



# **GINI SILK MILLS LIMITED**

**29<sup>TH</sup> ANNUAL REPORT 2008-2009**





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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

- Vishwanath Harlalka - Executive Chairman
- Deepak Harlalka - Managing Director
- Ramprasad Poddar - Director
- Rajendra Kumar Rajgarhia - Director
- Dinesh Poddar - Director

**REGISTERED OFFICE**

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

**WORKS**

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

**AUDITORS**

M/s. Vatsaraj & Co.  
 Chartered Accountants

**BANKERS**

State Bank of India  
 Kotak Mahindra Bank Limited

**REGISTRARS & TRANSFER AGENTS**

**BIGSHARES SERVICES PVT. LTD.**  
 E-2/3, Ansa Industrial Estate  
 Sakivihar Road, Saki Naka  
 Andheri (E), Mumbai 400 072

**TWENTY NINTH ANNUAL GENERAL MEETING**

on Monday, August 31, 2009 at 1.00 P.M

at Maheshwari Pragati Mandal  
 Maheshwari Bhawan,

603, Girgaon Road, Mumbai - 400 002

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

Shareholders are requested to kindly bring their copies to the meeting



**NOTICE**

**NOTICE TO MEMBERS**

**Notice** is hereby given that the Twenty Ninth Annual General Meeting of **GINI SILK MILLS LIMITED** will be held on Monday, August 31, 2009 at , at 1.00 P.M at **Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 002** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a director in place of Mr. Ramprasad Poddar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended from time to time, Mr. Vishwanath Harlalka be and is hereby appointed as Executive Chairman of the Company for the period of three years w.e.f. July 01, 2009, upon and subject to the terms and conditions including the remuneration proposed to be paid and as contained in the agreement to be entered between the Company and Mr. Vishwanath Harlalka, a draft whereof is placed before the meeting and initialed for the purpose of identification hereof.

**RESOLVED FURTHER THAT** in the event of loss, absence or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Vishwanath Harlalka shall be as specified in the Explanatory Statement enclosed herewith.

**RESOLVED FURTHER THAT** Mr. Vishwanath Harlalka subject to the provisions of Section 255 of the Companies Act, 1956 shall not be liable to retire by rotation during his tenure as Executive Chairman of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such act, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution."

**Regd. Office:**

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

**By Order of the Board**

**(Vishwanath Harlalka)**  
Executive Chairman

Place : Mumbai

Date : 17/07/2009

Notes: 3 of 6 12:00 PM 10/28/2009

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME TO THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED.**
2. The Register of Members and Share transfer Books will remain closed from Saturday, August 22, 2009 to Monday, August 31, 2009 (both days inclusive).
3. The Company has entered into agreement with both the depository's viz. National Securities Depository Ltd. (NSDL) and Central depository Services (India) Ltd. (CDSL) for custody and dematerialization of securities. Members having Physical holdings can avail the depository facilities by approaching any of the depository participants of NSDL or CDSL. For further information, the shareholders may contact directly to the Company's Registrars and Share Transfer Agents, M/s. BIGSHARE SERVICES PRIVATE LIMITED, Mumbai. (Tele. Nos. +91 22 28470652 Fax No. +91 22 28475207). Our Registrar & Transfer Agent M/s Bigshare Services Private Limited recently launched Gen.Next Module **iBoss** the most advanced tool to interact with Shareholders. Please login in to iBoss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help thereto serve you better.
4. Members are requested to note that copies of Annual Report will not be distributed at the Annual General Meeting.
5. Members holding share in multiple folios in physical mode are requested to apply for consolidation to the Registrar & Transfer Agent along with relevant Share Certificates.
6. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amount which remain unpaid/unclaimed for a period of seven years from the date of transfer to unpaid Dividend Account of the Company are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim to the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately.
7. The Company has paid the Annual Listing fees for the financial year 2009-2010.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special business under Item No. 5 to be transacted at the meeting is annexed to this notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:**

**Item No. 5:**

In accordance with the provisions of Schedule XIII, the appointment of Mr. Vishwanath Harlalka as Executive Chairman requires shareholders approval by passing special resolution at the ensuing Annual General Meeting. The following information is required to be disclosed in accordance with Schedule XIII.

**I. GENERAL INFORMATION:**

- a) Nature of Industry: Manufacturing of fabrics & job work of processing fabrics
- b) Date of commencement of commercial production: August 31, 1996
- c) Export performance: Company's total sales is in the domestic market.
- d) Foreign investments or collaborations: Not Applicable

**II. INFORMATION ABOUT THE APPOINTEE:**

a) Background details:

Mr. Vishwanath Harlalka 69 years old is B.Com, LLB by qualification. He was appointed as Director of the Company on 30<sup>th</sup> December, 1988. Mr. Vishwanath Harlalka, who is presently Chairman of the Company appointed at the Board meeting held on 1<sup>st</sup> July 2009 as Executive Chairman for a period of three years effective from 1<sup>st</sup> July 2009 upto 30<sup>th</sup> June 2012. The draft agreement between the Company and Mr. Vishwanath Harlalka for his reappointment contains inter alia the following terms and conditions.

- b) Past remuneration: Before this appointment, Executive Chairman was not drawing any remuneration (Except sitting fees) from the Company.
- c) Job profile and his suitability:

The Executive Chairman would have the authority to oversee and implement the day-to-day operations of the Company. Executive Chairman will also be responsible for formulating the policies and strategies in consent with the Board of Directors of the Company. The appointee has clear vision and foresight to work for the prosperity and success of the company. The appointee Executive Chairman has immense capacity for hard work, interpersonal skills, extraordinary ability for analytical thinking and positive attitude. Having associated with the Company for more than 40 years his contribution to the development of the Company is without match.

d) Remuneration proposed:

- i. Salary of Rs. 200,000/ (Rs. Two Lacs Only) per month.
- ii. Perquisites and Allowances:



- (a) In addition to the salary, the Executive Chairman shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water furnishing and repairs; medical reimbursement, club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Executive Chairman. Such perquisites and allowances will be subject to the ceilings as specified in Part II of Schedule XIII.
  - (b) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceilings.
  - (c) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
  - (d) The total remuneration including salary, perquisites, allowances (other than exempted perquisites and allowance) and other monetary benefits shall not exceed the maximum ceiling of Rs. 250,000/- per month
- iii. Minimum Remuneration:
- Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Chairman. The Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary perquisites and allowances as specified above.
- iv. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the

maximum amount payable to Executive Chairman in accordance with Schedule XIII to the Companies Act 1956 or any amendments made hereafter in this regard.

- v. The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months remuneration in lieu of such notice.
- e. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration proposed is reasonable in comparison to the remuneration paid in the industry. The company is a part of the textile industry surrounded by medium and large groups, which spends huge sums of money on the remuneration of its managerial persons. The product manufactured by the company requires high degree of expertise, knowledge and experience of technical nature. Further the appointee is not only but is also founder of the Company with highly respected stature in the industry and very experienced and key person in charge of the strategic decision making and overall growth and expansion of the company.

