building from GINI TEX PVT LTD. Of which amount cannot be ascertained.

Commissioner of Central Excise, Thane II has demanded of ₹ 3, 38,418/- on Deemed Credit. The Company has deposited ₹ 1,00,000/- (Previous year ₹ 1,00,000/-)to Asst. Registrar the Customs Excise Service Tax Appellate Tribunal W.Z.B. (Previous year ₹ 3,38,418/-)

Textile Committee has demanded ₹ 2,99,150/- on collection of Cess under the Textile Committee Act & Cess Rules Reg. (Previous year ₹ 2,99,150/-)

Central Excise duty demand for ₹ 1,85,09,688/- for excise duty and interest on differential amount on excise duty (The Central Excise Department has made Special Leave Petition in Supreme Court).(Previous Year ₹ 1,85,09,688/-)

30	Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		₹	₹
	Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets	2,994,426	-
31	The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.		
32	Balances of Sundry Debtors, Loans and advances and Sundry creditors have been taken as per books awaiting respective confirmation and Reconciliation.		
33	There are no dues to Micro & Small Enterprises as on 31st March' 2012. This information as required to be disclosed under the Micro, Small & Medium Enterprise Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
34	The company is in process of appointing the Company Secretary, however during the year under audit the company unable to appoint the same		
35	Income Tax assessment is completed up to the Assessment year 2009 – 2010		

As per our Report of even date

For Vatsaraj & Co

Chartered Accountants

FRN : 111327W

CA NITESH K DEDHIA

Partner

Membership No, 114893

Place :Mumbai

Date : 05/07/2012

For and on behalf of the Board

Vishwanath Harlalka

Chairman

Deepak Harlalka

Managing Director

Dinesh Poddar

Director



GINI SILK MILLS LIMITED

Registered Office: 413, Tantia Jogani Industrial Premises, N. M. Joshi Marg,
Near Lodha, Lower Parel (East), Mumbai – 400 011

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Shareholder (in Block Letters) _____

Member's Folio Number _____

Name of the Proxy (in Block Letters) to be filled if the Proxy attends instead of the Member _____

Number of Shares held _____

I hereby record my presence, at the Annual General Meeting held on Wednesday, August 22, 2012, at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Raod, Mumbai - 400002

Member's / Proxy's Signature

1. To be signed at the time of handing over this slip.
2. Shareholders' are requested to advise, indicating their folio number, the change of their address, if any, to the Company.



GINI SILK MILLS LIMITED

Registered Office: 413, Tantia Jogani Industrial Premises, N. M. Joshi Marg,
Near Lodha, Lower Parel (East), Mumbai – 400 011

PROXY

Member's Folio Number	
No. of Shares	

I/We _____

of _____

being a member/members of the above named Company, hereby appoint _____

of _____

or failing him _____

as my Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, August 22, 2012, at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Raod, Mumbai - 400002

Signed at _____ this _____ day of _____ 2012.

Revenue
Stamp
One Rupee

Notes :

1. This instrument of Proxy should be deposited at the Secretarial Department of the Company, not less than 48 hours before the holding of the meeting.
2. The form should be signed across the stamp as per the specimen signature registered with the company.
3. A Proxy need not be a member.

BOOK-POST

To,

If Undelivered Please Return to :

GINI SILK MILLS LIMITED
413, Tantia Jogani Industrial Premises
Sitaram Mill Compound
Near Lodha Group, N. M. Joshi Marg
Lower Parel (E), Mumbai - 400 011.