



*Fine Fabrics Since 1963*

**GINI SILK MILLS LIMITED**  
**38th Annual Report 2017 - 2018**

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**BOARD OF DIRECTORS :**
**Vishwanath Harlalka**

Executive Chairman

**Deepak Harlalka**

Managing Director

**Suresh Gaggar**

Director

**Pankajkumar Agarwal**

Director

**Anjali Harlalka**

Director

**Ruchir Jalan**

Director

**REGISTERED OFFICE:**
**GINI SILK MILLS LIMITED**
**CIN: L17300MH1981PLC024184**

413, Tantia Jogani Industrial Estate Premises,

Opp. Kasturba Hospital, J. R. Boricha Marg,

Lower Parel (East), Mumbai-400011

Tel. No: 022- 40750601

 E-Mail: [ginitex@rediffmail.com](mailto:ginitex@rediffmail.com)

 Website: [www.ginitex.com](http://www.ginitex.com)
**BANKERS:**

Kotak Mahindra Bank Limited

State Bank of India

**AUDITORS:**

M/s. Bilimoria Mehta &amp; Co.

Chartered Accountants

**SECRETARIAL AUDITORS:**

Sandeep Dar &amp; Co.

Company Secretaries

**38<sup>TH</sup> ANNUAL REPORT 2018:**
**Date** : September 21, 2018

**Time** : 12.30 P.M.

**Venue** : Maheshwari Pragati Mandal,  
 Maheashwari Bhawan,  
 603, Girgaon Road, Mumbai-400002.

**REGISTRAR & TRANSFER AGENT:**

BIGSHARE SERVICES PVT. LTD.

 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis

Makwana Road Marol, Andheri East Mumbai 400059

Tel. No: 022-62638200; Fax. No.: 022-62638299

 E-mail: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

 Website: [www.bigshareonline.com](http://www.bigshareonline.com)
**THIRTY EIGHT ANNUAL GENERAL MEETING**

 held on **Friday, 21<sup>st</sup> September, 2018 at 12.30 P.M**

at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400 002.

## NOTICE

**NOTICE** is hereby given that the 38<sup>th</sup> Annual General Meeting of the Company will be held on **FRIDAY, 21<sup>st</sup> SEPTEMBER, 2018 at 12.30 P.M. at Maheshwari Pragati Mandal, Maheashwari 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 31<sup>st</sup> March, 2018 and the Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial Year 2017-2018.
3. To appoint a Director in place of Mr. Deepak Harlalka (DIN- 00170335), who retires by rotation and being eligible, offers himself for reappointment.

**By Order of the Board  
GINI SILK MILLS LIMITED**

**Vishwanath Harlalka**  
Chairman

Place: Mumbai

Date: May 28, 2018

### **Registered Office :**

413, Tantia Jogani Industrial Estate Premises,  
Opp. Kasturba Hospital, J. R. Boricha Marg,  
Lower Parel (East), Mumbai-400011

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
  - a. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The register of members and share transfer books will remain closed from Saturday, September 15, 2018 to Friday, September 21, 2018. (Both days inclusive).
3. Dividend, after declaration, shall be disbursed to the members:-
  - a. Whose name appears as beneficial owners as at the end of business hours on Friday, September 14, 2018 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of the shares held in electronic form.
  - b. Whose names appear as members in the register of members of the Company after giving effect to valid transfers in physical form lodged with the Company or registrar and share transfer agents on or before September 14, 2018.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.
5. Shareholders holding shares in physical form are requested to intimate any change in their residential address to Bigshare Services Pvt. Ltd, 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis Makwana Road Marol, Andheri East, Mumbai 400059, Maharashtra, Registrar and transfer agent of the Company immediately.
6. Shareholders who are holding shares in Demat mode are requested to notify any change in their residential address, bank account details and/ or email address immediately to their respective depository participants.
7. Shareholders who are not registered their email Id's so far are requested to register their e-mail address for receiving all communication including Annual Report, Notice, Circulars, etc. from the Company electronically.

8. The Company has appointed M/s. Sandeep Dar & Co., Practicing Company Secretaries, Navi Mumbai, to act as the scrutinizer, to scrutinize the remote e-voting and physical votes received through ballot in accordance with the law in a fair and transparent manner.

**9. VOTING OPTIONS:**

**I. Voting through electronic means**

The company is pleased to offer remote e-voting facility, for all its members to enable them to cast their vote electronically in term of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Facility for voting through ballot/ polling paper will be made available at the venue of the AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights through ballot papers at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

**The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on Tuesday, September 18, 2018 at 09:00 A.M and ends on Thursday, September 20, 2018 at 05:00 P.M. Members holding Shares in physical or in Demat form as on cut off date i.e. Friday, September 14, 2018 shall only be eligible for e-voting.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on “Shareholders” tab.
- (iv) Now Enter your User ID
  - I. For CDSL: 16 digits beneficiary
  - II. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - III. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

		<b>For Members holding shares in Demat Form and Physical Form</b>
PAN		Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/ Ballot Form/mail) in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Details <b>OR</b> Date of Birth (DOB)	Bank Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach to the ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the GINI SILK MILLS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholder can also cast their vote using CDSL’s mobile app ‘CDSL m-Voting’ available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- (xix) Note for Non-individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**In case of Members receiving the Physical Copy:**

Please follow all steps from Sl. No. (i) to sl. No. (xix) above to cast vote.

**II. Voting Through Ballot:**

The Company is also providing the facility for voting through Ballot process at the AGM and the members attending the Meeting who have not cast their vote by remote e-voting will be able to exercise their right to vote at the AGM. The Ballot Forms will be available at the AGM.

**III. Other Instructions**

- i. A Member can opt for only one mode of voting i.e. either through e-voting or ballot. If a Member casts his / her vote by both modes, then voting done through e-voting shall prevail and the vote by ballot shall be treated as invalid.

- 10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts.

Members holding shares in physical form can submit their PAN details to the Company’s Registrar and Share Transfer Agents, M/s. Bigshare Services Private Limited, quoting their folio numbers.

**By Order of the Board  
GINI SILK MILLS LIMITED**

**Vishwanath Harlalka**  
Chairman

Place: Mumbai  
Date: May 28, 2018

**Registered Office :**  
413, Tantia Jogani Industrial Estate Premises,  
Opp. Kasturba Hospital, J. R. Boricha Marg,  
Lower Parel (East), Mumbai-400011

## DIRECTOR'S REPORT

To,

The Members of **GINI SILK MILLS LIMITED**

Your Directors have pleasure in presenting their 38<sup>th</sup> Annual Report on the business and operations of the Company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL HIGHLIGHTS:

The Board's Report is prepared based on the stand alone financial statements of the Company.

(Rs. in lacs)

Sr. No.	Particulars	2017-2018	2016-2017
1.	<b>REVENUE</b>		
	Net Sales/ Income from operation	3942.55	3911.61
	Other Income	170.55	213.23
	Total	4113.10	4124.84
2.	<b>LESS: EXPENDITURE</b>		
	Cost of Materials Consumed	1306.15	1595.55
	Purchases of Traded Goods	197.17	186.17
	(Increase)/ decrease in inventories of finished goods and Stock in Process	116.05	12.32
	Employee Benefit Expenses	408.96	368.89
	Financial Cost	89.92	148.08
	Depreciation and Amortization Expense	97.60	96.80
	Other Expenses	1610.31	1412.97
	Total	3826.16	3820.78
3.	<b>Profit Before Tax</b>	286.94	304.06
4.	Provision for Taxation		
	i) Current Tax	75.88	81.60
	ii) Deferred Tax	(3.61)	10.23
	iii) (Excess)/ Short provisions written back of earlier years	-	(25.79)
5.	<b>Profit After Tax</b>	241.67	238.02
6.	Balance carried from previous year	2653.35	2403.08
7.	Amount Available for Appropriation	2868.02	2649.13
8.	<b>Appropriations:</b>		
	Interim Dividend	-	-
	Proposed Dividend	-	-
	Dividend Distribution Tax	27.96	-
	Prior Period Items	5.69	-
	Depreciation as per schedule II of Companies Act, 2013	-	4.22
9.	Balance carried to Balance Sheet	2834.37	2653.35
	Basic/ Diluted Earnings per Equity Shares	3.84	4.32

### 2. DIVIDEND:

We are pleased to announce that the Board of Directors has recommended Re. 0.50/- per Equity Share of Rs. 10/- each (i.e. 5% of face value) aggregating to Rs. 27,96,300 (excluding Dividend Distribution Tax as applicable) for the year ended on March 31, 2018.

### 3. RESERVES:

No amount out of current year's profits is transferred to the Reserves and Surplus.

#### 4. OPERATIONS:

Our Revenue from operations during the period under review has increased to Rs. 3942.55 Lacs from Rs. 3911.61 Lacs in the previous year. i. e. a increase of 0.79% in the financial year 2017-18.

During the period under review the profit after tax (PAT) stood at 214.67 Lacs (Previous Year Rs. 238.02 Lacs). There is a decrease of 9.81% in net profit after tax as compared to previous year. The performance for the coming years is expected to improve upon from the last year if right macroeconomic indicators are achieved in future.

#### 5. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' confirm that—

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such Accounting Policies and applied them consistently and made judgments 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 and of the Profit and Loss of the Company for that period;
- (c) the Directors had 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;
- (d) the Directors had prepared the Annual Accounts on a going concern basis; and
- (e) the Directors had laid down Internal Financial controls to be followed by the Company and that such Internal Financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 6. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Report in form MGT-9, as required under Section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies ( Management and Administration ) Rules, 2014, are included in this Report as **Annexure-I** and forms an integral part of this report.

#### 7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of every contract or arrangements entered into by the Company with Related Parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto is disclosed in Form No. AOC-2 as **Annexure II**.

#### 8. DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTMENTS / RESIGNATIONS DURING THE YEAR:

During the year under review there were no changes takes place in the Directors or Key Managerial Personnel Appointments / Resignations.

#### 9. (1) PARTICULARS OF EMPLOYEES:

Sr. No.	Particulars	Remarks
1.	The Ratio of the Remuneration of each Director to the median Remuneration of the Employees of the Company for the financial year.	a) Mr. Vishwanath Harlalka, Executive Chairman - 09:25:1 b) Mr. Deepak Harlalka, Managing Director - 09:25:1
2.	The percentage increase in the Remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	a) Mr. Vishwanath Harlalka- Nil b) Mr. Deepak Harlalka- Nil
3.	The percentage decrease in the median Remuneration of Employees in the financial year	11.66%



Sr. No.	Particulars	Remarks
4.	The number of permanent Employees on the rolls of Company	117
5.	Average percentile increase already made in the salaries of Employees other than Managerial personnel in the last financial year and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration.	There has been no increase in the salaries of the Employees other than Managerial personnel in the last financial year.
6.	Affirmation that the Remuneration is as per the Remuneration Policy of the Company.	It is hereby affirmed that the Remuneration is as per the Remuneration Policy of the Company.

(2) Particulars of Employees drawing Remuneration in excess of limits prescribed under Section 134(3)(q) read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

There are no Employees drawing Remuneration exceeding Rupees One Crore and Two Lakhs per annum if employed throughout the financial year or Rupees Eight Lakh and Fifty Thousand per month if employed for part of the financial year or draws Remuneration in excess of Managing Director or Whole time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the Equity Shares of the Company.

#### 10. NUMBER OF MEETINGS OF BOARD DURING THE YEAR:

Sr. no	Particulars	No. of meetings held
1.	Board meetings	Six
2.	Audit Committee meetings	Five
3.	Nomination and Remuneration Committee meeting	One
4.	Independent Directors Meeting	One

#### 11. FORMAL ANNUAL EVALUATION:

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance and working of its Committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, its structure and composition, establishment and delegation of responsibilities to various Committees. Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management of the Company. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole.

#### 12. DECLARATION BY AN INDEPENDENT DIRECTOR:

Declarations by the Independent Directors, that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been received by the Company.

#### 13. REMUNERATION POLICY:

The Board of Directors has framed a policy which lays down a framework in relation to Remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The remuneration policy is also uploaded on the website [www.ginitex.com](http://www.ginitex.com)

#### 14. STATUTORY AUDITORS:

At the Annual General Meeting held on August 29, 2017, M/s. Bilimoria Mehta & Co., Chartered Accountants, (FRN 101490W), Mumbai, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2022.



In accordance with Companies (Amendment) Act 2017, the provision with regard to ratification of appointment of Auditors at every Annual General Meeting prescribed under the first proviso to sub-section (1) of section 139 of the Companies Act, 2013 is omitted from the financial year 2018-19 onwards.

The report given by the auditors on the financial statement of the company is a part of the Annual Report. There has been no qualification, reservation, adverse remarks or disclaimer given by the auditors in their report.

#### **15. SECRETARIAL AUDIT REPORT:**

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. Sandeep Dar and Co., Practicing Company Secretaries have been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as **Annexure III** to this report. The report is self-explanatory however the Company has initiated necessary steps to comply with various non-compliances as mentioned under the Secretarial Audit Report.

#### **16. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company at [www.ginitex.com](http://www.ginitex.com)

#### **17. COMPOSITION OF AUDIT COMMITTEE:**

Composition of Audit Committee as on March 31, 2018 as required under section 177(8) of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Mr. Suresh Gaggar - Chairman
2. Mr. Pankajkumar Agarwal - Member
3. Mr. Ruchir Jalan - Member

#### **18. SIGNIFICANT MATERIAL CHANGES:**

There were no material changes and commitments, which adversely affects the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### **19. RISK MANAGEMENT:**

The Company is reviewing its Risk perception from time to time taking into accounts overall business environment affecting/ threatening the existence of the Company. Presently management is of the opinion that such existence of risk is minimal.

#### **20. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has in place adequate Internal Financial controls. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

#### **21. DEPOSITS:**

During the year under review, the Company has not accepted any Deposits within the meaning of Section 73 of Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

#### **22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

During the period under review, Company has not given any loans to the parties.

#### **23. CORPORATE GOVERNANCE:**

Your Company believes that Corporate Governance is a code of self discipline. In the line with this policy, the Board of Directors strongly believes that it is very important that the Company follows healthy Corporate Governance practices and reports to the shareholders the progress made on the various measures undertaken.

A report on Corporate Governance, along with a certificate from the Statutory Auditors on compliance with Corporate Governance norms forms an integral part of this report.

#### **24. MANAGEMENT DISCUSSION AND ANALYSIS:**

##### **I Industry Structure and Developments**

Indian Textile industry is one of the largest in the world with large raw material base and manufacturing strength across the

value chain. The uniqueness of the Industry lies in its strength both in the hand woven as well as in the capital intensive mill sector. Traditional sectors like handloom, handicrafts and small scale power-loom units are the biggest source of employment for millions of people in rural and urban area.