III. OTHER INFORMATION:

- a) Reasons for loss or inadequate profits:

The company has made profits during the current financial year and is paying dividends for last consequent years. However the profits are inadequate to pay desired remuneration to the appointee.

In accordance with the provisions of Section 309 of the Act, the terms of remuneration specified above are now being placed before the Members in General Meeting for their approval.

The draft Agreement between the Company and Mr. Vishwanath Harlalka is available for inspection by the members of the Company at the Registered Office of the Company between 11 00 am. and 01.00 p.m. on any working day till the Annual General Meeting of the Company.

Mr. Vishwanath Harlalka and Mr. Deepak Harlalka are concerned or interested in the passing of this resolution. No other directors are concerned or interested in the passing of this resolution.

eff:

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

**By Order of the Board**  
**(Vishwanath Harlalka)**  
Executive Chairman

Place : Mumbai  
Date : 17/07/2009

**DIRECTOR'S REPORT**

To  
The Members,

Your Directors are pleased to present the **Twenty Ninth** Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2009.

FINANCIAL RESULTS	2008-2009	2007-2008
	(Rs.)	(Rs.)
Net Sales/ Income from operations	3158.28	2865.80
Other Income	124.91	50.88
	3283.19	2916.68
Profit (before interest, depreciation and taxation)	407.86	316.27
Interest	8.66	18.36
Depreciation	42.53	42.90
Provision for		
Fringe Benefit Tax	2.60	2.25
Current Taxation	105.00	90.00
Deferred Tax	(0.27)	(0.05)
Net Profit after Tax	249.34	162.79
Add: Balance brought forward	590.17	476.53
From Previous year		
Excess/ Short provision for Tax in respect of earlier Year	(8.85)	-
Profit available for appropriation	830.66	639.24
<b>APPROPRIATIONS</b>		
Proposed Dividend	41.94	41.94
Distribution Tax	7.13	7.13
Profit Carried to Balance Sheet	781.59	590.17
Total	830.66	639.24

**DIVIDEND**

For the year under review, the Directors have recommend a dividend of Rs. 0.75 per share ( Rs. 0.75 per shares for the previous year) on the 5592600 Equity shares amounting to Rs. 41,94,450/-

**DIRECTORS:**

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

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

The Directors state that-

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

remitted to the members

**CORPORATE GOVERNANCE**

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

**AUDITORS**

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

**FIXED DEPOSITS**

The Company has not accepted or renewed any deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

**PARTICULARS OF EMPLOYEES:**

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

**ENVIRONMENT AND SAFETY MEASURES****i) Effluent control**

Effluent at Process House unit at Tarapur is carefully monitored and treated conforming to the requirements of the State Pollution Control Board.

**ii) Safety**

The Process equipments have built-in safety system and all the employees are well trained for safe working of plant operations. Adequate fire protection system is installed for the safety of men, material and machinery.

**iii) Insurance**

Your Company continued to cover all assets mainly; plant & machinery, building, materials, stocks, furniture & fixtures against possible risks like fire, flood, terrorism and earthquake.

**iv) Industrial Relations**

The industrial relations at the plants of the Company during the year under review continued to be cordial through out the year.

**PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.**

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Directors) Rules, 1988 regarding conservation of energy technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of the Report.

**LISTING OF SHARES**

The Company's Shares are listed on the BOMBAY STOCK EXCHANGE LIMITED.

**ACKNOWLEDGEMENT:**

Your Directors would like to place on record their appreciation for the co-operation and assistance received from the banks, for the utmost confidence reposed in the management by the shareholders and customers during the year under review. Your Directors wish to thank for the services of the executive, staff and workers of the Company at all levels for their dedication, devotion, determination and discipline. The Directors express their profound thanks to the shareholders for their continued support and goodwill and they look forward to the future with confidence.

**FOR AND ON BEHALF OF THE BOARD**  
**VISHWANATH HARLALKA**

Place: Mumbai  
Date : 17/07/2009

Executive Chairman



## ANNEXURE TO DIRECTORS' REPORT

(FORM - A) (See Rule 2)

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

## PART 'A'

## POWER &amp; FUEL CONSUMPTION

	2008-2009	2007-2008
(1) A <b>PURCHASED</b>		
Unit (KWH)	1871120	2259405
Total Amount (Rs.Lacs)	83.02	99.89
Rate per unit (Rs.)	4.43	4.42
B <b>OWN GENERATION</b>		
<i>Though Diesel Generator :</i>		
Units (KWH)	114709	129010
Units Per Ltr.of Diesel oil	3.50	3.50
Cost per unit (Rs.)	11.38	10.66
(2) <b>COAL</b>		
Quantity (Kgs.)	6169591	5923132
Total Cost (Rs. In lacs)	320.10	236.09
Average rate per Kg. (Rs.)	5.18	3.98
(3) <b>GAS</b>		
Quantity (Kgs.)	20240	28215
Total Cost (Rs. In lacs)	12.51	12.79
Average rate per Kg. (Rs.)	61.82	43.45
(4) <b>DIESEL OIL</b>		
Quantity (Ltrs)	34824	40358
Total cost (Rs.Lacs)	13.06	13.75
Average Rate Per Ltr. (Rs.)	37.51	34.08

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

## PART 'B'

## CONSUMPTION PER UNIT OF PRODUCTION ENERGY

	FABRICS PROCESSING (PER METER)	
	Current Year	Previous Year
Electricity (Kwh.)	0.12	0.14
Coal (Kgs.)	0.36	0.36

## A. CONSERVATION OF ENERGY

The Company's operation involves low energy Consumption Nevertheless energy conservation measures have already been taken wherever possible. Efforts to conserve and optimise the use of energy through improved operational methods and other means will continue.

## B. TECHNOLOGY AND TECHNICAL ABSORPTION AND ADOPTION

## 1. TECHNOLOGY ABSORPTION

The Company's present manufacturing activities are such that the same do not require any imported specialized Technology. Since in India, technical know-how for Textile Industries has been standardized and is being used in the Industry for last many years. Besides, the Promoters of the Company are engaged in Textile business since last 3 decades and the business is inherited. In view of the above, the question of technical absorption and adaptation does not arise.

## 2. RESEARCH &amp; DEVELOPMENT

At present the company does not have separate division for carrying out Research and Development work. No expenditure has therefore been earmarked for this activity.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai  
Dated : 17/07/2009

VISHWANATH HARLALAKA  
Executive Chairman



**MANAGEMENT DISCUSSION AND ANALYSIS**
**1. Industry Conditions**

The textiles and apparels sector is a major contributor to the Indian economy in terms of gross domestic product (GDP), industrial production and the country's total export earnings. This sector provides employment to over 35 million people and has direct linkage to the rural economy and the agricultural sector.

The textile industry is currently passing through a turbulent phase. With the global downturn ravaging economies, the textile sector is one of the worst hit. The effect of demand contraction and credit squeeze resulted in over 7 lac textile workers losing their jobs (by November 2008).

The drop in the levels of discretionary spending along with the credit squeeze spreading to the trade also contributed in no small measure.

However there is a slight thaw in the negative trend and it is expected that the economy may improve from the second half of the Financial Year 2009-2010, when the pent up demand of the Indian consumers would come to the fore and provide further traction to facilitate investment demand.

**Opportunities and Challenges**

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

On the other hand, during the Financial Year 2008-09, the volatility witnessed in the forex markets, credit squeeze, high costs of borrowings, drop in discretionary spending especially in export markets, disbursements of Technology Upgradation Fund (TUF) loan subsidies are some of the challenges facing the textile industry at large.

**2. Production & Sales Review:**

During the year under review, your company has registered a turnover of Rs. 3389.69 Lakhs as compared to Rs 2929.56 Lakhs in the previous year.

The production in the Company's Process House at Tarapur (Maharashtra) i.e. Dyeing & printing of textile fabrics was 17221713. Mtrs. as against 18891083 Mtrs. in previous year. The sales revenue from Processing of Fabric increased from Rs. 1208.25 Lakhs to Rs. 1220.84 Lakhs during the year under review. The sale revenue from sale of fabrics increased from Rs. 1721.30 lakhs to Rs.2164.73 lakhs.

**3. Outlook:**

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

**4. Internal Control Systems and Their Adequacy:**

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

The management of your Company has taken appropriate steps by constituting Internal Audit team with well-experienced and hard working personnel under the supervision of Audit Committee of the Board; which frequently checks and reviews functions of various departments and effectiveness of Audit checks and revision of systems and procedures periodically.

In the year under review, the Company initiated a focused policy to evaluate the design effectiveness of existing management controls across all its locations. Under this initiative, the company also undertook steps to implement new control measures in line with global best-in-class practices.

**5. The Financial and Operational Performance:**

The financial statement given in the Report of the Directors for the financial year 2008–2009 is quite satisfactory. It reflects the genuine steps taken by the management for transparency and best judgment for the estimate made to correctly reflect the true & fair affairs of the Company.

**6. Human Resource Development:**

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

**7. Cautionary statement:**

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



**CORPORATE GOVERNANCE REPORT**

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

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

**2. BOARD OF DIRECTORS**

The present strength of Board of Directors is 5 (Five), whose composition and category is given below:

- One - Promoter, Executive Director
- One - Promoter, Non Executive Director
- Three - Independent Directors

**(A) THE CONSTITUTION OF THE BOARD AS ON MARCH 31, 2009**

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

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Vishwanath S. Harlalka	Promoter, Non Executive	-	4	-	-
Deepak V. Harlalka	Promoter, Executive	2	5	-	-
Ramprasad Poddar	Independent	6	3	-	-
Dineshkumar Poddar	Independent	5	2	-	-
Rajendrakumar Rajgarhia	Independent	4	2	-	1

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

**(B) BOARD PROCEDURE**

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

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

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

During the year ended March 31, 2009, 5 ( five ) Board Meetings were held on 21st April 2008, 23rd July, 2008, 28th July, 2008, 31st October 2008, & 27th January 2009

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 26.08.2008
Shri. Vishwanath S. Harlalka	Chairman	5	Present
Shri. Deepak V. Harlalka	Managing Director	5	Present
Shri. Ramprasad Poddar	Independent Director Non Executive	5	Present
Shri. Dineshkumar Poddar	Independent Director Non Executive	5	Present
Shri. Rajendrakumar Rajgarhia	Independent Director Non Executive	3	Absent

**(D) DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT**

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

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

Mr. Ramprasad Poddar, aged 71 years B.com by qualification having 48 years experience in the textile industry is suited for the position of Director in the Company. His vast experience and knowledge of the textile industry and distinguished background as business is highly appropriate for the Company.

**3. COMMITTEES OF THE BOARD**

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

**i) Audit Committee**

Brief description of terms of reference

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

**Composition**

The Composition of the Audit Committee are as follows:

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

During the year ended 31st March, 2009, Five Audit Committee Meetings were held.

**ii) Remuneration Committee**

Brief description of terms of reference

- Fixation of salary, perquisites etc. of all executive directors of the Company, as and when any new executive director is appointed / existing executive director is re-appointed; and

Deciding commission payable to executive directors based on performance of the concerned executive director and for this purpose, fix targets for achievements.

**Composition**

The constitution of the Remuneration Committee is as follows:

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

The detail of remuneration for the year ended March 31, 2009 paid to the Managing Director during the period is as under:

Director	Salary Rs.	Cont. to PF & Other Funds Rs.	Perquisites Rs.	Total Rs.
Shri. Deepak Harlalka	12,00,000	1,44,000	1,88,933	15,32,933

**iii) Shareholders/ Investors Grievance Committee**

Brief description of terms of reference

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



**Composition**

**COMPOSITION OF THE COMMITTEE**

The constitution of the Committee is as follows:

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

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

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

There were no valid share transfer requests pending as on March 31, 2009.

**4. GENERAL BODY MEETINGS**

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

Financial Year	Date	Time	Location of the Meeting
2007-2008	28.08.2008	4.30 pm	Green Room Garware Club House, Wankhede Stadium, 'D'Road, Churchgate, Mumbai 400 020.
2006-2007	24.09.2007	4.30 pm	Green Room Garware Club House, Wankhede Stadium, 'D'Road, Churchgate, Mumbai 400 020.
2005-2006	29.09.2006	4.30 pm	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.

**5. DISCLOSURES**

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

The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No. 05 of Notes on the Annual Accounts. All the transaction covered under related party transaction were fair, transparent and at arms length.

**6. MEANS OF COMMUNICATIONS**

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

The company does not have any website but the results are to be upload on SEBI website (EDIFAR), for which necessary access is awaited.

**7. CODE OF CONDUCT**

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

**8. GENERAL SHAREHOLDERS INFORMATION**

a) Annual General Meeting		
i) Date & Time		: 31st August, 2009 at 1.00 P.M.
ii) Venue		: Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400 002
b) Financial Calendar (tentative)		
Results for the 1st Quarter Ending 30th June, 2009		: Last week of July, 2009
Results for the 2nd Quarter/Half Year Ending 30th September, 2009		: Last week of October, 2009



- Results for the 3rd Quarter Ending 31st December, 2009 : Last week of January, 2010
- Results for the 4th Quarter/Year Ending 31st March, 2010 : Last week of April/June, 2010
- c) Book Closure Date : Saturday, August 22, 2009 to Monday, August 31, 2009 (both days inclusive).
- d) Dividend Payment Date : Within 30 days of AGM; if approved by the Shareholders of the Company.
- e) Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai
- f) Stock Code : Physical Segment – BSE: 531744  
NSDL/CDSL-ISIN: INE 548B01018
- g) Stock Market Data : The monthly high and low prices during the year at BSE are as follows:

Month	Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)
April, 2008	35.00	20.00
May, 2008	36.55	28.25
June, 2008	28.60	21.40
July, 2008	25.85	19.85
August, 2008	29.80	24.45
September, 2008	29.20	21.50
October, 2008	25.50	19.50
November, 2008	21.00	16.70
December, 2008	16.75	13.50
January, 2009	18.60	15.00
February, 2009	17.75	14.85
March, 2009	17.05	12.00

h) Share holding pattern as on 31.03.2009

Sr. No.	Category	No. of Shares	%
1	Promoters (including Promoters' Body Corporate)	4974260	88.94
2	Body Corporate	38416	0.69
3	Resident Individuals	577782	10.33
4	Non Resident Indians	1462	0.03
6	Clearing Member	680	0.01
	<b>TOTAL</b>	<b>5592600</b>	<b>100.00</b>

i) Distribution of Share holding as on 31.03.2009

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 5000	592	75.70	105241	1.88
5001 to 10000	107	13.68	90767	1.63
10001 to 20000	27	3.45	39418	0.70
20001 to 30000	12	1.53	31074	0.56
30001 to 40000	7	0.90	25793	0.46
40001 to 50000	6	0.77	28707	0.51
50001 to 100000	12	1.54	90512	1.62
100001 onwards	19	2.43	5181088	92.64
	<b>782</b>	<b>100.00</b>	<b>5592600</b>	<b>100.00</b>

(AJAWGANIKI KISHAWALA)  
Partner  
MID. 33484

Place Mumbai  
Date 11.03.2009



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

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

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

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

l) Dematerialisation of Shares:  
As on 31st March, 2009, 55,06,893 Equity shares were in dematerialized form representing 98.47 % of total share capital of the Company.

m) Plant LOCATION:  
Fabric Process Unit: E-15, MIDC – Tarapur, Boisar – 421 506, Thane. (Maharashtra)

n) Address for Correspondence: BIGSHARES SERVICES PRIVATE LIMITED  
E-2/3, Ansa Industrial Estate, Sakivihar Road  
Saki Naka, Andheri (E), Mumbai – 400 072  
Tel. No. : 228470652 Fax No. : 228475207

**DECLARATION**

As provide under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and senior management personnel have affirmed compliance with Gini Silk Mills Limited Code of Business Conduct and Ethics for the year ended March 31, 2009

For Gini Silk Mills Limited

Place : Mumbai  
Date : 17/07/2009  
Deepak Harlalka  
(Managing Director)

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

To,  
The Members of **GINI SILK MILLS LIMITED**

We have reviewed the compliance of conditions of Corporate Governance by GINI SILK MILLS LIMITED, for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For **VATSARAJ & CO.**  
Chartered Accountants

Place: Mumbai  
Date : 17/07/2009  
**(CA MAYUR KISNADWALA)**  
Partner  
M.NO. 33994



ANNEXURE AUDITORS' REPORT

To the Members of GINI SILK MILLS LIMITED

We have audited the attached balance sheet of GINI SILK MILLS LIMITED as at 31st March, 2009 and the relative profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
(b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
(c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
(d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
(e) On the basis of written representation received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes as per Schedule 'S' give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
(i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009;
(ii) In the case of the Profit and Loss account of the Profit for the year ended on that date and
(iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Vatsaraj & Co. Chartered Accountants

CA Mayur Kisnadwala Partner

Place : Mumbai Date : 17/07/2009

M.No. 33994

(iii) The financial statements have been prepared in accordance with the accounting principles generally accepted in India and the provisions of the Companies Act, 1956.

**ANNEXURE TO AUDITORS' REPORT**

The Annexure referred to in paragraph 1 of the Auditor's Report to the members of GINI SILK MILLS LIMITED for the year ended 31st March 2009.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year; in our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noted on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loan to two party covered in the register maintained under section 301 of the Companies Act 1956, without stipulation to its repayment. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 55,142,806/-, and year end balance is Rs. 54,743,529 /-.
- (b) In our opinion and according to the information and explanation given to us the rate of interest and other terms and conditions, are not prima facie prejudicial to the interest of the company.
- (c) The principal amounts and interest are repayable on demand as there is no repayment schedule.
- (d) As the loan and interest are repayable on demand, the question of overdue amounts does not arise.
- (e) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except for unsecured loans, taken from two directors payable on demand. The amount outstanding as on 31.3.2009 Rs10,052,356/-. And the maximum amount outstanding during the year is Rs. 14,806,442/-.
- (f) The rate of interest and other terms and conditions of loans taken by the company, are, in our opinion, prima facie not prejudicial to the interest of the company; and
- (g) Repayment of the principal amount and interest is on demand.
- (iv) In our opinion and based on the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding value of rupees five lakhs of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any relevant provisions of the Act and the rules framed there under are not applicable.
- (vii) Based on the records examined by us and information and explanations given to us, in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) The company has maintained the records relating to materials, labour or any other items of cost prescribed pursuant to the Rules made by Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.





- (ix) (a) Based on the records examined by us and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no dues of income tax/Sales Tax / wealth tax/ Service Tax/ Custom Duty /excise duty/cess which have not been deposited with the appropriate authorities on account of any dispute except for the following;

Name of the Statute	Nature of Dues	Amounts (Rs.)	Forum where dispute is pending
Central Excise Act	Demand for interest and penalty on differential amount of excise duty	2,15,820/-	Commissioner of Central Excise (Appeal)
Excise Service Tax	Demand for Deemed Credit	2,38,418/-	Registrar the Customs Excise Service Tax Appellate Tribunal
Textile Committee	Collection of cess under the Textile Committee Act and cess Rules reg.	2,99,150/-	Textile Committee Cess Appellate Tribunal.

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

For Vatsaraj & Co.  
(Chartered Accountants)

CA - Mayur Kisnadwala  
Partner  
M.No. 33994

Place: Mumbai  
Date : 17/07/2009



**BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	Schedule	As at	
		31st March, 2009 Rs.	31st March, 2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDER'S FUND</b>			
SHARE CAPITAL	A	56,740,063	56,740,063
RESERVES & SURPLUS	B	79,182,093	60,040,113
		<u>135,922,156</u>	<u>116,780,176</u>
<b>LOANS FUNDS</b>			
SECURED LOAN	C	1,862,817	-
UNSECURED LOAN	D	10,052,356	14,206,442
		<u>11,915,173</u>	<u>14,206,442</u>
		3,625,284	3,652,086
<b>DEFERRED TAX LIABILITY ( NET )</b> (Refer Note No. 7)			
<b>TOTAL</b>		<u>151,462,613</u>	<u>134,638,705</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
GROSS BLOCK	E	105,703,036	102,659,385
LESS: DEPRECIATION		65,326,927	61,333,723
		<u>40,376,109</u>	<u>41,325,662</u>
CAPITAL WORK IN PROGRESS	R	40,376,109	41,325,662
<b>INVESTMENTS</b>	F	20,264,120	17,320,605
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
INVENTORIES	G	45,097,887	49,515,973
SUNDRY DEBTORS	H	26,997,925	33,965,312
CASH & BANK BALANCES	I	812,793	1,919,264
LOANS & ADVANCES	J	64,920,132	24,885,649
		<u>137,828,737</u>	<u>110,286,198</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
CURRENT LIABILITIES	K <sup>g</sup>	42,099,055	29,386,462
PROVISIONS	L	4,907,298	4,907,298
		<u>47,006,353</u>	<u>34,293,760</u>
<b>NET CURRENT ASSETS</b>		<u>90,822,384</u>	<u>75,992,438</u>
<b>TOTAL</b>		<u>151,462,613</u>	<u>134,638,705</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS			