The Textile industry contributes to 7% industry output in value terms, 2% of India's GDP and 15% of the country's export earnings. With over 45 million people employed directly, the Textile industry is one of the largest sources of employment generation in the country.

## **II Opportunities and Challenges**

1. Shift towards the market of branded ready- made garments is being observed
2. Increase Disposable Income and Purchasing Power of Indian Customer opens New Market.
3. More number of emerging malls and retail industries are providing opportunities to industries segments like handicrafts and apparels

## **III. Segment-Wise or Product-Wise Performance**

In textiles, our product is well very accepted by our customers & we are in the process of increasing our customer portfolio.

## **IV Outlook**

Your Company's future growth will be driven by multiple growth driver. In the textile space, large opportunities in global textile and clothing markets are driving growth for us. Your Company will focus on its core strengths product segments. Its focus on building marketing & distribution foot-prints shall continue with renewed vigor during the coming year. On the whole, we are seeing new growth opportunities in advanced material division and the segment continues to grow at rapid pace.

## **V Risk and Concerns**

The company has risk management framework which enable it to take certain risks to remain competitive and achieve higher growth and at the same time mitigate other risks to maintain sustainable results.

A key factor in determining a Company's capacity to create sustainable value is the risk that the Company is willing to take and its ability to manage them effectively. The Company's Risk Management processes focuses on ensuring that risks are identified on a timely basis and addressed.

Foreseeing the concerns, the Company manages to identify, evaluate, and monitor non-business risks.

## **VI Internal Control Systems and their Adequacy**

The existing internal controls are adequate and commensurate with the nature, size, complexity of the Business and its Processes. During the year the Company has laid down the framework for ensuring adequate internal controls and to ensure its effectiveness, necessary steps were taken by the Company.

## **VII. Discussion on financial performance with respect to Operational Performance**

During the year under review, your company has registered a turnover of 3942.55 Lacs as compared to 3911.61 Lacs in the previous year.

The sales revenue from Processing of Fabric increased from Rs. 1889.72 Lacs to Rs. 2378.69 Lacs during the year under review.

## **VIII. Material developments in human resources/ industrial relations front, including number of people employed**

Your Company believes that its employees are one of the most valuable assets of the Company. The employees are deeply committed to the growth of the Company. With the growing requirements of the Company, Company has taken necessary initiatives to ensure not only the retention of the employees but also their growth and development.

The Company also provides various opportunities to the employees to develop their skills to take up higher responsibilities in the organization. Company also uses various communication channels to seek employee's feedback about the overall working environment and the necessary tools and resources they need to perform at their best potential.

**25. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Internal Complaints Committee under the Act, for implementation of said policy.

The following is a summary of sexual harassment complaint received or disposed of during the year 2017-18:

- No. of Complaint received: NIL
- No. of Complaint disposed off: NIL.

**26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF COMPANIES (ACCOUNTS) RULES, 2014**

**A) CONSERVATION OF ENERGY:**

- (i) The steps taken or impact on conservation of energy - Energy conservation continues to receive priority attention at all levels by regular monitoring of all equipments and devices which consume electricity.
- (ii) The steps taken by the Company for utilizing alternate sources of energy - Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- (iii) The capital investment on energy conservation equipments – Since Company is having adequate equipment; no capital investment on energy conservation equipments is made during the year.

**B) TECHNOLOGY ABSORPTION:**

- (i) The efforts made towards technology absorption - Not Applicable
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution - Not Applicable
- (iii) In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable.
  - (a) The details of technology imported - Not Applicable
  - (b) The year of import - Not Applicable
  - (c) Whether the technology been fully absorbed - Not Applicable
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not Applicable
- (iv) The expenditure incurred on Research and Development – At present the Company does not have separate division for carrying out Research and Development work. No expenditure has therefore been earmarked for this activity.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

There were no foreign exchange earnings and outgo during the year under review.

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**28. APPRECIATION:**

We record our gratitude to the Banks and others for their assistance and co-operation during the year. We also wish to place on record our appreciation for the dedicated services of the employees of the Company. We are equally thankful to our esteemed investors for their co-operation extended to and confidence reposed in the management.

**BY ORDER OF THE BOARD  
FOR GINI SILK MILLS LIMITED**

**Vishwanath Harlalka  
CHAIRMAN**

**Registered Office:**

413, Tantia Jogani Industrial Estate Premises,  
Opp. Kasturba Hospital, J. R. Boricha Marg,  
Lower Parel (East), Mumbai-400011  
Date: May 28, 2018  
Place: Mumbai

**ANNEXURE I**
**Form No. MGT-9**
**EXTRACT OF ANNUAL RETURN**
**As on the financial year ended on March 31, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and

Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	L17300MH1981PLC024184
Registration Date	03/04/1981
Name of the Company	Gini Silk Mills Limited
Category / Sub-Category of the Company	Company Limited by shares
Address of the Registered office and contact details	413, Tantia Jogani Industrial Premises, Opp. Kasturba -Hospital, J. R. Boricha Marg, Lower Parel (East), Mumbai- 400011.
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Pvt. Ltd 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis Makwana Road, Marol, Andheri East, Mumbai 400059 Maharashtra. Tel:+91 22 62638200 Fax:+91 22 62638299 Email : info@bigshareonline.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL No	Name & Description of main Products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Fabrics – Shirting and Suiting	13131/13136	41.67%
2	Processing fabrics – Job work	13134	58.32%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

There are no Holding, Subsidiary and Associate Companies as defined under Companies Act, 2013.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**
**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total No of Shares	% of Total Shares	Demat	Physical	Total No of Shares	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/ HUF	4173410	-	4173410	74.62	4173410	-	4173410	74.62	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	20050	-	20050	0.36	20050	-	20050	0.36	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub total (A)(1) :</b>	<b>4193460</b>	<b>-</b>	<b>4193460</b>	<b>74.98</b>	<b>4193460</b>	<b>-</b>	<b>4193460</b>	<b>74.98</b>	<b>0.00</b>
<b>2) Foreign</b>									
a) NRI-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total No of Shares	% of Total Shares	Demat	Physical	Total No of Shares	% of Total Shares	
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub total (A)(2) :</b>	-	-	-	-	-	-	-	-	-
<b>Total holding for promoters (A)=(A)(1) + (A)(2)</b>	<b>4193460</b>	-	<b>4193460</b>	<b>74.98</b>	<b>4193460</b>	-	<b>4193460</b>	<b>74.98</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
<b>Sub total (B)(1) :</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	892868	3800	896668	16.03	726997	3800	730797	13.07	(2.97)
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	139697	32407	172104	3.08	134293	30107	164400	2.94	(0.14)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	55183	-	55183	0.99	141284	-	141284	2.53	1.54
<b>c) Others (specify)</b>									
i) NRI/OBC	274462	-	274462	4.91	362166	-	362166	6.48	1.57
ii) Trust									
iii) Clearing members	638	-	638	0.04	493	-	493	0.01	(0.00)
iv) Qualified Foreign Investor	85	-	85	-	-	-	-	-	-
<b>Sub total (B)(2) :</b>	<b>1362933</b>	<b>36207</b>	<b>1399140</b>	<b>25.02</b>	<b>1365233</b>	<b>33907</b>	<b>1399140</b>	<b>25.02</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>1362933</b>	<b>36207</b>	<b>1399140</b>	<b>25.02</b>	<b>1365233</b>	<b>33907</b>	<b>1399140</b>	<b>25.02</b>	<b>0.00</b>
<b>Total (A) + (B) :</b>	<b>5556693</b>	<b>36207</b>	<b>5592600</b>	<b>100.00</b>	<b>5556393</b>	<b>36207</b>	<b>5592600</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Share held by Custodians for (GDRs &amp; ADRs)</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A) + (B) + (C)</b>	<b>5556693</b>	<b>36207</b>	<b>5592600</b>	<b>100.00</b>	<b>5556393</b>	<b>36207</b>	<b>5592600</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters:**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Deepak Harlalka-HUF	863350	15.45	-	863350	15.45	-	-
2.	Vishwanath Harlalka	1890660	33.81	-	1890660	33.81	-	-
3.	Vimla Harlalka	508500	9.03	-	508500	9.03	-	-
4.	Deepak Harlalka	309600	5.55	-	309600	5.55	-	-
5.	Anjali Harlalka	350400	6.28	-	350400	6.28	-	-
6.	Mr Pranav Harlalka	202400	3.63	-	202400	3.63	-	-
7.	Vishwanath Harlalka HUF	38500	0.69	-	38500	0.69	-	-
8.	Sewaram Harlalka Investments Private Ltd	20050	0.36	-	20050	0.36	-	-
9.	Manju Sonthalia	10000	0.18	-	10000	0.18	-	-
	Total	4193460	74.98	-	4193460	74.98	-	-

**(iii) Change in Promoters' Shareholding: There was no change in the Shareholding of the Promoters during the year.**

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No	NAME	No. of Shares at the beginning/End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
1	GARNET INTERNATIONAL LIMITED	625,788	31-Mar-17	-	Transfer	625,788	11.19
			21-Apr-17	(4,161)	Transfer	621,627	11.12
			28-Apr-17	(5,000)	Transfer	616,627	11.03
			19-May-17	(436,444)	Transfer	180,183	3.22
			26-May-17	300,000	Transfer	480,183	8.59
			30-Jun-17	125,000	Transfer	605,183	10.82
			7-Jul-17	(34,208)	Transfer	570,975	10.21
			14-Jul-17	(100,000)	Transfer	470,975	8.42
			1-Sep-17	(9,020)	Transfer	461,955	8.26
			8-Sep-17	(12,626)	Transfer	449,329	8.03
			15-Sep-17	(27,707)	Transfer	421,622	7.54
			22-Sep-17	(25,000)	Transfer	396,622	7.09
			29-Sep-17	(10,834)	Transfer	385,788	6.90
			6-Oct-17	(112,000)	Transfer	273,788	4.90
			20-Oct-17	(90,000)	Transfer	183,788	3.29
			27-Oct-17	(10,000)	Transfer	173,788	3.11
			24-Nov-17	(5,019)	Transfer	168,769	3.02
			8-Dec-17	(92,600)	Transfer	76,169	1.36
			15-Dec-17	(3,625)	Transfer	72,544	1.30
			22-Dec-17	(5,224)	Transfer	67,320	1.20
			5-Jan-18	(20,000)	Transfer	47,320	0.85

Sr. No	NAME	No. of Shares at the beginning/End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
			19-Jan-18	(26,254)	Transfer	21,066	0.38
			16-Feb-18	(20,000)	Transfer	1,066	0.02
			23-Feb-18	(1,066)	Transfer	-	-
			31-Mar-18	-	Transfer	-	-
2	BALRAM CHAINRAI	274,400	31-Mar-17	-	Transfer	274,400	4.91
			8-Dec-17	2,691	Transfer	277,091	4.95
			23-Feb-18	(189,000)	Transfer	88,091	1.58
		88,091	31-Mar-18	-	Transfer	88,091	1.58
3	ANITA CHAINRAI ADVANI .	-	31-Mar-17		Transfer	-	-
			15-Dec-17	85,000	Transfer	85,000	1.52
			23-Feb-18	189,000	Transfer	274,000	4.90
		274,000	31-Mar-18	-	Transfer	274,000	4.90
4	RELIGARE FINVEST LTD	234,000	31-Mar-17	-	Transfer	234,000	4.18
			8-Dec-17	(1,500)	Transfer	232,500	4.16
			15-Dec-17	(69)	Transfer	232,431	4.16
			29-Dec-17	(31)	Transfer	232,400	4.16
			16-Mar-18	(400)	Transfer	232,000	4.15
		232,000	31-Mar-18	-	Transfer	232,000	4.15
5	DECENT FINANCIAL SERVICES PVT LTD	-	31-Mar-17		Transfer	-	-
			23-Feb-18	120,000	Transfer	120,000	2.15
		120,000	31-Mar-18	-	Transfer	120,000	2.15
6	MANGAL SAVITRI BIZCON PRIVATE LIMITED	-	31-Mar-17		Transfer	-	-
			30-Jun-17	49,057	Transfer	49,057	0.88
			7-Jul-17	(753)	Transfer	48,304	0.86
			4-Aug-17	3,834	Transfer	52,138	0.93
			29-Sep-17	42,752	Transfer	94,890	1.70
			29-Dec-17	21,411	Transfer	116,301	2.08
			16-Mar-18	8,516	Transfer	124,817	2.23
			30-Mar-18	90,367	Transfer	215,184	3.85
		215,384	31-Mar-18	-	Transfer	215,384	3.85
			31-Mar-18	200	Transfer	215,384	3.85
7	NISHU FINLEASE PRIVATE LIMITED	-	31-Mar-17		Transfer	-	-
			23-Feb-18	100,000	Transfer	100,000	1.79
		100,000	31-Mar-18	-	Transfer	100,000	1.79
8	ALAUKEK MINES AND POWER P LTD	-	31-Mar-17		Transfer	-	-
			29-Dec-17	23,850	Transfer	23,850	0.43
			30-Mar-18	26,100	Transfer	49,950	0.89
		49,950	31-Mar-18	-	Transfer	49,950	0.89



Sr. No	NAME	No. of Shares at the beginning/End of the year	Date	Increase/ Decrease in share-holding	Reason	Number of Shares	Percentage of total shares of the company
9	SARIKA GAGGAR	-	31-Mar-17		Transfer	-	-
			30-Dec-17	47,761	Transfer	47,761	0.85
		47,761	31-Mar-18	-	Transfer	47,761	0.85
10	ANIL RAJKUMAR CHOKHANI	43,800	31-Mar-17	-	Transfer	43,800	0.78
		43,800	31-Mar-18	-	Transfer	43,800	0.78

**(v) Shareholding of Directors and Key Managerial Personnel:**

S I . No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Vishwanath Harlalka At the beginning of the year - Brought during the year - Sold during the year At the end of the year	1890660 - - 1890660	33.81 - - 33.81	1890660 - - 1890660	33.81 - - 33.81
2.	Deepak Harlalka At the beginning of the year - Brought during the year - Sold during the year At the end of the year	309600 - - 309600	5.54 - - 5.54	309600 - - 309600	5.54 - - 5.54
3.	Anjali Harlalka At the beginning of the year - Brought during the year - Sold during the year At the end of the year	350400 - - 350400	6.27 - - 6.27	350400 - - 350400	6.27 - - 6.27

**VI. INDEBTEDNESS:**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**
**(₹ In lacs)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount due	450.55	754.97	-	1205.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.04	97.21	-	102.25
<b>Total (i+ii+iii)</b>	<b>455.59</b>	<b>852.18</b>	<b>-</b>	<b>1307.77</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	516.30	748.36	-	1264.66
Reduction	(566.13)	(1065.50)	-	(1631.63)
<b>Net Change</b>	<b>(49.83)</b>	<b>(317.14)</b>	<b>-</b>	<b>(366.97)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	402.34	475.63	-	877.97
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.42	59.41	-	62.83
<b>Total (i+ii+iii)</b>	<b>405.76</b>	<b>535.04</b>	<b>-</b>	<b>940.80</b>

**VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**
**A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/ OR MANAGER:**

(₹ In Lacs)

Sl. No	Particulars of Remuneration	Name of Directors		
		Vishwanath Harlalka	Deepak Harlalka	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	24.00 - -	24.00 1.28 -	48.00 1.28 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	24.00	25.28	49.28
	Ceiling as per the Act	84.00	84.00	168.00

**B. REMUNERATION TO OTHER DIRECTORS:**

The Company does not pay remuneration to its other directors.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

The Company does not pay remuneration to any of its Key Managerial Personnel

**VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

 There were no penalties / punishment/ compounding of offences for breach of any provisions under the Companies Act, against the Company or its Directors or other officers, if any, during the year. **Annexure – 2**
**FORM NO. AOC -2**
**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with Related Parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. Nil
2. Details of material contracts or arrangements or transactions at arm's length basis

Sr. no	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1.	Gini Tex Private Limited- Directors are interested	1.Job work services provided 2.Rent paid	Yearly	1.Contract of processing fabrics Rs. 735.40 Lacs 2. Rent paid Rs. 4.50 Lacs	27 <sup>th</sup> May 2017	38.05 Lakh
2.	Shree Enterprises- Directors are partners	Job work services provided	Yearly	Contract of processing fabrics Rs. 51.24 Lacs	27 <sup>th</sup> May 2017	0.18 Lakh
3.	Vishwanath Harlalka HUF	Rent Paid	Yearly	Rent Paid Rs. 7.56 Lacs	27 <sup>th</sup> May 2017	Nil

Annexure -3  
Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Gini Silk Mills Limited  
CIN: L17300MH1981PLC024184  
413, Tantia Jogani Industrial Premises, Opp. Kasturba Hospital,  
J. R. Boricha Marg , Lower Parel (East), Mumbai- 400011.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gini Silk Mills Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 (hereinafter referred to as "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of
- V. Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vii As identified by the management, other laws specifically applicable to the industry to which the Company belongs and compliances of which is relied upon the representation by the management.
  - (a) Water (Prevention and Control of Pollution) Act, 1974;
  - (b) Air (Prevention and Control of Pollution) Act, 1981;
  - (c) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules 2008;
  - (d) Micro, Small And Medium Enterprises Development Act, 2006;

- (e) The Payment of Wages Act, 1936;
- (f) The Employees' Provident Funds and Misc. Provisions Act, 1952;
- (g) The Payment of Bonus Act, 1965;
- (h) The Payment of Gratuity Act, 1972;
- (i) The Maharashtra Industrial Development Act, 1961;
- (j) Trade Marks Act, 1999;
- (k) The Textiles Committee Act, 1963.
- (i) The Factories Act, 1948

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (i) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. Company have appointed Managing Directors as key Managerial Personnel (KMP) under section 203(1) of the Companies Act, 2013. However, compliance under clause (ii) and (iii) of sub-section (1) of section 203 is not complied with regard to the appointment of Company Secretary and Chief Financial officer.
2. As per Regulation 6(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, Company has not appointed a qualified Company Secretary as the Compliance Officer.
3. Company has not published in the news paper notices of the Board Meetings held during the financial year 2017-18 as per regulation 47(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in which financial results were adopted.
4. Company has not posted the following details/ information on its website as per regulation 46 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-
  - a) Notice of Meeting of the Board of Directors in which quarterly and annual financial results were adopted.

**We further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the following specific events/actions occurred having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Sandeep Dar & Co.  
Proprietor  
FCS: 3159C.  
P. No.: 1571

Place : Navi Mumbai  
Date : May 28, 2018

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a set of standards which aims to improve the Company's image, efficiency and effectiveness. It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large. Your Company has complied with all material aspects of the Corporate Governance Code as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A Report on the Corporate Governance compliance is furnished below:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate governance is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, and governance of the Company. The Board of Directors and the management of the Company is committed to the consistent adherence to the corporate governance code and constant review of the Board processes, practices and the Management Systems to maintain a greater degree of responsibility and accountability.

### 2. BOARD OF DIRECTORS:

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, directions and performance of the Company. The members on the Board possess adequate experience, expertise and skills necessary to manage the affairs of the Company in the most efficient manner. The strength of Board of Directors is 6 (Six). Whose composition and category is given below:

#### A) COMPOSITION AND CATEGORY OF DIRECTORS AS ON MARCH 31, 2018:

The Board comprises such numbers of non-executive, executive and Independent Directors as required under applicable legislation. The composition of board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Board of the company comprises of 6 (Six) Directors. The Composition of the Board of Directors is as follows:

Director	Category
Vishwanath Harlalka	Promoter Executive
Deepak Harlalka	Promoter Executive
Anjali Harlalka	Promoter Non-Executive
Suresh Gaggar	Independent
Pankajkumar Agarwal	Independent
Ruchir Jalan	Independent

#### B) ATTENDANCE OF EACH DIRECTOR AT THE MEETING OF THE BOARD OF DIRECTORS AND THE LAST ANNUAL GENERAL MEETING:

During the year ended March 31, 2018 Six Board Meetings were held on the following dates: May 27, 2017, July 12, 2017, August 11, 2017, October 25, 2017, December 11, 2017 and February 10, 2018 Annual General Meeting during the year was held on August 29, 2017.

Name of the Directors	No. of Board Meeting Attended	Attendance at last AGM held on August 29, 2017
Deepak Harlalka	6	YES
Vishwanath Harlalka	6	N.A.
Suresh Gaggar	6	N.A.
Pankajkumar Agarwal	6	N.A.
Anjali Deepak Harlalka	6	YES
Ruchir Jalan	6	N.A.

**C) NUMBER OF OTHER BOARD OF DIRECTORS OR COMMITTEES IN WHICH A DIRECTORS IS A MEMBER OR CHAIRPERSON:**

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Vishwanath Harlalka	Promoter Executive	-	4	-	-
Deepak Harlalka	Promoter Executive	-	6	-	-
Anjali Harlalka	Promoter Non-Executive	-	1	-	-
Suresh Gaggur	Independent	1	5	-	-
Pankajkumar Agarwal	Independent	-	4	-	-
Ruchir Jalan	Independent	-	2	-	-

**D) NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS HELD AND DATES ON WHICH HELD:**

During the year ended on March 31, 2018 Six Board Meetings were held:

SR. NO.	DATES OF BOARD MEETINGS
1.	May 27, 2017
2.	July 12, 2017
3.	August 11, 2017,
4.	October 25, 2017
5.	December 11, 2017
6	February 10, 2018

**E) DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE**

Name of Director	Relationship
Mr. Vishwanath Harlalka	Father of Mr. Deepak Harlalka
Mr. Deepak Harlalka	Son of Mr. Vishwanath Harlalka
Mrs. Anjali Harlalka	Wife of Mr. Deepak Harlalka

**F) NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:**

Mrs. Anjali Harlalka, Non executive director holds 350400 equity shares in the Company.

**G) The details of Familiarization programme imparted to Independent Directors have been disclosed on the website of the Company i. e. [www.ginitex.com](http://www.ginitex.com)**
**3. AUDIT COMMITTEE:**
**A) TERMS OF REFERENCE:**

The Audit Committee's powers, role and functions are stipulated in Regulation 18 and in Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013, accordingly the Audit Committee performs the functions of approving Annual Internal Audit Plan, reviewing of financial reporting system, discussing on financial results, significant related party transactions, interaction with Statutory and Internal Auditors, Reviewing of Business Risk Management Plan, and Internal Audit Reports,.

**B) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:**

The Audit Committee consists of 3 (Three) Independent Directors. Mr. Suresh Gaggur is the Chairman of the Committee. The members of the committee have requisite experience in corporate management, finance, Accounts and corporate laws. During the year, four meetings of the Audit committee were held.

The Audit Committee consists of

1. Mr. Suresh Gaggur - Chairman
2. Mr. Pankajkumar Agarwal - Member
3. Mr. Ruchir Jalan – Member

**A) MEETINGS AND ATTENDANCE DURING THE YEAR:**

<b>NAME OF THE DIRECTORS</b>	<b>NO. OF BOARD MEETING ATTENDED</b>
Suresh Gaggar	5
Pankajkumar Agarwal	5
Ruchir Jalan	5

**4. NOMINATION AND REMUNERATION COMMITTEE:**
**A) TERMS OF REFERENCE:**

The terms and functions of Nomination and Remuneration Committee are stipulated under Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, accordingly Committee discharged following functions

- i) Succession planning of the Board of Directors and senior management employees;
- ii) Identifying and selection of candidates for appointment as directors / independent directors based on certain laid down criteria;
- iii) Identifying potential individuals for appointment as key managerial personnel and to other senior management positions;
- IV) Formulate and review from time to time the policy for selection and appointment of directors, key managerial personnel and senior management employees and their remuneration;
- V) Review the performance of the board of directors and senior management employees based on certain criteria as approved by the board.

**B) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:**

The Nomination and Remuneration Committee consists of 2 (Two) Independent Directors and 1 (One) Non Executive Director. Mr. Pankajkumar Agarwal is appointed as Chairman of the Committee.

The constitution of the Nomination and Remuneration Committee as on March 31, 2018 is as follows:

1. Mr. Pankajkumar Agarwal - Chairman
2. Mr. Suresh Gaggar - Member
3. Mrs. Anjali Harlalka- Member

**C) MEETINGS AND ATTENDANCE DURING THE YEAR:**

Nomination and Remuneration Committee held One Meeting during the Year which was attended by the chairman and all the members of the Committee.

**D) PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:**

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

**5. REMUNERATION OF DIRECTORS:**

<b>Name of Director</b>	<b>Remuneration</b>
Mr. Vishwanath Harlalka	Rs. 24,00,000/- p.a.
Mr. Deepak Harlalka	Rs. 24,00,000/- p.a.



**6. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

Mrs. Anjali Harlalka	Chairman
Mr. Vishwanath Harlalka	Member
Mr. Deepak Harlalka	Member
Mr. Chetan Patel	Compliance Officer
Shareholder Complaint received so far	NIL
Number of complaints not Solved to the Satisfaction of Shareholder	NIL
Number of Pending Complaints	NIL

**7. GENERAL BODY MEETINGS:**

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

Financial Year ended	Date	Location of the Meeting	Time
March 31, 2017	August 29, 2017	Maheshwari Pragati Mandal, Maheashwari Bhawan,603, Girgaon Road, Mumbai-400002.	12.30 P.M
March 31, 2016	September 19, 2016	Maheshwari Pragati Mandal, Maheashwari Bhawan,603, Girgaon Road, Mumbai-400002.	12.30 P.M
March 31, 2015	September 14, 2015	Maheshwari Pragati Mandal, Maheashwari Bhawan,603, Girgaon Road, Mumbai-400002.	12.30 P.M

B) Special Resolutions passed in the previous three Annual General Meetings:

AGM DATE	DETAILS OF SPECIAL RESOLUTION PASSED
August 29, 2017	No Special Resolution was passed.
September 19, 2016	No Special Resolution was passed
September 14, 2015	i) Appointment of the Mr. Vishwanath Harlalka as Managing Director of the Company. ii) Adoption of new set of Articles of Association.

C) No Special resolution was required to be passed through postal ballot at the last Annual General Meeting nor is it proposed this year.

**8. MEANS OF COMMUNICATION:**

The quarterly, half yearly and annual results are communicated to the Bombay Stock Exchange 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 Free Press and Nav Shakti. The quarterly & half-yearly results are not sent individually to the shareholders but are uploaded on the Company's website [www.ginitex.com](http://www.ginitex.com)

**9. GENERAL SHAREHOLDERS INFORMATION:**

- A) Annual General Meeting Date, Time : 21<sup>st</sup> September, 2018 at 12.30 P.M  
 Venue : Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai-400002.
- B) Financial Year : April 01, 2017 to March 31, 2018.
- C) Dividend payment date : On or before October 21, 2018
- D) The name and address of Stock exchange at which securities are listed: BSE Limited, Mumbai.  
 Listing fee for 2017-2018 have been paid in respect of BSE Ltd.
- E) Stock Code : BSE Code: 531744  
 NSDL/CDSL-ISIN : INE548B01018

E) Market price data- high, low during each month in last financial year:

Months	Bombay Stock Exchange	
	High	Low
April, 2017	378.90	321.05
May, 2017	419.90	315.05
June, 2017	482.00	340.00
July, 2017	391.00	310.00
August, 2017	349.75	228.85
September, 2017	370.00	273.00
October, 2017	314.00	250.10
November, 2017	399.90	249.90
December, 2017	411.40	262.00
January, 2018	295.00	252.00
February, 2018	273.95	175.00
March, 2018	192.95	143.40

F) Registrar and share transfer agents : Bigshare Services Private Limited  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri (East),  
Mumbai - 400059.

G) Share transfer system:

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within prescribed time from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulation, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

H) Distribution of Shareholding as on March 31, 2018:

Shareholding of nominal value of Rupees	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 5000	612	86.81	55029	0.98
5001 TO 10000	46	6.52	37224	0.67
10001 TO 20000	9	1.28	16275	0.29
20001 TO 30000	5	0.71	13457	0.24
30001 TO 40000	1	0.14	3800	0.07
40001 TO 50000	2	0.28	8753	0.16
50001 TO 100000	7	1.00	53893	0.96
100001 & above	23	3.26	5404169	96.63
<b>Total</b>	<b>705</b>	<b>100.00</b>	<b>5592600</b>	<b>100.00</b>

**I) Dematerialization of shares and liquidity:**

Shareholding pattern as on March 31, 2018

Category	No. of Shares	%
Promoters	4193460	74.98
Mutual Funds, Banks, etc	-	-
Corporate Bodies	730797	13.07
NRI / OCB's	362166	6.48
Indian Public	306177	5.47
TOTAL	5592600	100

Out of these, 5558693 (99.39%) shares are Dematerialized and the balance 33907 (0.61%) are in physical form as on March 31, 2018.

**J) Plant Location :** Fabric Process Unit: E-15, MIDC- Tarapur, Bhoisar- 421506, Thane, (Maharashtra)

**K) Address for Correspondence :** Mr. Chetan Patel, Compliance Officer  
 413, Jogani Industrial Estate,  
 Opp. Kasturba Hospital,  
 J. R. Boricha Marg,  
 Lower Parel (East),  
 Mumbai-400011

**10. OTHER DISCLOSURES:**

- a) There were related party transactions during the financial year ended on March 31, 2018 but there were no materially significant transactions with Related Parties during the financial year that have potential conflict with the interest of listed entity at large.