The Schedule referred to above form an integral part of the Balance Sheet As per our report of even date, read together with notes to accounts

For **VATSARAJ & CO.**  
Chartered Accountants

**CA - MAYUR KISNADWALA**  
Partner

Mumbai, 17/07/2009

For and on behalf of the Board

**VISHWANATH HARLALKA**  
Executive Chairman

**DEEPAK HARLALKA**  
Managing Director

**DINESH PODDAR**  
Director

Mumbai, 17/07/2009



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	For the Year ended 31st March, 2009 Rs.	For the Year ended 31st March, 2008 Rs.
<b>INCOME</b>			
SALES (GROSS)		216,473,101	172,130,620
LESS: EXCISE DUTY		-	-
TURNOVER (NET)		216,473,101	172,130,620
PROCESS RECEIPTS	M	99,354,902	114,449,651
OTHER INCOME	N	12,491,338	5,087,717
INCREASE/ (DECREASE) IN STOCK	O	(3,031,979)	2,202,116
<b>TOTAL</b>		<b>325,287,362</b>	<b>293,870,104</b>
<b>EXPENDITURE</b>			
RAW MATERIALS CONSUMED	P	135,322,840	90,626,379
PURCHASE, MANUFACTURING, SELLING, DISTRIBUTION & OTHER ESTABLISHMENT EXP.	Q	150,047,354	173,434,001
DEPRECIATION		4,253,245	4,290,232
<b>TOTAL</b>		<b>289,623,439</b>	<b>268,350,612</b>
PROFIT FOR THE YEAR BEFORE TAXATION AND PRIOR PERIOD AND E. O. I.		35,663,923	25,519,492
<b>PRIOR PERIOD ITEM AND EXTRA ORDINARY ITEMS</b>			
PRIOR PERIOD ITEM		3,162	27,230
PROFIT FOR THE YEAR BEFORE TAXATION		35,667,085	25,492,262
PROVISION FOR INCOME TAX			
FRINGE BENEFIT TAX		260,000	225,000
CURRENT TAX		10,500,000	9,000,000
DEFERRED TAX		(26,803)	(4,739)
PROFIT FOR THE YEAR AFTER TAXATION		24,933,888	16,272,001
EXCESS/SHORT PROVISION WRITTEN BACK OF EARLIER YEARS		(884,610)	-
ADD : BALANCE BROUGHT FORWARD		59,017,022	47,652,319
BALANCE AVAILABLE FOR APPROPRIATION		83,066,300	63,924,320
<b>APPROPRIATIONS</b>			
PROPOSED DIVIDEND		4,194,450	4,194,450
PROVISION FOR DIVIDEND DISTRIBUTION TAX		712,848	712,848
BALANCE CARRIED OVER TO BALANCE SHEET		78,159,002	59,017,022
		<b>83,066,300</b>	<b>63,924,320</b>
EARNING PER SHARE- BASIC AND DILUTED ( RS. PER EQUITY SHARES OF RS. 10/-EACH) REFER NOTE NO.6 OF SCHEDULES.		4.30	2.91
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	S		

The Schedule referred to above form an integral part of the Profit & Loss Account  
As per our report of even date, read together with notes to accounts

For **VATSARAJ & CO.**  
Chartered Accountants

**CA - MAYUR KISNADWALA**  
Partner

MUMBAI

Mumbai, 17/07/2009

For and on behalf of the Board

**VISHWANATH HARLALKA**  
Executive Chairman

**DEEPAK HARLALKA**  
Managing Director

**DINESH PODDAR**  
Director

Mumbai, 17/07/2009



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>SCHEDULE "A" - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
60,00,000 Equity Shares of Rs.10/- each	60,000,000	60,000,000
1,00,000 10% Cumulative Convertible Preference shares of Rs.100/- each	10,000,000	10,000,000
	<u>70,000,000</u>	<u>70,000,000</u>
<b>ISSUED SUBSCRIBED &amp; PAID UP</b>		
55,92,600 Equity Shares of Rs.10/- each fully paid up in cash	55,926,000	55,926,000
Add: Shares Forfeiture A/c	814,063	814,063
	<u>56,740,063</u>	<u>56,740,063</u>
<b>SCHEDULE "B" - RESERVES &amp; SURPLUS</b>		
<b>GENERAL RESERVE</b>		
Balance as per last year	1,023,091	1,023,091
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Surplus as per Profit & Loss Account	78,159,002	59,017,022
	<u>79,182,093</u>	<u>60,040,113</u>
<b>SCHEDULE "C" - SECURED LOANS</b>		
From State Bank of India in Cash Credit A/c	1,862,817	-
Note : CASH CREDIT Loan is secured by hypothecation of Raw Materials, Semi - finished & Finished goods, Stores & Spare parts, Book Debts and further secured by second charge over the immovable assets of the company	<u>1,862,817</u>	<u>-</u>
<b>SCHEDULE "D" - UNSECURED LOANS</b>		
Other loans & advances		
From Directors	10,052,356	14,206,442
	<u>10,052,356</u>	<u>14,206,442</u>

**SCHEDULE "E" - FIXED ASSETS (AT COST)**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2008	Additions	Adjustments/ Deduction	As at 31/03/2009	Up to 31/03/2008	Provided For the Year	Adjust- Ments/ Deduction	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
Leasehold Land	4,987,194	-	-	4,987,194	672,429	56,036	-	728,465	4,258,729	4,314,765
Factory Building	29,828,177	-	-	29,828,177	10,490,167	979,371	-	11,469,540	18,358,637	19,338,010
Plant & Machinery	51,531,461	3,139,288	-	54,670,749	42,087,686	2,367,779	-	44,455,465	10,215,284	9,443,775
Electric Installation	5,799,339	93,529	-	5,892,868	2,379,105	274,872	-	2,653,977	3,238,891	3,420,234
Office Equipment	1,043,365	-	-	1,043,365	543,207	44,161	-	587,369	455,996	500,158
Vehicles	2,326,093	-	269,000	2,057,093	493,114	278,317	260,040	511,391	1,545,702	1,832,979
Computers	2,412,141	22,880	-	2,435,021	1,862,556	130,069	-	1,992,625	442,396	549,586
Furniture & Fixture	1,334,131	16,565	-	1,350,696	928,104	61,975	-	990,078	360,618	406,027
Fire Fighting Equipment	180,781	-	-	180,781	86,460	8,382	-	94,841	85,940	94,321
E.T.Plant	1,517,371	-	-	1,517,371	1,516,779	391	-	1,517,170	201	592
Lab Equipments	849,879	40,389	-	890,268	135,966	36,693	-	172,659	717,609	713,913
Building	849,453	-	-	849,453	138,149	15,199	-	153,347	696,106	711,304
<b>TOTAL</b>	<b>102,659,385</b>	<b>3,312,651</b>	<b>269,000</b>	<b>105,703,036</b>	<b>61,333,722</b>	<b>4,253,245</b>	<b>260,040</b>	<b>65,326,927</b>	<b>40,376,109</b>	<b>41,325,664</b>
<b>PREVIOUS YEAR</b>	<b>96,272,809</b>	<b>7,391,209</b>	<b>1,004,633</b>	<b>102,659,385</b>	<b>57,800,233</b>	<b>4,290,232</b>	<b>756,743</b>	<b>61,333,723</b>	<b>41,325,662</b>	<b>38,472,577</b>



GINI CONSTRUCTION PVT. LTD.  
8005, Jyoti Nagar, 1st Floor, Sector 17, Gurgaon, Haryana

**SCHEDULE "F" - INVESTMENTS**

**I LONG TERM INVESTMENTS**

**a) (UNQUOTED - NON TRADE, AT COST)**

195000 Equity Shares of Rs.10/- each, fully paid up  
**GINI TEX PVT. LIMITED.** (Includes 127500 bonus  
shares received in 1992)

887,500

887,500

**b) (UNQUOTED - NON TRADE, AT COST)**

1800 Equity Shares of Rs.10/- each, fully paid up  
**GINI CONSTRUCTION PVT.LIMITED.** (Previous year Nil)

18,000

18,000

**c) (QUOTED - NON TRADE, AT COST)**

5,320 Equity Shares @ 10/- each

319,200

319,200

**RELIANCE PETRO LIMITED**

Market Value Rs. 5,06,198/- (Previous Year Rs 8,31,250/-)  
2,019 Equity Shares @ 10/- each

**NATIONAL THERMAL POWER CORPORATION**

Market Value Rs.3,63,824 /- (Previous Year Rs 3,97,743/-)  
995 Equity Shares @ 10/- each

125,178

125,178

**JAGRAN PRAKASHAN LIMITED**

(Market Value Rs.56,665 /- (Previous Year Rs. 17,393/-)  
Units 1591726.611 @ 10/- each

53,094

53,094

**ABN-AMRO MONEY PLUS REGULAR WD**

Market Value Rs. Nil (Previous Year Rs.1,59,30,000/-)  
Units 861246.476 @ 10.03 each

15,928,433

**HDFC CASH MGMT FUND-SAVING**

Market Value Rs.8,639,594/- (Previous Year Rs. Nil)  
Unit 248957.532 @41.0285 each

8,639,594

**BIRLA SUN LIFE INCOME PLUS - GROWTH**

Market Value Rs. 98,61,058/- (Previous Year Rs. Nil)

10,214,354

**d) OTHERS**

72 Shares @ 100/- each

7,200

7,200

**TARAPUR ENVIRONMENT PROTECTION SOCIETY**

**AGGREGATE VALUE OF**

**Quoted Investments:**

	Market Value	Book Value
Current Year	19,427,339	19,340,881
Previous Year	17,176,386	16,425,905

**Unquoted Investments:**

	Market Value	Book Value
Current Year	—	9,12,700
Previous Year	—	9,12,700

20,264,120

17,320,605

**SCHEDULE "G" - INVENTORIES**

(As taken, valued & certified by the management)

Fabrics	25,275,451	28,040,855
Goods in Transit	418,258	-
Raw Materials	11,171,938	13,165,657
Work in Process ( Job)	3,898,141	4,164,717
Stores & Spares	4,334,099	4,144,744
	<u>45,097,887</u>	<u>49,515,973</u>

**SCHEDULE "H" - SUNDRY DEBTORS**

(Unsecured, considered good by the management)

Debts outstanding for a period exceeding six months	1,291,780	1,774,815
Other Debts	25,706,145	32,190,497
	<u>26,997,925</u>	<u>33,965,312</u>



	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
<b>SCHEDULE "I" - CASH &amp; BANK BALANCES</b>		
Cash in Hand	420,019	297,977
<b>Balances with Scheduled Banks :</b>		
(i) In current Account	345,002	1,576,713
(ii) In Margin Account	10,000	10,000
(iii) In Fixed Deposit	37,772	34,574
	<u>812,793</u>	<u>1,919,264</u>
<b>SCHEDULE "J" - LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good by the management)		
* Advance recoverable in cash or in kind or value to be received.	59,341,555	18,764,158
Deposit with Government /Semi Government authorities and others.	1,549,918	1,549,918
Advance Income Tax ( Net of Provision)	4,028,659	4,030,221
Balance with Central Excise department	-	541,352
* Includes Rs.3,95,43,401/- towards Loan given to Gini Constructions Co.& Rs. 1,52,00,128/- to Gini Construction Pvt Ltd in which Company is a Partner/ Shareholder	<u>64,920,132</u>	<u>24,885,649</u>
<b>SCHEDULE "K" - CURRENT LIABILITIES</b>		
Sundry Creditors (Due to SSI Undertaking above 30 days Rs.Nil)	25,586,718	21,781,473
Advances from customers	10,136,588	2,147,545
Investor Education and Protection Fund: (Appropriate amount shall be transferred to the Fund as and when due)		
Unpaid Dividend	85,204	110,306
Other Liabilities	6,290,545	5,347,138
	<u>42,099,055</u>	<u>29,386,462</u>
<b>SCHEDULE "L" - PROVISIONS</b>		
Proposed Dividend	4,194,450	4,194,450
Distribution Tax	712,848	712,848
	<u>4,907,298</u>	<u>4,907,298</u>
<b>SCHEDULE "M" - PROCESS &amp; JOB CHARGES RECEIVED</b>		
Processing Charges - Fabrics	122,084,050	120,825,130
Less: Inter division Sale	<u>(22,729,148)</u>	<u>(6,375,479)</u>
	<u>99,354,902</u>	<u>114,449,651</u>
<b>SCHEDULE "N" - OTHER INCOME</b>		
* Interest - Gross (T.D.S Rs.1,135,064/- (Previous Year Rs. 5,71,121/-)	5,384,798	2,123,724
Rebate & Discounts	1,032,476	1,180,422
Mvat Refund	1,654,946	-
Dividend Received	1,049,296	495,653
Scrap Sales	37,685	36,535
Profit on sale of Fixed Assets	1,042	32,110
Profit on Partnership Firm	-	61,365
Rent Income (T.D.S. Rs. 4,86,961/-) (Previous Year Rs. 1,58,620/-)	2,499,000	700,000
Miscellaneous Income	37,600	-
Sundry Balance W/off	469,469	5,724
Profit on sale of Shares	-	452,184
Profit on sale of Mutual Fund Units	325,026	-
	<u>12,491,338</u>	<u>50,87,717</u>
* Includes Interest of Rs.49,14,470 /- towards Loan given to Gini Constructions Co.& Gini Construction Private Limited in which Company is Partner/Shareholder		



For the  
Year ended  
31st March, 2009

For the  
Year ended  
31st March, 2009

For the  
Year ended  
31st March, 2008

**SCHEDULE "O" - INCREASE/(DECREASE) IN STOCK**

**CLOSING STOCK**

Fabrics	25,275,451	28,040,855
Work in Process ( Job)	3,898,141	4,164,717
	<u>29,173,592</u>	<u>32,205,572</u>

**OPENING STOCK**

Fabrics	28,040,855	27,246,722
Work in Process ( Job)	4,164,716	2,756,734
	<u>32,205,571</u>	<u>30,003,456</u>
Increase/ Decrease in stock	<u>(3,031,979)</u>	<u>2,202,116</u>