The Policy for related party transactions is available on the website of the Company viz. [www.ginitex.com](http://www.ginitex.com)

- b) There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.
- c) The Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The Whistle Blower Policy is displayed on the Company's website viz. [www.ginitex.com](http://www.ginitex.com)
- d) Company has adopted discretionary requirements to the extent of submission of financial statements with unmodified audit opinion as specified in Part E of Schedule II of the SEBI( Listing Obligations and Disclosure Requirements) Regulations, 2015.

Adoption of the non mandatory requirements of listing Regulation is being reviewed by the Board from time to time.

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**DECLARATION**

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended March 31, 2018.

For **Gini Silk Mills Limited**

**Deepak Harlalka**  
 (Managing Director)

Date: May 28, 2018  
 Place: Mumbai

**CERTIFICATION BY CEO/CFO UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors,

**GINI SILK MILLS LIMITED**

We have reviewed the Financial statements and the Cash Flow statement of **GINI SILK MILLS LIMITED** for the year ended March 31, 2018 and to the best of our knowledge and belief:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and Regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Managing Director**  
**Deepak Harlalka**

Date: May 28, 2018

Place: Mumbai

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**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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 March 31, 2018 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring Compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We 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 M/s. Bilimoria Mehta & Co.,  
Chartered Accountants,  
Mumbai (FRN:101490W)  
M. No. : 030382

Mumbai

Date: May 28, 2018

**TO THE MEMBERS OF GINI SILK MILLS LIMITED****REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying Ind AS financial statements of Gini Silk Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of subsection (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standard specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. the Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its financial statements to the extent determinable/ascertainable. - Refer Note 38 to the financial statements;
  - ii. the Company does not have any long term contract including derivative contracts for which there are any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

**For Billimoria Mehta & Co.**

Chartered Accountants

Firm Registration Number: 101490W

**CA Prakash Mehta**

Partner

Membership Number: 030382

Mumbai, May 28, 2018

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Gini Silk Mills Limited on the financial statements for the year ended March 31, 2018.**

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 2 on fixed assets to the financial statements, are held in the name of the Company.
- ii The inventory excluding stocks with third parties has been physically verified by the management at regular intervals, which we consider to be reasonable. No material discrepancies were noticed on physical verification of inventories as compared to book records.
- iii According to information and explanation given to us, the Company's has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership firm or other parties, covered in the register maintained under section 189 of the Companies Act 2013 and hence sub clause (a), (b) and (c) are not applicable.
- iv In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made.
- v The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi According to the information and explanation given to us the rules made by the Central Government of India, the Company is not required to maintain cost records as specified under sub section (1) of section 148 of the Companies Act 2013 in respect of its products. Accordingly, provision of Clause 3(vi) of the Order is not applicable.
- vii (a) According to the information and explanations given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues applicable to it as per the available records as far as ascertained by us on our verification.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of outstanding statutory dues as aforesaid as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax, Income tax, sales tax, service tax, duty of custom, value added tax and service tax as at March 31, 2018 which have not been deposited on account of any dispute and the particulars of Excise duty and Cess as at March 31, 2018 which have not been deposited with the appropriate authorities on account of dispute are as under:

Name of the Statute	Nature of Dues / Period to which the amount relates	Amount (INR)	Forum where dispute is pending
Textile Committee Act & Cess Rules 1975	Cess (Various years from 1998 to 2008)	7,09,232/-	Textile Committee Cess Appellate Tribunal
Central Excise Act	Demand on differential amount of excise duty. (16/12/1998 to 28/02/2001)	1,85,09,688/-	Supreme Court of India
Central Excise Act	Demand against availment of cenvat credit. (Various years)	4,35,642/-	Custom, Excise and Service Tax Appellate Tribunal
<b>Total</b>		<b>19,654,562/-</b>	



- viii According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues of loans taken from banks. The Company did not have any outstanding dues in respect of financial institution, government or debenture holders during the year.
- ix The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- x During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to information and explanation given to us, we have neither come across any instance of fraud on or by the Company, its officers or employees, noticed or reported during the period, nor have we been informed of such case by the management..
- xi According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii In our opinion and according the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provision of Clause 3(xii) of the Order is not applicable.
- xiii According to the information and explanation given to us and based on our verification of the records of the Company and on the basis of review and approval by the Board and Audit Committee, the transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provision of Clause 3(xiv) of the Order is not applicable.
- xv According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provision of Clause 3(xv) of the Order is not applicable.
- xvi The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Billimoria Mehta & Co.**

Chartered Accountants

Firm Registration Number: 101490W

**CA Prakash Mehta**

Partner

Membership Number:030382

Mumbai, May 28, 2018

## Annexure B to the Independent Auditor's Report

**Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Gini Silk Mills Limited on the financial statements for the year ended March 31, 2018. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act 2013**

1. We have audited the internal financial controls over financial reporting of Gini Silk Mills Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
  - iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Billimoria Mehta & Co.**

Chartered Accountants  
Firm Registration Number: 101490W

### **CA Prakash Mehta**

Partner  
Membership Number: 030382  
Mumbai, May 28, 2018

**BALANCE SHEET AS AT 31ST MARCH, 2018**
**(₹ in Lakhs)**

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
<b>I ASSETS</b>				
<b>1 NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	2	<b>1,142.60</b>	1,191.91	1,305.88
(b) Capital Work-in-Progress	3	<b>140.56</b>	8.02	0.00
(c) Investment Properties	4	<b>0.57</b>	0.57	0.57
(d) Intangible Assets	5	<b>0.03</b>	0.03	0.03
(e) Financial Assets				
(i) Investments	6	<b>504.34</b>	51.67	31.14
(ii) Others	7	<b>63.39</b>	28.40	2.22
(f) Current Tax Assets (Net)	8	<b>78.23</b>	79.04	51.29
(g) Other Non-Current Assets	9	<b>287.43</b>	236.85	1,477.18
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,217.15</b>	1,596.49	2,868.31
<b>2 CURRENT ASSETS</b>				
(a) Inventories	10	<b>539.13</b>	726.81	672.97
(b) Financial Assets				
(i) Investments	11	<b>313.16</b>	815.45	27.34
(ii) Trade Receivables	12	<b>837.99</b>	597.09	651.40
(iii) Cash and Cash Equivalents	13A	<b>5.17</b>	93.18	31.74
(iv) Bank Balances Other than (iii) above	13B	<b>1.29</b>	1.76	2.32
(v) Loan	14	<b>13.11</b>	977.48	6.78
(vi) Others	15	<b>1,162.53</b>	265.67	408.26
(c) Other Current Assets	16	<b>60.03</b>	91.47	30.01
<b>TOTAL CURRENT ASSETS</b>		<b>2,932.41</b>	3,568.91	1,830.82
<b>TOTAL ASSETS</b>		<b>5,149.56</b>	5,165.40	4,699.13
<b>II EQUITY &amp; LIABILITIES</b>				
<b>1 EQUITY</b>				
(a) Equity Share Capital	17	<b>559.26</b>	559.26	559.26
(b) Other Equity	18	<b>2,834.68</b>	2,664.33	2,410.75
<b>TOTAL EQUITY</b>		<b>3,393.94</b>	3,223.59	2,970.01
<b>2 NON-CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	19	<b>273.88</b>	358.07	442.80
(ii) Others	20	<b>53.30</b>	53.18	36.27
(b) Provisions				
(c) Deferred Tax Liabilities (net)	8	<b>201.03</b>	204.64	194.41
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>528.21</b>	615.89	673.48
<b>3 CURRENT LIABILITIES</b>				
(a) Financial Liabilities				
(i) Borrowings	21	<b>535.04</b>	852.18	541.06
(ii) Trade Payables	22	<b>333.33</b>	261.94	285.83
(iii) Others	23	<b>208.99</b>	95.91	129.18
(b) Provisions	24	<b>80.16</b>	77.13	77.66
(c) Current Tax Liabilities (Net)	25	-	4.89	-
(d) Other Current Liabilities	26	<b>69.89</b>	33.87	21.91
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,227.41</b>	1,325.92	1,055.64
<b>TOTAL LIABILITIES</b>		<b>1,755.62</b>	1,941.81	1,729.12
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,149.56</b>	5,165.40	4,699.13
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached  
**For Bilimoria Mehta & Co.**  
 Chartered Accountants  
 Firm Registration No. : 101490W

**CA PRAKASH MEHTA**  
**Partner**  
 Membership No. : 030382  
 Mumbai, 28th May 2018

For and on behalf of the Board of Directors

**Vishwanath Harlalka** Chairman  
 DIN 00170432  
**Deepak Harlalka** Managing Director  
 DIN. 00170335  
**Anjali Harlalka** Director  
 DIN. 07141513

Mumbai, 28th May 2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018** (₹ in Lakhs)

Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
<b>INCOME :</b>			
Revenue from Operations	27	3,942.55	3,911.61
Other Income	28	170.55	213.23
<b>Total Income</b>		<b>4,113.10</b>	<b>4,124.84</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed	29	1,306.15	1,595.55
Purchases of Stock-in-Trade	30	197.17	186.17
Change in inventories of Finished goods, Work in progress, Stock-in-trade	31	116.05	12.32
Employee Benefit Expenses	32	408.96	368.89
Finance Cost	33	89.92	148.08
Depreciation and Amortization	34	97.60	96.80
Other Expenses	35	1,610.31	1,412.97
<b>Total Expenses</b>		<b>3,826.16</b>	<b>3,820.78</b>
<b>Profit Before Tax</b>		<b>286.94</b>	<b>304.06</b>
<b>Tax Expenses:</b>			
Current Year		75.88	81.60
Earlier Year Tax		-	(25.79)
Deferred Tax		(3.61)	10.23
<b>Profit/(Loss) for the year</b>		<b>214.67</b>	<b>238.02</b>
<b>Other Comprehensive Income</b>			
<b>(A) Items that will not be Reclassified to Profit or Loss</b>			
(i) Remeasurements of Defined Benefit Plan		(2.67)	1.21
(ii) Equity instrument through Other Comprehensive Income		(8.88)	10.53
(ii) Income Tax relating to items no (i & ii) above		0.88	(0.40)
<b>(B) Items that will be Reclassified to Profit or Loss</b>			
		-	-
<b>Total Other Comprehensive Income (A+B)</b>		<b>204.00</b>	<b>249.36</b>
<b>Total Comprehensive Income for the year</b>			
<b>Earnings Per Equity Share for Profit/ (Loss)</b>	36		
Basic		3.84	4.32
Diluted		3.84	4.32
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached  
**For Bilimoria Mehta & Co.**  
Chartered Accountants  
Firm Registration No. : 101490W

**CA PRAKASH MEHTA**  
**Partner**  
Membership No. : 030382  
Mumbai, 28th May 2018

For and on behalf of the Board of Directors

**Vishwanath Harlalka** Chairman  
DIN 00170432  
**Deepak Harlalka** Managing Director  
DIN. 00170335  
**Anjali Harlalka** Director  
DIN. 07141513

Mumbai, 28th May 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>286.94</b>	304.06
Adjustments for		
Depreciation and Amortisation Expense	<b>97.60</b>	96.80
Dividend Received	<b>(18.25)</b>	(25.01)
Property Tax	<b>3.48</b>	3.40
Demat Charges & Securities Transaction Tax	<b>0.01</b>	-
Interest Income	<b>(81.08)</b>	(133.47)
Finance Costs	<b>76.33</b>	143.85
Profit on Partnership Firm	<b>(0.65)</b>	(0.11)
Rent Received	<b>(50.73)</b>	(41.50)
Profit & Loss on sale/Discard of Assets(net)	<b>(2.89)</b>	(1.65)
Re-measurements of net Defined Benefit Plans	<b>(2.67)</b>	1.21
Net gain on sale/fair valuation of Investment through Profit and Loss	<b>1.35</b>	-
Net Prior Year Adjustments	-	25.79
Depreciation Adjustment	-	4.22
Net Gain on Sale of Investments	<b>(5.15)</b>	(2.06)
	<b>304.29</b>	375.53
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Trade Receivables	<b>(240.90)</b>	54.30
(Increase)/Decrease in Other Financial Assets	<b>(34.99)</b>	(26.17)
(Increase)/Decrease in Other Assets	<b>31.44</b>	(61.46)
(Increase)/Decrease in Inventories	<b>187.68</b>	(53.84)
(Increase)/Decrease in Loans	<b>(112.41)</b>	230.16
Increase/(Decrease) in Trade Payable	<b>71.38</b>	(23.88)
Increase/(Decrease) in Provisions	<b>(1.85)</b>	4.34
Increase/(Decrease) in other Liabilities	<b>36.14</b>	28.87
Increase/(Decrease) in other Financial Liability	<b>28.89</b>	(117.99)
<b>Cash Generated from Operations</b>	<b>(34.62)</b>	34.33
Income Tax Paid	<b>(81.02)</b>	(77.11)
<b>Net Cash Inflow / (Outflow) Operating Activities</b>	<b>188.65</b>	332.75
<b>Cash Flow from Investing Activities</b>		
Dividend Income	<b>17.01</b>	7.97
Purchase of Investments	<b>(2,039.89)</b>	(2,455.00)
Sale/Redemption of Investments	<b>2,085.68</b>	1,676.00
Interest Income	<b>81.08</b>	133.47
Movement in Loans and Advances	<b>1,066.12</b>	50.59
Movement in Investment in Partnership Firm Capital	<b>(929.30)</b>	98.93
Rent Income	<b>50.73</b>	41.50
Purchase of Fixed Assets	<b>(61.93)</b>	(43.21)
Sale of Fixed Assets	<b>16.52</b>	1.65
Capital Subsidy of Fixed Assets Return	-	60.38
Capital WIP	<b>(132.54)</b>	(8.02)
Bank Balances not considered as Cash and Cash Equivalents	<b>0.48</b>	0.56
Property Tax	<b>(3.48)</b>	(3.40)
Demat Charges & Securities Transaction Tax	<b>(0.01)</b>	-
<b>Net Cash Inflow / (Outflow) Investing Activities</b>	<b>150.47</b>	(438.58)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

(₹ in Lakhs)

PARTICULARS	March 31, 2018	March 31, 2017
<b>Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	688.95	1,252.48
Repayment of Borrowings	(1,065.50)	(1,038.30)
Interest Paid	(16.92)	(46.92)
Dividend Paid	(33.66)	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>	<b>(427.13)</b>	<b>167.26</b>
Net increase / (Decrease) in Cash and Cash Equivalents	(88.01)	61.44
Cash and Cash Equivalents at the Beginning of the Year	93.18	31.74
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>5.17</b>	<b>93.18</b>
<b>Breakup of Cash and Cash Equivalent</b>		
Cash in Hand	4.61	1.32
<b>Balances with Banks in Current Account</b>		
On Current Account	0.56	91.86
<b>Total</b>	<b>5.17</b>	<b>93.18</b>

**Notes :**

- 1) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flow
- 2) Additions to Property, plant, equipment and intangible assets include movement of capital work in progress during the year

As per our report of even date attached

**For Bilimoria Mehta & Co.**

Chartered Accountants

Firm Registration No. : 101490W

**CA PRAKASH MEHTA**
**Partner**

Membership No. : 030382

Mumbai, 28th May 2018

For and on behalf of the Board of Directors

**Vishwanath Harlalka**

DIN 00170432

Chairman

**Deepak Harlalka**

DIN. 00170335

Managing Director

**Anjali Harlalka**

DIN. 07141513

Director

Mumbai, 28th May 2018

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**
**A. Equity share capital**

	Notes	As at 31st March 2018	As at 31st March 2017
Balance as at the Beginning of the Reporting Period	17	559.26	559.26
Changes in Equity Share Capital during the year		-	-
Balance as at the End of the Reporting Period		<b>559.26</b>	<b>559.26</b>

**B. Other equity**

	Notes	Reserves & Surplus			Other Comprehensive Income		
		Capital Reserve	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Re-measurement of the net defined benefit liability/asset	Total equity
<b>i) Balance as at April 1, 2016</b>	18	8.14	10.23	2,403.09	(16.47)	(2.26)	2,402.73
Profit/(Loss) for the year		-	-	238.02	-	-	238.02
Opening Adjustment on a/c of OCI		-	-	8.02	-	-	8.02
Other Comprehensive Income for the year		-	-	-	10.53	0.81	11.34
<b>Total Comprehensive Income for the year</b>		-	-	<b>246.04</b>	<b>10.53</b>	<b>0.81</b>	<b>257.38</b>
<b>Transfer to General Reserve</b>			-	-			
<b>Transactions with owners in their capacity as owners:</b>							
Dividends Paid (including Dividend Distribution Tax)		-	-	-	-	-	-
Depreciation Adjustment		-	-	4.22	-	-	4.22
<b>ii) Balance as at March 31, 2017</b>	18	8.14	10.23	2,653.35	(5.94)	(1.45)	2,664.33
Profit/(Loss) for the year		-	-	214.67			214.67
Other Comprehensive Income for the year		-	-	-	(8.88)	(1.79)	(10.67)
<b>Total Comprehensive Income for the year</b>		-	-	<b>214.67</b>	<b>(8.88)</b>	<b>(1.79)</b>	<b>204.00</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends Paid (including Dividend Distribution Tax)		-	-	33.65	-	-	33.65
<b>Balance as at March 31, 2018</b>	18	8.14	10.23	2,834.37	(14.82)	(3.24)	2,834.68

As per our report of even date attached

**For Bilimoria Mehta & Co.**

Chartered Accountants

Firm Registration No. : 101490W

**CA PRAKASH MEHTA**
**Partner**

Membership No. : 030382

Mumbai, 28th May 2018

For and on behalf of the Board of Directors

**Vishwanath Harlalka**

DIN 00170432

Chairman

**Deepak Harlalka**

DIN. 00170335

Managing Director

**Anjali Harlalka**

DIN. 07141513

Director

Mumbai, 28th May 2018



## 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 with reputed brand name "GINI" and processing fabric on jobwork basis.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A BASIS OF PREPARATION

##### i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (herein after referred as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Indian Accounting Standards) Rules, 2015 as ammended and under relevant provisions of the Act.

These Financial Statements for the year ended 31st March, 2018 are the first financials with comparatives, prepared under Ind AS. For all the previous periods including the year ended 31st March, 2017, the company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as ammended) and other relevant provisions of the Act (herein after referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are consistently applied to all the period presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

##### ii) Historical Cost Convention

The Financial statements have been prepared on a historical cost basis, except for the following:

- 1) Certain financial assets and liabilities that are measured at fair value;
- 2) Assets held for Sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) Defined benefit plans - plan assets measured at fair value.

##### iii) Current/Non Current Classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

#### B USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent 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

#### C CASH AND CASH EQUIVALENTS

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

#### D PROPERTY, PLANT & EQUIPMENT

The company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e April 1, 2016 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

##### Intangible Assets:

Intangible Assets representing Computer Software is amortized using Straight Line method.

##### Depreciation:

- a) Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in case of Leasehold Land.
- b) Depreciation for the year in respect of assets relating to undertaking at Tarapur has been provided on straight line method.

- c) In respect of assets relating to undertakings at Kandivali, depreciation has been provided on written down value method, over the estimated useful life of assets.
- d) Leasehold land has been amortized over the period of the lease on straight line basis
- e) Depreciation on the Fixed Assets added during the year or sale / discardment of assets, has been provided on pro-rata basis with reference to the month of addition or upto the month of such sale / discardment, as the case maybe.

**Impairment:**

The carrying amount of assets are reviewed at each balance date if there is any indication of impairment based on internal / external factor. An asset treated impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**E LEASED ASSETS**
**As a Lessee:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease or other systematic basis more representative of the time pattern of the user's benefits

**As a Lessor:**

The Company has leased certain tangible assets and such lease where the company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term or other systematic basis over the lease term which is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

**F FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated to foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rules. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non monetary foreign currency items are carried at cost

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

**G INVESTMENTS & OTHER FINANCIAL ASSETS**
**i) Classification**

The company classifies its financial assets in the following measurement categories:

- 1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit & Loss are expensed in the Statement of Profit & Loss.
- 2) those measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

**ii) Measurement**

At initial recognition, the company measures a financial asset at its fair value. Transaction cost of financial assets carried at fair value through Profit & Loss are expensed in the Statement of Profit and Loss.

**Debt Instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into the following categories:

- 1) Amortised Cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest Income from these financial assets is included in other income using the effective interest rate method.

- 2) Fair value through Profit and Loss: Assets that do not meet the criteria for amortised cost are measured at fair value through statement of Profit and Loss. Interest income from these financial is included in other income.

#### **H INVENTORIES**

Inventories of Raw Materials, Stores and Spares, Finished goods and Work in progress are valued at lower of cost or net realizable value after providing for obsolescence, if any.

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 Raw Material, stores & spares & Work in Progress and for fabrics on First-in-First-Out (FIFO) basis.

#### **I REVENUE RECOGNITION**

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

Revenue from operations include sale of goods, process income and job work receipts which are exclusive of sales tax but net off after adjusting claims, incentives, rebates and discounts.

Dividend income is recognised when right to receive is established.

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

#### **J EMPLOYEES BENEFITS**

Short-term Employee benefits are recognized as an expense at the undiscounted amount in the statement of Profit and Loss 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 statement of Profit and Loss 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 statement of Profit and Loss.

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.

#### **K BORROWINGS**

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds(net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of borrowings using the effective interest method

#### **L 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 Statement of Profit and Loss in the year in which they are incurred

#### **M TAX EXPENSE**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent to it relates to items recognised in comprehensive income or in equity, in which case, the tax is also recognised in other comprehensive income or equity.

##### **Current Tax**

Current Tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet.

##### **Deferred Tax**

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

**N 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. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. 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.

**O SEGMENT REPORTING**

Segments have been identified in line with the Indian Accounting Standard on Segment reporting (Ind AS 108) taking into account the organisation structure as well as the differential risk in returns of segments.

**P GOVERNMENT GRANTS**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received. Grants received against specific fixed assets are adjusted to the cost of the assets & those in the nature of promoter's contribution are credited to Capital Reserve. Revenue Grants are recognised in the Statement of Profit and loss in accordance with related scheme.

**Q EARNINGS PER SHARE****Basic earnings per share**

Basic earnings per share is calculated by dividing:

- i) the profit attributable to owners of the company
- ii) by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts figures used in the determination of basic earnings per share to take into account:

- i) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- ii) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**NOTE 2 - NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**2) PROPERTY, PLANT AND EQUIPMENTS**

Particulars	(₹ in Lakhs)													
	Leasehold Land	Factory Building	Plant & Machinery	Electronic Installation	Office Equipment	Vehicles	Computer	Furniture & fixtures	Fire fighting Equipment	E.T. Plant	Reverse Osmosis Plant	Lab Equipments	Secondary Treatment Plant	Total
Cost as on April 1, 2017	49.87	348.25	1,280.37	73.98	11.69	16.95	30.64	14.39	2.73	15.17	59.71	11.68	29.90	1,945.35
Additions	-	-	59.49	2.27	-	-	0.13	0.05	-	-	-	-	-	61.93
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	61.51	-	-	-	-	-	-	-	-	-	-	61.51
<b>Cost as on March 31, 2018</b>	<b>49.87</b>	<b>348.25</b>	<b>1,278.35</b>	<b>76.25</b>	<b>11.69</b>	<b>16.95</b>	<b>30.77</b>	<b>14.44</b>	<b>2.73</b>	<b>15.17</b>	<b>59.71</b>	<b>11.68</b>	<b>29.90</b>	<b>1,945.77</b>
Accumulated Depreciation as at April 1, 2017	11.77	187.72	409.43	50.35	9.82	6.55	29.02	13.37	1.91	15.17	7.59	7.42	3.32	753.44
Depreciation for the year	0.56	11.38	70.85	4.63	0.33	1.90	0.81	0.29	0.07	-	3.78	1.09	1.89	97.60
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	47.88	-	-	-	-	-	-	-	-	-	-	47.88
<b>Accumulated Depreciation as at March 31, 2018</b>	<b>12.33</b>	<b>199.10</b>	<b>432.41</b>	<b>54.98</b>	<b>10.15</b>	<b>8.45</b>	<b>29.84</b>	<b>13.66</b>	<b>1.98</b>	<b>15.17</b>	<b>11.37</b>	<b>8.51</b>	<b>5.21</b>	<b>803.16</b>
<b>Net Carrying amount as at March 31, 2018</b>	<b>37.54</b>	<b>149.15</b>	<b>845.94</b>	<b>21.26</b>	<b>1.53</b>	<b>8.50</b>	<b>0.93</b>	<b>0.77</b>	<b>0.75</b>	<b>0.00</b>	<b>48.34</b>	<b>3.17</b>	<b>24.69</b>	<b>1,142.60</b>

Particulars	(₹ in Lakhs)													
	Leasehold Land	Factory Building	Plant & Machinery	Electronic Installation	Office Equipment	Vehicles	Computer	Furniture & fixtures	Fire fighting Equipment	E.T. Plant	Reverse Osmosis Plant	Lab Equipments	Secondary Treatment Plant	Total
Cost as on April 1, 2016	49.87	348.25	1,309.79	73.98	10.81	16.95	29.65	14.39	2.73	15.17	66.41	11.13	29.90	1,979.04
Additions	-	-	40.78	-	0.88	-	1.00	-	-	-	-	0.55	-	43.21
Adjustments #	-	-	57.91	-	-	-	-	-	-	-	6.70	-	-	64.61
Disposals	-	-	12.29	-	-	-	-	-	-	-	-	-	-	12.29
<b>Cost as on March 31, 2017</b>	<b>49.87</b>	<b>348.25</b>	<b>1,280.37</b>	<b>73.98</b>	<b>11.69</b>	<b>16.95</b>	<b>30.64</b>	<b>14.39</b>	<b>2.73</b>	<b>15.17</b>	<b>59.71</b>	<b>11.68</b>	<b>29.90</b>	<b>1,945.35</b>
Accumulated Depreciation as at April 1, 2016	11.21	176.34	356.01	45.42	9.45	4.65	28.01	13.07	1.84	15.17	4.24	6.33	1.42	673.16
Depreciation for the year	0.56	11.38	69.51	4.93	0.37	1.90	1.01	0.30	0.07	-	3.78	1.09	1.89	96.80
Adjustments	-	-	3.80	-	-	-	-	-	-	-	0.43	-	-	4.22
Disposals	-	-	12.29	-	-	-	-	-	-	-	-	-	-	12.29
<b>Accumulated Depreciation as at March 31, 2016</b>	<b>11.77</b>	<b>187.72</b>	<b>409.43</b>	<b>50.35</b>	<b>9.82</b>	<b>6.55</b>	<b>29.02</b>	<b>13.37</b>	<b>1.91</b>	<b>15.17</b>	<b>7.59</b>	<b>7.42</b>	<b>3.32</b>	<b>753.44</b>
<b>Net Carrying amount as at March 31, 2017</b>	<b>38.10</b>	<b>160.53</b>	<b>870.94</b>	<b>23.63</b>	<b>1.87</b>	<b>10.40</b>	<b>1.62</b>	<b>1.02</b>	<b>0.82</b>	<b>0.00</b>	<b>52.12</b>	<b>4.26</b>	<b>26.59</b>	<b>1,191.91</b>

# The Company has taken Term Loan under the Technology Upgradation Fund Scheme (TUF-S). Under this scheme the Company has received the 10% capital subsidy in some items which has been adjusted against the cost of the Asset

**Deemed Cost:**

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of property plant and equipment has been carried forward at the amount as determined under the previous GAAP netting off Ind AS adjustments such as government grants. Considering the FAQ issued by the ICAI, regarding application of deemed cost, the company has disclosed the cost as at 1st April, 2016 net off accumulated depreciation.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**NOTE 3 - CAPITAL WORK IN PROGRESS**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Capital WIP	<b>140.56</b>	8.02	-

**NOTE 4 - INVESTMENT PROPERTIES**

Gross Carrying Amount	<b>11.42</b>	11.42	11.42
Addition	-	-	-
Disposal	-	-	-
	<b>11.42</b>	11.42	11.42
Accumulated depreciation	<b>10.85</b>	10.85	10.85
Addition	-	-	-
Disposal	-	-	-
	<b>10.85</b>	10.85	10.85
Net carrying value	<b>0.57</b>	0.57	0.57
Fair value as at	<b>605.75</b>	605.75	605.75

**Estimation of fair value :**

The fair valuation is based on current price in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market in respective area.