**SCHEDULE "P" - RAW MATERIALS CONSUMED**

**Dyes & Chemicals**

Opening Stock	2,538,115	2,735,429
Add : Purchases	27,430,265	27,078,438
	<u>29,968,380</u>	<u>29,813,867</u>
Less : Closing Stock	2,808,987	2,538,115
	<u>27,159,393</u>	<u>27,275,752</u>

**GREY FABRICS CONSUMED**

Opening Stock	10,627,542	3,405,655
Add : Purchases	105,898,856	70,572,514
Add : Goods in Transit	418,258	-
	<u>116,944,656</u>	<u>73,978,169</u>
Less : Closing Stock	8,362,951	10,627,542
Less : Goods in Transit	418,258	-
	<u>108,163,447</u>	<u>63,350,627</u>
	<u>135,322,840</u>	<u>90,626,379</u>

**SCHEDULE "Q" - PURCHASES, MANUFACTURING,  
SELLING, DISTRIBUTION & OTHER ESTABLISHMENT  
EXPENSES**

**PURCHASES**

Fabrics	23,009,137	57,701,319
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**STORES & SPARES CONSUMED**

Opening Stock	2,172,688	2,097,129
Add : Purchases	4,907,363	4,836,473
	<u>7,080,051</u>	<u>6,933,602</u>
Less : Closing Stock	2,296,978	2,172,688
	<u>4,783,073</u>	<u>4,760,914</u>

**FURNANCE OIL CONSUMED**

Opening Stock	210,759	210,759
Add : Purchases	-	-
	<u>210,759</u>	<u>210,759</u>
Less : Closing Stock	-	-
	<u>210,759</u>	<u>210,759</u>



# GINI SILK MILLS LIMITED

For the  
Year ended  
31st March 2009

For the  
Year ended  
31st March 2008

For the  
Year ended  
31st March, 2009

For the  
Year ended  
31st March, 2008

## PACKING MATERIAL CONSUMED

Opening Stock	1,221,030	912,398
Add : Purchases	8,640,747	7,796,419
	<u>9,861,777</u>	<u>8,708,817</u>
Less : Closing Stock	1,820,620	1,221,030
	<u>8,041,157</u>	<u>7,487,787</u>

## COAL CONSUMED

Opening Stock	508,641	201,521
Add : Purchases	31,693,201	24,135,359
	<u>32,201,842</u>	<u>24,336,880</u>
Less : Closing Stock	192,261	508,641
	<u>32,009,581</u>	<u>23,828,239</u>
	<u>45,044,570</u>	<u>36,076,940</u>

## POWER & FUEL CONSUMED

Opening Stock	31,626	44,553
Add : Purchases	10,665,194	12,702,039
	<u>10,696,820</u>	<u>12,746,592</u>
Less : Closing Stock	24,240	31,626
	<u>10,672,580</u>	<u>12,714,966</u>

## OTHER MANUFACTURING EXPENSES

Processing Charges	32,052,739	14,981,483
Less: Interdivision Processing charges	(22,729,148)	(6,375,479)
Design Charges	269,250	309,461
Labour Charges	11,754,289	12,224,125
Carriage & Freight	2,258,929	2,501,447
Packing Charges	666,543	2,457,845
Water Charges	5,823,717	7,767,271
Effluent Treatment Expenses	1,077,308	1,269,614
	<u>31,173,627</u>	<u>35,135,763</u>

## PAYMENT TO AND PROVISION FOR EMPLOYEES

Salaries, Wages, Gratuity & Other benefits	12,663,246	10,594,271
Contribution to PF & Other Funds	809,670	691,003
Staff Welfare Expenses	385,913	363,718
	<u>13,858,829</u>	<u>11,648,992</u>

## SELLING DISTRIBUTION AND OTHER EXPENSES

Commission on Sales	7,448,464	8,645,692
Advertisement Expenses	3,851,360	801,556
Sales Conference	25,000	
Sales Promotion Expenses	2,237,096	887,617
	<u>13,561,920</u>	<u>10,334,865</u>





	For the Year ended 31st March, 2009	For the Year ended 31st March, 2008
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**ESTABLISHMENT EXPENSES**

Insurance Charges	722,433	830,527
Rent	1,211,360	147,614
Rates & Taxes	373,067	271,678
Testing Fees & Laboratory Charges	63,889	102,132
Traveling & Conveyance	1,769,824	968,652
Brokerage	473,969	-
Printing & Stationery	459,647	689,176
Legal & Professional Charges	820,641	983,768
Postage Expenses	218,374	269,210
Miscellaneous Expenses	310,929	363,798
Motor Car Expenses	364,813	550,069
Telephone Charges	576,399	414,189
Electricity Charges	1,180,376	201,868
Membership & subscription Fees	52,566	35,375
Donation	1,027,500	500,000
Entertainment Expenses	143,714	161,768
Hundi & Stamp Paper Fees	1,310	1,270
Registration Charges- Leave & Licences	30,013	-
Sundry Balances W/off	-	7,765
Cash Transaction Tax	9,475	7,800
Security Transaction Tax	-	1,603
Sitting Fees	9,000	11,000
Loss on sales of Mutual Fund	-	5,310
Internet Expenses	101,124	-
Computer Expenses	55,420	139,291
	<u>9,975,843</u>	<u>6,663,863</u>

**REPAIRS & MAINTENANCE**

To Plant & Machinery	748,494	727,357
To Building	827,704	224,531
To Others	213,381	265,143
	<u>1,789,579</u>	<u>1,217,031</u>

**PAYMENT TO AUDITORS**

As Audit Fees	75,000	75,562
As Tax Audit Fees	20,000	20,225
For Expenses	-	8,428
	<u>95,000</u>	<u>104,215</u>



**GINI SILK MILLS LIMITED**

For the  
Year ended  
31st March 2009

For the  
Year ended  
31st March, 2009      For the  
Year ended  
31st March, 2008

**INTEREST & FINANCE CHARGES**

On Cash Credit Account  
On Others  
Bank Commission Charges

11,778	49,607
569,551	1,586,474
284,941	199,966
<u>866,270</u>	<u>1,836,047</u>
<u>150,047,354</u>	<u>173,434,001</u>

**GRAND TOTAL**

**SCHEDULE " R " - CAPITAL WORK IN PROGRESS  
FOR THE YEAR ENDED 31ST MARCH 2009**

Opening Balance  
Factory Building under construction  
Less : Capitalized During the Year  
**BALANCE OF CAPITAL WORK IN PROGRESS  
AS ON 31st March' 2009**

-	3,532,888
-	194,209
-	3,727,097
-	-

888,109  
378,38

As per our report of even date

For **VATSARAJ & CO.**  
Chartered Accountants

**CA - MAYUR KISNADWALA**  
Partner

808 1

Mumbai, 17/07/2009

For and on behalf of the Board

**VISHWANATH HARLALKA**  
Executive Chairman

**DEEPAK HARLALKA**  
Managing Director

**DINESH PODDAR**  
Director

Mumbai, 17/07/2009

188,881

6,883,888

157,321

554,831

582,143

1,517,031

78,888

50,558

8,458

1,04,518



**SCHEDULE "S" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

**I) SIGNIFICANT ACCOUNTING POLICIES:**

**A) ACCOUNTING CONVENTION**

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

**B) FIXED ASSETS**

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

**C) DEPRECIATION / AMORTIZATION**

- i) Depreciation for the year in respect of assets relating to undertaking at Tarapur has been provided on straight line method at the rates specified as per Schedule XIV of the Companies Act, 1956.
- ii) In respect of assets relating to undertakings at Kandivali depreciation has been provided on written down value method at the rates specified as per Schedule XIV of the Companies Act, 1956.
- iii) Lease hold land has been amortized over the period of the lease on straight line basis.
- iv) Depreciation on the Fixed Assets added during the year has been provided on pro-rata basis with reference to the month of addition.