Particulars	As at 31st March 2018	As at 31st March 2017
Rental Income derived from investment properties	<b>50.73</b>	41.50
Direct operating expenses (including repairs and maintenance) generating rental income.	<b>3.67</b>	3.61
Income arising from investment properties before depreciation	<b>47.06</b>	37.89
Depreciation	-	-
Income from Investment properties (net)	<b>47.06</b>	37.89

**NOTE 5 - INTANGIBLE ASSETS**

Particulars	Computer Software
<b>Cost as on April 1, 2017</b>	2.87
Additions/Adjustments	-
Disposals	-
<b>Cost as on March 31,2018</b>	<b>2.87</b>
Accumulated Depreciation as at April 1,2017	2.84
Depreciation for the year	-
Disposals	-
<b>Accumulated Depreciation as at March 31,2018</b>	<b>2.84</b>
<b>Net Carrying amount as at March 31, 2018</b>	<b>0.03</b>

Particulars	Computer Software
<b>Cost as on April 1, 2016</b>	2.87
Additions/Adjustments	-
Disposals	-
<b>Cost as on March 31,2017</b>	<b>2.87</b>
Accumulated Depreciation as at April 1,2016	2.84
Depreciation for the year	-
Disposals	-
<b>Accumulated Depreciation as at March 31,2017</b>	<b>2.84</b>
<b>Net Carrying amount as at March 31, 2017</b>	<b>0.03</b>

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, whereas the carrying value of property plant and equipment has been carried forward at the amount as determined under the previous GAAP netting off Ind AS adjustments such as government grants. Considering the FAQ issued by the ICAI, regarding application of deemed cost, the company has disclosed the cost as at 1st April, 2016 net off accumulated depreciation.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**NOTE 6 - NON-CURRENT INVESTMENTS**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
<b>Investments in Equity Instruments-Fully Paid-Up</b>			
<b>Trade Investment - Unquoted at Cost</b>			
1,95,000 (1,95,000) Shares of Gini Tex Private Limited, Face Value ₹10/- per share	8.88	8.88	8.88
<b>Others - Unquoted at Cost</b>			
1800 (1,800)Shares of Gini Construction Private Limited, Face Value ₹10/- per share	0.18	0.18	0.18
<b>Quoted - Others</b>			
Nil (2,019) Shares of National Thermal Power Corporation Ltd, Face Value ₹10/- per share	-	3.35	2.60
National Thermal Power Corporation Ltd - Bond	0.25	0.25	0.25
69,000 (Nil) Shares Vadivarhe Specility Chemicals Ltd, Face Value ₹10/- per share	58.41	-	-
7,100 (6,000) Shares of TATA Steel Limited,Face Value ₹10/- per share	40.54	28.96	19.18
40,200 (Nil) Shares of Vakrangee Limited,Face Value ₹10/- per share	88.98	-	-
13,000 (Nil) Shares of Lactose ( India ) Ltd,Face Value ₹10/- per share	13.21	-	-
<b>Equity Investment through Portfolio Management Service (PMS)</b>			
Trivantage Capital Management India Pvt Ltd.	41.24	-	-
ICICI Prudential AMC Ltd.	25.39	-	-
Investment in Mutual Funds	227.21	10.00	-
<b>Investment in Partnership Firm (at cost or deemed cost)</b>			
Gini Citicorp Reality LLP Capital Account	0.05	0.05	0.05
<b>Total</b>	<b>504.34</b>	<b>51.67</b>	<b>31.14</b>

Aggregated amount of unquoted investments as at March 31, 2018 ₹ 9.11 Lakh (P.Y. ₹9.11 Lakh)

Aggregated amount of quoted investments as at March 31, 2018 ₹ 495.24 Lakh, Market value ₹ 495.24 Lakh (P.Y. ₹ 42.57 Lakh Market value ₹ 42.57 Lakh)

**NOTE 7 - OTHER NON CURRENT FINANCIAL ASSETS**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Fixed Deposit with bank with maturity period more than 12 months#	63.00	27.38	2.22
Interest accrued but not due	0.39	1.02	-
<b>Total</b>	<b>63.39</b>	<b>28.40</b>	<b>2.22</b>

# Held as lien by bank against Bank Gurantee amounting to ₹ 35,00,000/- to the Maharashtra Pollution Control Board for compliance for consent conditions/ direction for providing adequate and satisfactory pollution control device.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**NOTE 8 - CURRENT TAX ASSETS AND DEFERRED TAX**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
<b>Current Tax</b>			
Advance Tax (Net of Provision)	78.23	79.04	51.29
<b>Deferred Tax</b>			
On Accumulated Depreciation	(201.03)	(204.64)	(194.41)
<b>Tax Expenses Recognized in the Statement of Profit &amp; Loss</b>			
<b>Current Tax</b>			
Current tax on Taxable Income for the year	75.88	81.60	-
Adjustments for Current tax of Prior Periods	-	(25.79)	-
Total Current Tax Expenses	75.88	55.81	-
<b>Deferred Tax</b>			
Deferred Tax Charge/(Credit)	(3.61)	10.23	-
Total Deferred Tax Expenses	(3.61)	10.23	-
<b>Total Income Tax Expenses</b>	<b>72.27</b>	<b>66.04</b>	<b>-</b>

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

Particulars	As at 31st March 2018	As at 31st March 2017
Profit before Income Tax Expense	286.94	304.06
Tax at the Indian Tax Rate	94.87	100.53
Effect of Expenses not Allowed for Tax Purpose	14.72	(25.81)
Effect of Income not Considered for Tax Purpose	(0.65)	(0.10)
Effect of Income that is Exempted from Tax	(18.25)	(25.01)
Others	(14.81)	6.20
<b>Total</b>	<b>75.88</b>	<b>55.81</b>

**NOTE 9 - OTHER NON CURRENT ASSETS**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Capital Advance	16.65	-	1,265.07
Security Deposit (Unsecured, considered good)	45.47	37.97	30.83
Prepaid Expenses	1.28	2.60	1.19
Contribution in Tarapur Environment Protection Society	57.34	57.34	57.34
Others	4.25	4.25	1.00
<b>Balances with Government Authorities (Unsecured Considered Good)</b>			
Mvat Receivable	126.55	125.69	116.90
Goods and Service Tax	31.04	-	-
Balance with Central Excise #	4.85	4.85	4.85
Loans and advance to Employee (Unsecured, considered good)	-	4.15	-
<b>Total</b>	<b>287.43</b>	<b>236.85</b>	<b>1,477.18</b>

# In respect of Demand raised by Central Excise department under Rule 8 of Central Excise Valuation Rule, 2000 for Deemed Credit (15% Profit), Order has been passed in our favour by the Tribunal under section 35(1) of the central Excise Act, 1944, Section 129(B) of the Customs Act, 1962 and Finance Act, 1994. Order no.A/86296/17/EB Dated 10.03.2017 and Order No. A/89829-89831/17/SMB

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**NOTE 10 - INVENTORIES**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
<b>Inventories (lower of cost and net realisable value)</b>			
Raw Materials	97.95	170.01	102.95
Work-in-Progress	46.60	57.96	69.35
Finished Goods	331.49	436.18	437.10
Stores and Spares	63.09	62.66	63.57
<b>Total</b>	<b>539.13</b>	<b>726.81</b>	<b>672.97</b>

**NOTE 11- CURRENT INVESTMENTS**

Investment in Mutual Funds - Quoted	313.16	815.45	27.34
<b>Total</b>	<b>313.16</b>	<b>815.45</b>	<b>27.34</b>

**Note:** Since the Investments are carried at fair value through profit and loss account, the market value of quoted investments is equal to the carrying value.

**NOTE 12 - TRADE RECEIVABLES**

Trade Receivables from Others	836.63	597.09	651.40
Receivables from Related Parties	1.36	-	-
<b>Total Receivables</b>	<b>837.99</b>	<b>597.09</b>	<b>651.40</b>
<b>Breakup of Security Details:</b>			
Secured , Considered Good	-	-	-
Unsecured , Considered Good	837.99	597.09	651.40
<b>Total Receivables</b>	<b>837.99</b>	<b>597.09</b>	<b>651.40</b>

**NOTE 13A - CASH AND CASH EQUIVALENT**

<b>Cash &amp; Cash Equivalents</b>			
(i) Cash on Hand	4.61	1.32	7.92
(ii) Balances with Banks in Current Account	0.56	91.86	23.82
<b>Sub Total</b>	<b>5.17</b>	<b>93.18</b>	<b>31.74</b>

**NOTE 13B - BANK BALANCES**

<b>Other Bank Balances</b>			
Unpaid Dividend Accounts	1.29	1.46	2.32
FD with State Bank of India & Kotak Mahindra Bank ( With maturity period more than 3 months #	-	0.30	-
<b>Sub Total</b>	<b>1.29</b>	<b>1.76</b>	<b>2.32</b>
<b>Total</b>	<b>6.46</b>	<b>94.94</b>	<b>34.06</b>

# Held as lien by bank against bank guarantee amounting to ₹2.00 Lakh (P.Y. ₹ 2.00 Lakh) to the Maharashtra Pollution Control Board for compliance or for consent conditions/direction for providing adequate and satisfactory pollution control device.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**NOTE 14 - LOANS- CURRENT**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Advances to Related Parties	-	965.07	-
Loans and Advances to Employees ( Unsecured, Considered Good)	13.11	12.41	6.78
<b>Total</b>	<b>13.11</b>	<b>977.48</b>	<b>6.78</b>

**NOTE 15 - OTHER FINANCIAL ASSETS**

Current Account with Partnership Firm and LLP	1,162.53	164.62	256.48
Other Loans and Advances (Unsecured, Considered Good)	-	101.05	151.78
<b>Total</b>	<b>1,162.53</b>	<b>265.67</b>	<b>408.26</b>

**NOTE 16 - OTHER CURRENT ASSETS**

Life Insurance Corporation of India - Gratuity	5.73	6.62	2.75
Interest Receivable	39.89	50.95	2.26
MIDC Receivable	-	-	3.86
Prepaid Expenses	6.51	5.91	7.77
Security Deposit (Unsecured, Considered Good)	-	20.00	-
Advance to Suppliers	7.90	7.99	13.37
<b>Total</b>	<b>60.03</b>	<b>91.47</b>	<b>30.01</b>

**NOTE 17 - EQUITY SHARE CAPITAL**

i)	<b>Authorised :</b>			
	60,00,000 Equity Shares of ₹10/- each	600.00	600.00	600.00
	1,00,000 10% Cumulative Convertible Preference Shares of ₹ 100/- each	100.00	100.00	100.00
	<b>TOTAL</b>	<b>700.00</b>	<b>700.00</b>	<b>700.00</b>
ii)	<b>Issued, Subscribed and Paid up</b>			
	55,92,600 Equity Shares of ` 10/- each fully Paid Up	559.26	559.26	559.26
	<b>TOTAL</b>	<b>559.26</b>	<b>559.26</b>	<b>559.26</b>

**iii) Reconciliation of Number of Equity Shares Outstanding at the Beginning and the End of the Year :**

Particulars	31-Mar-18		31-Mar-17	
	No	₹	No	₹
At the Beginning of the Period	55.93	559.26	55.93	559.26
At the End of the Period	55.93	559.26	55.93	559.26

**iv) Rights, Preference and Restrictions attached to Equity Shares**

The Company has only one class of equity shares referred to as equity shares of ₹ 10/- each. Each holder of equity shares is entitled to the same rights in all respects.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**v) Shareholders Holding more than 5% shares in the Company is set out below:**

Name of Shareholder		31st March 2018		31st March 2017		31st March 2016	
		No of shares	%	No of shares	%	No of shares	%
Vishwanath Harlalka	Promoter	18.91	33.80	18.91	33.80	18.91	33.80
Deepak Harlalka	Promoter	3.10	5.54	3.10	5.54	3.10	5.54
Deepak Harlalka HUF	Promoter	8.63	15.44	8.63	15.44	8.63	15.44
Anjali D Harlalka	Person Acting Concert	3.50	6.26	3.50	6.26	3.50	6.26
Vimla V Harlalka	Person Acting Concert	5.08	9.09	5.08	9.09	5.08	9.09
Garnet International Ltd	Public	-	-	6.26	11.19	7.33	13.10

**NOTE 18 - OTHER EQUITY**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Capital Reserve	8.14	8.14	8.14
General Reserve	10.23	10.23	10.23
Retained Earnings	2,834.36	2,653.35	2,411.11
Other Comprehensive Income	(18.05)	(7.39)	(18.73)
<b>TOTAL</b>	<b>2,834.68</b>	<b>2,664.33</b>	<b>2,410.75</b>

**NOTE 19 - NON CURRENT BORROWINGS**

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
<b>Secured Loans</b>			
Term Loan From Bank	273.88	358.07	442.80
<b>Total</b>	<b>273.88</b>	<b>358.07</b>	<b>442.80</b>

**Nature of Security, Terms of Repayment and Interest rate**

The Term loan from Kotak Mahindra Bank (in P.Y. Outstanding term loan of State Bank of India taken over by Kotak Mahindra Bank Ltd as on 15.03.2017) are primary secured by entire Plant and Machinery at Tarapur plant acquired out of this loan and entire stock of trading goods. The Company has provided collateral security of equitable mortgage of leasehold Factory land & Building at Tarapur. The Director Mr. Vishwanath S. Haralalka and Mr. Deepak V. Harlalka has provided personal guarantee for the said loan. The rates of interest for these loans vary between 9% to 10%, with a repayment period of 4-5 year. Rate of interest vary based on the credit risk assessment of the company. (Rate of Interest is without considering interest subsidy available under State and Central Government Scheme.)

**NOTE 20 - OTHER NON CURRENT FINANCIAL LIABILITIES**

Security Deposits	27.09	27.09	22.09
Unsecured Trade Deposits (including interest)	27.95	27.46	14.68
Interest Accrued and Due ( Current Maturities)	(1.74)	(1.37)	(0.50)
	26.21	26.09	14.18
<b>Total</b>	<b>53.30</b>	<b>53.18</b>	<b>36.27</b>

**NOTE 21- CURRENT BORROWINGS**

₹ In Lakhs

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
From Directors (unsecured, repayable on demand)	535.04	852.18	541.06
<b>Total</b>	<b>535.04</b>	<b>852.18</b>	<b>541.06</b>

**NOTE 22 - TRADE PAYABLES**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Trade Payables:

Micro, Small & Medium Enterprises	-	-	-
Others	<b>333.33</b>	261.94	285.83
<b>Total</b>	<b>333.33</b>	261.94	285.83

(There are no dues to Micro & Small Enterprises as on 31st March' 2018. 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.)

**NOTE 23 - OTHER CURRENT FINANCIAL LIABILITIES**

Current maturities of Long term Debt	<b>129.46</b>	88.09	120.00
Interest payable on Term loan	<b>3.42</b>	5.05	6.42
Unpaid dividends #	<b>1.28</b>	1.40	2.26
Interest Accrued and due on long term Deposits	<b>1.74</b>	1.37	0.50
Book Overdraft	<b>73.09</b>	-	-
<b>Total</b>	<b>208.99</b>	95.91	129.18

# There are no amount due and outstanding to be credited to Investor Education and Protection Fund

**NOTE 24 - SHORT TERM PROVISIONS**

<b>Provision for other Employees Benefits</b>			
Bonus	<b>8.10</b>	6.71	3.70
Gratuity	<b>17.48</b>	3.95	10.13
Leave Encashment	<b>23.34</b>	18.10	19.40
<b>Other Provisions</b>			
Provision for Expenses	<b>31.24</b>	48.37	44.43
<b>Total</b>	<b>80.16</b>	77.13	77.66

**NOTE 25 - CURRENT TAX LIABILITIES (NET)**

<b>Current tax liabilities (Net)</b>			
Provision for tax (net off advance tax)	-	4.89	-
<b>Current Tax Liabilities (Net)</b>	-	4.89	-

**NOTE 26 - OTHER CURRENT LIABILITIES**

Statutory remittances( Contribution to PF ,ESIC, and TDS)	<b>16.11</b>	21.25	10.88
Advances from customers (include related party - ₹ 3805476/)	<b>53.78</b>	12.20	10.61
Others	-	0.42	0.42
<b>Total</b>	<b>69.89</b>	33.87	21.91

₹ In Lakhs

Particulars	For the year ended 2018	For the year ended 2017
<b>NOTE 27 - REVENUE FROM OPERATIONS</b>		
<b>(a) Sale of products</b>		
Fabric Sales	<b>1,692.67</b>	2,204.91
Less: Trade Discount, Returns, Rebate etc	<b>128.93</b>	183.40
<b>Total</b>	<b>1,563.74</b>	2,021.51

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

₹ In Lakhs

Particulars	For the year ended 2018	For the year ended 2017
<b>(b) Sale of Service</b>		
Processing Income	2,378.69	1,889.72
<b>(c) Other operating revenues</b>		
Sale of Scrap	0.12	0.38
<b>Total</b>	<b>3,942.55</b>	<b>3,911.61</b>

**NOTE 28 - OTHER INCOME**

<b>Interest Income</b>		
Interest on Loans and Advances	81.08	43.56
Interest on Overdue Trade Receivables	3.48	2.63
Interest Received on Fixed Deposit	3.24	0.40
Interest on Subsidies from Government	2.21	89.51
Interest on Income Tax Refund	-	2.11
Interest on Security Deposit	2.75	3.49
<b>Dividend Income:</b>		
From Current Investments - Mutual Fund	16.72	24.42
From Long Term Investments - Equity Shares	1.53	0.59
<b>Net Gain on Sale of:</b>		
From Current Investments - Mutual Fund	5.15	2.06
<b>Other Non Operating Income:</b>		
Rental income from Investment Properties	50.73	41.50
Profit on Sale of Fixed Assets	2.89	1.65
Mvat Refund Received	-	1.21
Miscellaneous Income	0.12	-
<b>Share of Profit/Loss from Partnership Firms/ LLP:</b>		
(Profit/(loss) was accounted as per the Unaudited Accounts of Partnership Firm/ LLP)	0.65	0.10
<b>Total</b>	<b>170.55</b>	<b>213.23</b>

**NOTE 29 - COST OF MATERIAL CONSUMED**

<b>Raw Material</b>		
Opening Stock	170.01	102.94
Add: Purchases	1,234.09	1,662.62
Less: Closing Stock	97.95	170.01
<b>Total</b>	<b>1,306.15</b>	<b>1,595.55</b>

**NOTE 30 - PURCHASES OF SOCK IN TRADE**

Finished Fabrics	197.17	186.17
<b>Total</b>	<b>197.17</b>	<b>186.17</b>

₹ In Lakhs

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	For the year ended 2018	For the year ended 2017
<b>NOTE 31- CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the end of the year:</b>		
Finished Goods	331.49	436.18
Work-in-Progress (Job)	46.60	57.96
<b>Sub Total</b>	<b>378.09</b>	<b>494.14</b>
<b>Inventories at the beginning of the year:</b>		
Finished Goods	436.18	437.10
Work-in-Progress (Job)	57.96	69.36
<b>Sub Total</b>	<b>494.14</b>	<b>506.46</b>
<b>Total</b>	<b>116.05</b>	<b>12.32</b>
<b>32) EMPLOYEE BENEFIT EXPENSES</b>		
Salaries,Wages,Gratuity & Other Benefits	366.53	343.04
Contributions to Provident and Other Funds	27.05	17.03
Staff Welfare Expenses	15.38	8.82
<b>Total</b>	<b>408.96</b>	<b>368.89</b>

**NOTE 33 - FINANCE COST**

<b>Interest Expenses on</b>		
Borrowings from Directors	66.01	108.01
Cash Credit from Bank	0.12	0.10
Term Loan from Bank (Net off subsidy )	8.47	28.84
Trade Deposits	1.74	1.37
Others Borrowing Cost	13.58	9.76
<b>Total</b>	<b>89.92</b>	<b>148.08</b>

**NOTE 34- DEPRECIATION AND AMORTIZATION EXPENSES**

Depreciation on Property, Plant and Equipments	97.60	96.80
Depreciatin on Investment Properties	-	-
Amortization on Intangible Assets	-	-
<b>Total</b>	<b>97.60</b>	<b>96.80</b>

**NOTE 35 - OTHER EXPENSES**

<b>Stores &amp; Spares Consumed</b>		
Opening Stock	33.80	33.71
Add: Purchases	54.16	41.43
Less: Closing Stock	30.25	33.80
<b>Total</b>	<b>57.71</b>	<b>41.34</b>
<b>Packing Material Consumed</b>		
Opening Stock	23.84	26.67
Add: Purchases	77.55	76.70
Less: Closing Stock	23.09	23.84
<b>Total</b>	<b>78.30</b>	<b>79.53</b>
<b>Coal Consumed</b>		
Opening Stock	4.32	2.53
Add: Purchases	382.69	265.93
Less: Closing Stock	9.06	4.32
<b>Total</b>	<b>377.95</b>	<b>264.14</b>

₹ In Lakhs



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	For the year ended 2018	For the year ended 2017
<b>Power &amp; Fuel Consumed</b>		
Opening Stock	0.70	0.64
Add: Purchases	256.67	200.81
Less: Closing Stock	0.68	0.70
<b>Total</b>	<b>256.69</b>	<b>200.75</b>
<b>Other Manufacturing Expenses</b>		
Processing Charges	48.79	69.77
Design Charges	-	0.09
Labour Charges	404.29	342.72
Carriage & Freight	61.71	51.90
Lab Expenses	1.61	1.12
Testing Fees	-	0.08
Packing Charges	26.62	33.29
Water Charges	36.75	54.85
Effluent Treatment Expenses	59.95	47.67
<b>Total</b>	<b>639.72</b>	<b>601.49</b>
<b>Selling &amp; Distribution Expenses</b>		
Commission on Sales	48.35	64.74
Advertisement Expenses	1.42	1.51
Sales Promotion Expenses	9.29	13.89
<b>Total</b>	<b>59.06</b>	<b>80.14</b>
<b>Establishment Expenses</b>		
Insurance Charges	7.89	7.17
Rent	13.96	13.76
Rates & Taxes (note a)	6.61	6.50
Traveling & Conveyance (note b)	23.77	25.87
Printing & Stationery	4.92	4.41
Legal & Professional Charges	14.81	10.21
Postage Expenses	5.17	4.83
Miscellaneous Expenses (note c)	11.95	15.95
Motor Car Expenses	3.40	2.71
Telephone Charges	2.56	4.48
Electricity Charges	7.12	11.10
Donation	2.10	3.50
Entertainment Expenses	0.21	0.29
Sundry Balances W/off	0.59	0.73
Registration Charges	-	0.45
Security Transaction Tax	0.22	-
Share Expenses	0.03	-
Internet Expenses	1.02	1.10
Society Maintenance	2.18	1.86
<b>Total</b>	<b>108.51</b>	<b>114.92</b>
<b>Repairs &amp; Maintenance</b>		
To Plant & Machinery	17.19	13.07
To Building	5.07	1.48
To Others	7.91	14.67
<b>Total</b>	<b>30.17</b>	<b>29.22</b>
<b>Payment to Auditors</b>		
As Audit Fees	0.85	0.98
As Tax Audit Fees	-	0.46
<b>Total</b>	<b>0.85</b>	<b>1.44</b>
Net loss on Investment carried at FVTPL	1.35	-
<b>Grand Total</b>	<b>1,610.31</b>	<b>1,412.97</b>

₹ In Lakhs

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	For the year ended 2018	For the year ended 2017
<b>NOTE 36 - EARNINGS PER SHARE</b>		
Earnings Per Share has been computed as under:		
Profit/(loss) for the year	214.67	241.67
Weighted Average Number of Equity Shares Outstanding	55.93	55.93
Earnings Per Share - Basic/Diluted	3.84	4.32
Face Value per Equity Share	10.00	10.00

**NOTE 37 - DIVIDEND ON EQUITY SHARES**

Dividend on Equity Shares declared and paid during the year		
Final dividend of ₹ 0.5/- Per share for F.Y. 2016-17	27.96	-
Dividend Distribution Tax	5.69	-
<b>Total</b>	<b>33.65</b>	<b>-</b>

**NOTE 38 - CONTINGENT LIABILITIES & COMMITMENTS :**

Particulars		As at 31st March 2018	As at 31st March 2017
₹ In Lakhs			
<b>a)</b>	<b>Contingent Liabilities</b>		
i)	Textile Committee, Govt of India, Ministry of Textiles demanded cess for various period under The Textile Committee Act & Cess Rules 1975	7.09	7.09
ii)	Central Excise duty demand for Excise Duty and interest on differential amount on Excise Duty. (The Central Excise Department has made Special Leave Petition in Supreme Court)	185.10	185.10
iii)	Central Excise demand u/s 11(2) of Central Excise Act against availment of Cenvat credit. (The Company has gone in Appeal to the Customs, Excise and Service Tax Appellate Tribunal )	4.36	-
iv)	Central Excise Demand under the Central Excise Act against availment of Cenvat Credit. (The Company has gone in appeal to the Customs, Excise and Service Tax Appellate Tribunal) and Deposited ₹3,84,546/- (P.Y. Nil)	-	56.78
v)	Bank Gurantees given to the Commissioner of Custom on account of bond for availing duty exemption under EPCG scheme	1.75	1.75
vi)	Bank Guarantee given to the Maharashtra Pollution Control Board for compliance of directions issued by Board.	5.00	2.00
vii)	Bank Guarantee given to the Maharashtra Pollution Control Board for compliance of restart condition issued by Board.	25.00	25.00
viii)	Bank Guarantee given to the Maharashtra Pollution Control Board for compliance of consent conditions/direction for providing adequate and satisfactory Pollution Control devices as suggested by Board	3.00	3.00
<b>b)</b>	<b>Capital Commitments</b>	<b>140.56</b>	<b>32.05</b>
<b>c)</b>	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.		

₹ In Lakhs

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars		As at 31st March 2018	As at 31st March 2017
<b>NOTE 39 - MANAGERIAL REMUNERATION</b>			
Remuneration to Managing Directors, and Executive Directors under Section 198 of the Companies Act, 2013:			
i)	Remuneration	<b>48.00</b>	48.00
ii)	Contribution to Provident and Other Funds	<b>5.76</b>	5.76
iii)	Perquisites	<b>1.28</b>	2.95

**NOTE 40 - RELATED PARTY DISCLOSURES :**

As per Ind AS 24, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below.

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

**(a) Key Management Personnel (KMP)**

Vishwanath Harlalka  
Deepak Harlalka  
Anjali Harlalka

**(b) Partnership Firm**

Shree Enterprises  
Gini Construction Co.  
Gini Citicorp Reality LLP

**(c) Other Related Parties (Enterprises in which KMP having significant influence)**

Gini Tex Private Limited  
Gini Constructions Pvt Ltd  
Shreem Reality Private Limited

<b>B. Transactions during the year :</b>							
Sr. No.	Nature of transaction	For the year ended 31.03.2018			For the year ended 31.03.2017		
		KMP	Partnership firm	Others	KMP	Partnership firm	Others
1	<b>Sales</b>						
	Processing Job Work	-	<b>51.24</b>	<b>735.41</b>	-	60.86	677.43
2	<b>Income</b>						
	Share of Profit	-	<b>0.23</b>	-	-	0.10	-
	Interest on Loan	-	<b>75.51</b>	-	-	7.74	-
3	<b>Expenses</b>						
	Rent Paid	<b>7.56</b>	-	<b>4.50</b>	7.56	-	4.50
	Managerial Remuneration	<b>48.00</b>	-	-	48.00	-	-
	Interest on Unsecured Loan Payment	<b>66.01</b>	-	-	108.01	-	-
4	<b>Investments</b>						
	Additon in Investments	-	<b>956.30</b>	-	-	247.70	-
	Return of Investments	-	<b>27.00</b>	-	-	346.63	-
5	<b>Loans &amp; advance</b>						
	Acceptance of Unsecured Loans	<b>688.95</b>	-	-	1,252.48	-	-
	Repayment of Unsecured Loans	<b>1,065.50</b>	-	-	1,038.30	-	-
	Repayment of Advance	-	-	<b>965.07</b>	-	-	-

Notes:

i) Parties identified by the Management and relied upon by the Auditors.

ii) No amount in respect of the related parties have been written off/back or are provided for during the year

**C. Disclosure in RRespect of Material Transactions with Related Parties during the Year**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

	Particulars	31st March 2018	31st March 2017
<b>1</b>	<b>Processing Job Work</b>		
	Shree Enterprises	51.24	60.86
	Gini Tex Private Limited	735.41	677.43
<b>2</b>	<b>Share of Profit</b>		
	Gini Citicorp Reality LLP	0.22	0.10
	Gini Construction Co.	0.01	-
<b>3</b>	<b>Interest on Loan</b>		
	Gini Citicorp Reality LLP	75.51	7.74
<b>4</b>	<b>Rent Paid</b>		
	Vishwanath Harlalka HUF	7.56	7.56
	Gini Tex Private Limited	4.50	4.50
<b>5</b>	<b>Managerial Remuneration</b>		
	Vishwanath Harlalka	24.00	24.00
	Deepak Harlalka	24.00	24.00
	<b>Disclosure in RRespect of Material Transactions with Related Parties during the Year</b>		
<b>6</b>	<b>Interest on Unsecured Loan Payment</b>		
	Vishwanath Harlalka	11.08	18.11
	Deepak Harlalka	10.31	18.81
	Anjali Harlalka	44.62	71.09
<b>7</b>	<b>Additon in Investments</b>		
	Gini Citicorp Reality LLP	956.30	247.70
<b>8</b>	<b>Return of Investments</b>		
	Gini Citicorp Reality LLP	27.00	346.63
<b>9</b>	<b>Acceptance of Unsecured Loans</b>		
	Vishwanath Harlalka	57.30	405.85
	Deepak Harlalka	232.55	480.80
	Anjali Harlalka	399.10	365.83
<b>10</b>	<b>Repayment of Unsecured Loans</b>		
	Vishwanath Harlalka	193.50	146.75
	Deepak Harlalka	443.00	320.15
	Anjali Harlalka	429.00	571.40
<b>11</b>	<b>Repayment of advance</b>		
	Shreem Reality Private Limited	965.07	-
<b>D.</b>	<b>Outstanding as at March 31, 2018 :</b>		

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

Sr. No.	Nature of transaction	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
1	<b>Loans to Related Parties :</b>			
	Shreem Reality Private Limited	-	965.07	1,265.07
2	<b>Loans from Related Parties</b>			
	Vishwanath Harlalka	<b>61.96</b>	188.19	11.25
	Deepak Harlalka	<b>95.13</b>	296.30	20.55
	Anjali Harlalka	<b>377.94</b>	367.69	509.27
3	<b>Trade Receivables</b>			
	Gini Tex Private Limited	<b>(38.05)</b>	-	-
	Shree Enterprises	<b>(0.18)</b>	-	-
4	<b>Other Financials Assets - Current</b>			
	Gini Citicorp Reality LLP	<b>1,161.12</b>	163.19	255.04
	Gini Construction Company	<b>1.41</b>	1.47	1.43

**NOTE 41** - The Company is engaged only in Textile business and there are no separate reportable segments as per Ind AS 108.

**NOTE 42 - Operating Lease**
**a) Premises Taken on Operating Lease:**

The company has significant operating lease for premises. These lease arrangements range for a period of 5 years. The leases are renewable for a further period on mutually agreeable terms

Particulars	As at 31st March 2018	As at 31st March 2017
For a period not later than one year	<b>1.07</b>	0.71
For a period more than one year and not later than five years	<b>12.06</b>	12.06

**b) Premises Given on Operating Lease:**

The company has given premises on operating leases. These lease arrangements range for a period of 5 years. The leases are renewable for a further period on mutually agreeable terms.

Particulars	As at 31st March 2018	As at 31st March 2017
Buildings:		
Gross carrying amount	<b>11.42</b>	11.42
Depreciation for the year	-	-
Accumulated Depreciation	<b>10.85</b>	10.85

**NOTE 43 - PROVISION FOR EMPLOYEE BENEFIT OBLIGATION**

The Company contributes to the following post-employment plans in India.

**Defined Contribution Plans:**

The Company pays Provident Fund Contributions to publicly administered Provident Funds as per local regulations and are recognised as expense in the Statement of Profit and Loss during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the appropriate authorities.

The Company recognised 23.48 Lakhs for the year ended March 31, 2018 (March 31, 2017 ₹ 16.67 lakhs) towards Provident Fund Contribution.

**Defined Benefit Plan:**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

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.

Particulars	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Defined benefit obligation	99.15	76.76	69.08
Fair value of plan assets	104.88	83.38	71.83
<b>Net defined benefit (obligation)/assets</b>	<b>5.73</b>	<b>6.62</b>	<b>2.75</b>

**i. Movement in Net Defined Benefit (Asset) Liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components :

	Defined benefit obligation		Fair value of plan assets	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
Opening Balance	76.76	69.08	83.38	71.83
Current Service Cost	8.86	7.09	-	-
Past Service Cost	7.37	-	-	-
Interest Cost (Income)	6.14	5.53	-	-
<b>Included in OCI</b>				
Remeasurement Loss (Gain):				
Actuarial Loss (Gain) arising from:				
Financial Assumptions	1.93	-	-	-
Experience Variance	0.74	(0.61)	-	-
Return on Plan Assets excluding Interest Income	-	-	6.67	6.34
	101.80	81.09	90.05	78.17
<b>Other</b>				
Contributions paid by the employer	-	-	17.48	9.54
Benefits paid	(2.64)	(4.32)	(2.64)	(4.32)
<b>Closing balance</b>	<b>99.16</b>	<b>76.77</b>	<b>104.89</b>	<b>83.39</b>
<b>Net defined benefit asset / (liability)</b>	<b>5.73</b>	<b>6.62</b>	-	-

**ii. Significant Estimates : Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	As at 31st March 2018	As at 31st March 2017
Discount Rate Per Annum	7.72%	8.00%
Salary Growth Rate Per Annum	4.00%	4.00%
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Retirement Age	58 year	58 year

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**iii. Sensitivity Analysis**

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared with the previous period

(in lakhs)

Gratuity	As at 31st March 2018			As at 31st March 2017		
	Change in assumption	Increase in present value of plan liabilities	Decrease in present value of plan liabilities	Change in assumption	Increase in present value of plan liabilities	Decrease in present value of plan liabilities
Discount Rate	100bps	92.63	106.68	100bps	71.44	82.90
Salary growth rate	100bps	106.33	92.90	100bps	82.76	71.52
Attrition Rate	100bps	100.75	97.39	100bps	78.25	75.11
Mortality Rate	100bps	99.24	99.07	100bps	76.83	76.68

**44) CATEGORY - WISE CLASSIFICATION OF FINANCIAL INSTRUMENTS**

Financial Assets measured at Amortised Cost	Non current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Investments	504.34	51.67	31.14	313.16	815.45	27.34
Trade Receivables	-	-	-	837.99	597.09	651.40
Cash and Cash Equivalents	-	-	-	5.17	93.18	31.74
Other Bank Balances	-	-	-	1.29	1.76	2.32
Loan	-	-	-	13.11	977.48	6.78
Other Financial Assets	63.39	28.40	2.22	1,162.53	265.67	408.26

Financial Liabilities measured at Amortised Cost	Non current			Current		
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Borrowings	273.88	358.07	442.80	535.04	852.18	541.06
Trade Payables	-	-	-	333.33	261.94	285.83
Others	53.30	53.18	36.27	208.99	95.91	129.18

**45) FAIR VALUE MEASUREMENT**

The fair values of financial Assets and Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- 1) Fair value of Cash and Short Term Deposits, Trade and other Short Term Receivables, Trade Payables, Other Current Liabilities, Short Term Loans from Banks and other Financial Institutions approximate their carrying amounts largely due to short term maturities of these instruments.
- 2) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counter party. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique:

Level 1: Quoted (unadjusted) price in active markets for identical Assets or Liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**i) The following table provides the Fair Value measurement hierarchy of the Company's Financial Assets and Liabilities: As at March 31, 2018**

Financial Assets measured at amortised cost for which fair values are disclosed	Fair value as at March 31,2018	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments	817.50	-	-	817.50

**As at March 31, 2017**

Financial Assets measured at amortised cost for which fair values are disclosed	Fair value as at March 31,2017	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments	867.12	-	-	867.12

**As at March 31, 2016**

Financial Assets measured at amortised cost for which fair values are disclosed	Fair value as at April 01,2016	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments	58.48	-	-	58.48

**ii) Financial instrument measured at amortised cost**

The carrying amount of financial assets and liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Note 46 Financial instruments – Fair values**

**A Financial Risk Management objectives and policies**

In the course of business, the Company is exposed to certain financial risk that could have considerable influence on the Company's business and its performance. These include market risk ( including currency risk, interest risk and other price risk), credit risk and liquidity risk. The Board of Directors review and approves risk management structure and policies for managing risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides service to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

**B Market Risk**

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Market risk is the risk that the fair value of future Cash Flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and loans.

### 1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future Cash Flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's total debt obligations with floating interest rates.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows :

Change in interest rate	Effect on profit before tax	
	As at 31.03.2018	As at 31.03.2017
+50 basis point	(0.46)	(1.37)
-50 basis point	0.46	1.37

### 2) Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. At the reporting date, company does not have any foreign currency exposure.

### 3) Equity Price Risk

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the company to equity price risks. At the reporting date, the companies equity shares are carried at fair value.

## C Credit Risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, credit worthiness and market intelligence. Trade receivables consist of a large number of customers, spread across geographical areas. Outstanding customer receivables are regularly monitored.

The average credit period is 30 days. The Company's Trade receivables consist of a large number of customers, across geographies hence the Company is not exposed to concentration risk.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018**
**Ageing of Account Receivables**

	<b>31st March 2018</b>	<b>31st March 2017</b>	<b>31st March 2016</b>
0-3 months	543.99	346.57	613.66
3-6 months	89.16	8.19	29.17
6-12 months	63.48	107.66	(15.26)
Beyond 12 months and less than 3 years	141.37	134.68	23.83

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

**D Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained term loan from banks and working capital loans from directors.

The table below summarises the maturity profile of the Company's Financial Liabilities based on contractual undiscounted payments.

<b>Particulars</b>	<b>Within 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>As on 31st March 2018</b>			
Borrowings	664.50	273.88	938.38
Trade and Other Payables	333.33	-	333.33
Other Financial Liabilities	79.53	53.30	132.83
<b>As on 31st March 2017</b>			
Borrowings	940.27	358.07	1,298.34
Trade and Other Payables	261.94	-	261.94
Other Financial Liabilities	7.82	53.18	61.00
<b>As on 31st March 2016</b>			
Borrowings	661.06	442.80	1,103.86
Trade and Other Payables	285.83	-	285.83
Other Financial Liabilities	9.18	36.27	45.45

- 47** Section 135 of Companies Act, 2017 on Corporate Social Responsibility is not applicable to the company for F.Y 2017-18.
- 48** Balances of Trade Receivables, Loans and advances and Trade Payables, Advances from Customers and to Suppliers have been taken as per books awaiting respective confirmation.
- 49** Income Tax assessment is completed up to the Assessment Year 2015- 2016
- 50** The Company is in process of appointing the Company Secretary and Chief Financial Officer, however during the year under audit the company unable to appoint the same.
- 51** Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.



**ATTENDANCE SLIP**  
(To be handed over at the entrance  
of the meeting hall)

**GINI SILK MILLS LIMITED**

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*		Folio No.	
Client Id*		No. of shares held	

Full name of the member attending

Name of Proxy

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 38th Annual General Meeting of the GINI SILK MILLS LIMITED at Maheshwari Pragati Mandal, Maheashwari Bhawan, 603, Girgaon Road, Mumbai-400002 on Friday, September 21, 2018.

\*Applicable for Investor holding shares in electronic form

Signature of Shareholder/ proxy

.....Tear Here .....

**Form No. MGT-11**  
**PROXY FORM**



*(Pursuant to section 105(6) of the Companies Act, 2013 and  
rule 19(3) of the Companies (Management and Administration) Rules, 2014)*

**GINI SILK MILLS LIMITED**

CIN NO: L17300MH1981PLC024184

Registered Office: 413, Tantia Jogani Industrial. Estate, J.R.Boricha Marg, Lower Parel, Mumbai – 400 011.

Name of the member (s) :	
Registered address :	
E-mail Id :	
Folio No./Client Id :	
DP ID :	

I/We being the member(s) of \_\_\_\_\_ shares of the above named company. Hereby appoint

- (1) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him;
- (2) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_, or failing him;
- (3) Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_  
 Signature: \_\_\_\_\_

.....Tear Here .....

as my/ our proxy to attend and vote( on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the company, to be held on September 21, 2018 at 12.30 p.m. at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai-400002 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution(s)		Vote	
			(For)	(Against)
1.	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year 31st March, 2018	Ordinary		
2.	Declaration of Dividend for the financial year 2017-18.	Ordinary		
3.	Appointment of Mr. Deepak Harlalka (DIN00170335) as a Director, who retires by rotation.	Ordinary		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of shareholder \_\_\_\_\_

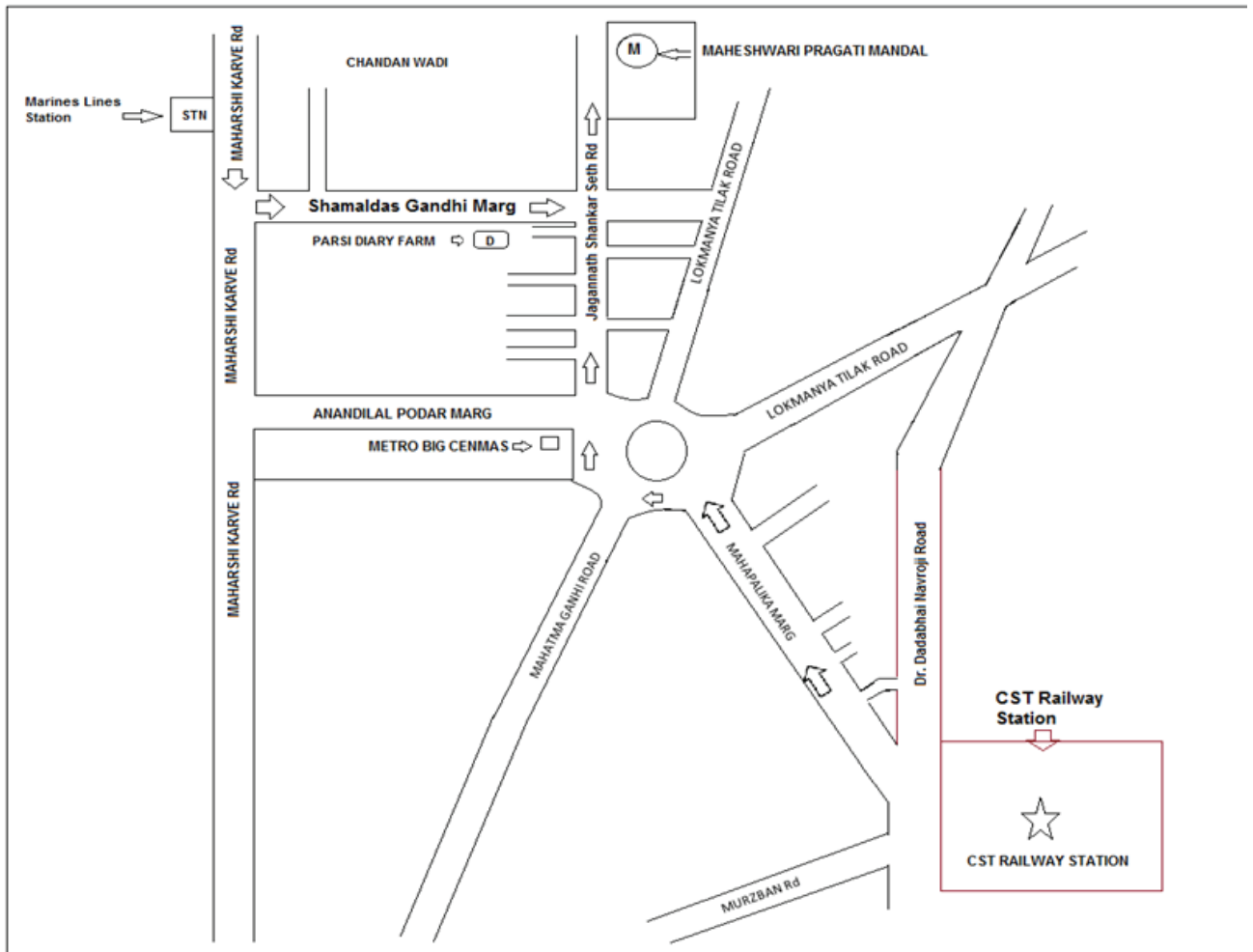
Signature of Proxy holder \_\_\_\_\_

Affix  
Revenue  
Stamp

Signature of the shareholder across  
Revenue Stamp

- Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The proxy need not be a member of the company.

### ROUTE MAP TO 38<sup>TH</sup> AGM OF GINI SILK MILLS LIMITED



**BY - COURIER**

**To,**

If Undelivered Please Return to :

**GINI SILK MILLS LIMITED**  
413, Tantia Jogani Industrial Premises  
J. R. Boricha Marg,  
Lower Parel (E), Mumbai - 400 011.