**D) INVESTMENTS**

The long-term investments are stated at cost. Provision for permanent diminution in value in the perception of the Management will only be considered.

**E) INVENTORIES**

- i) Inventories of Raw Materials, Stores and Spares, Finished goods and Work in progress are valued at lower of cost or net realizable value.
- ii) Cost comprises of all cost of purchases, cost of conversion and other cost incurred in bringing the inventory to their present location and conditions.
- iii) Cost is determined under Weighted Average method for stores & spares and for fabrics on FIFO basis.

**F) REVENUE RECOGNITION**

- i) Expenses and Income considered payable and receivable respectively are accounted for on accrual basis. The Company's share in the profit / loss of the partnership firm is accounted as and when determined.
- ii) Purchases/Sales/Process receipts are exclusive of Excise duty but net off after adjusting claims, incentives, rebates, discounts etc.,
- iii) Dividend income on investments is accounted for when the right to receive the payment is established.

**G) RETIREMENT BENEFITS**

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

**H) BORROWING COST**

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

**I) TAXES ON INCOME**

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



**J) CONTINGENT LIABILITIES**

Contingent Liabilities have not been provided for.

**K) SEGMENT REPORTING**

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

**II) NOTES FORMING PART OF THE ACCOUNTS;**

**1) CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF**

- i) Central Excise duty Demand of Rs. 215,820/- for Interest and Penalty on differential amount of Excise duty [The Company has gone in appeal to the Commissioner (Appeal)] (Previous year Rs. 215,820/-)
- ii) 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.
- iii) Commissioner of Central Excise, Thane II has demand of Rs. 3,38,418/- on Deemed Credit. The Company has deposited Rs. 1,00,000/- ( Previous year Rs. 1,00,000/-)to Asst. Registrar the Customs Excise Service Tax Appellate Tribunal W.Z.B. ( Previous year Rs. 3,38,418/-)
- iv) Textile Committee has demanded Rs. 2,99,150/- on collection of Cess under the Textile Committee Act & Cess Rules Reg. ( Previous year Rs. 2,99,150/-)

**2) SUNDRY DEBTORS AND LOANS & ADVANCES INCLUDES DEBTS DUE FROM**

**i) FIRMS IN WHICH DIRECTORS ARE INTERESTED**

	2008-2009 (Rs.)	2007-2008 (Rs.)
Shree Enterprises :		
(Maximum balance outstanding on any day during the year Rs.10,72,366/-) (Previous Year Rs. 25,68,492/-)	661,329	-
Gini Constructions Co. On Account of Loan (Maximum balance outstanding on any day during the year Rs. 399,42,678 /-) (Previous Year Rs. 2,25,00,000)	395,43,401	1,68,81,745

**ii) COMPANIES UNDER THE SAME MANAGEMENT**

Gini Tex Private Limited. (Maximum balance outstanding on any day during the year Rs. 1,52,36,692 /-) (Previous Year Rs. 1,57,97,182/-)	976,218	16,34,143
Gini Constructions Co Private Limited. On Account of Loan (Maximum balance outstanding on any day during the year Rs. 15,200,128 /-) (Previous Year Rs. Nil )	152,00,128	-
Shree Gini Texturising Pvt.Ltd On Process Job work (Maximum balance outstanding on any day during the year Rs.648 /- ) (Previous Year Rs.4,152/-)	-	648

**3) MANAGING DIRECTORS REMUNERATION:**

	2008-2009 (Rs.)	2007-2008 (Rs.)
Salary	12,00,000	12,00,000
Contribution to P.F. & Other funds	1,44,000	1,44,000
Perquisites	1,88,933	169,776
	<u>15,32,933</u>	<u>15,13,776</u>

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

**Defined Contribution Plan**

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

	2008-2009	2007-2008
Employer's Contribution to Provident Fund	7,81,208	6, 82, 342



**Defined Benefit Plan**

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

I Calculation of changes in PV of Obligation		2008-2009	2007-2008
<b>Particulars</b>			
Opening PV of Obligation		1,162,989	949,284
Interest Cost		93,039	71,196
Current Service Cost		191,687	184,552
Less: Benefits Paid		230,539	134,278
Actuarial Gain / Loss (Bal. Fig)		424,548	(92,235)
PV of Closing Obligation		1,641,724	1,162,989
<b>II Calculation of Changes in Fair Value of Plan Asset</b>			
FV of Plan Asset at beginning		1,391,196	879,891
Expected Return on Plan Asset		122,835	98,686
Employer Contribution		647,174	546,897
Less: Benefits Paid		230,539	134,278
Actuarial Gain / (Loss) (Bal. Fig.)		NIL	NIL
FV of Asset at end		1,930,666	1,391,196
<b>III Liability in Balance Sheet</b>			
Closing PV of Obligation		1,641,724	1,162,989
Less: FV of Plan Asset		1,930,666	1,391,196
Asset/ (Liability) recognised in Balance Sheet		288,942	228,207
<b>IV Expense in Profit &amp; Loss A/c Statement</b>			
Current Service Cost		191,687	184,552
Add: Interest Cost		93,039	71,196
Less: Expected Return on Plan Asset		(122,835)	(98,686)
Add: Actuarial Loss		424,548	92,235
Less: Actuarial Gain		-	-
Total Expenses Recognised in P & L A/c		586,439	249,297
<b>V Actuarial Assumptions</b>			
Discount Rate Per Annum		8%	8%
Rate of Escalation in salary (per annum)		4%	4%

Principal actuarial assumptions at the Balance Sheet date are as follows:

Mortality Table (LIC)	1994-96
Discount rate per annum	8.00%
Withdrawal rate	1% to 3% depending on age
Retirement age	58 years

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

This being the first year in which the Company has adopted the "Disclosures" under the revised Accounting Standard -15 on employee benefits, the previous years figures have not been disclosed.

- 5) In Compliance with Accounting Standard 18 "RELATED PARTY DISCLOSURE" which has become mandatory, the required information is as under:

Sr No.	Name of Related Party	Relationship	Description of transactions	Value of transactions during 2008-09	Amount outstanding as on 31.3.2009	
					Receivable	Payable
1)	Shri Vishwanath Harlalka	Father of Deepak Harlalka	Acceptance of unsecured loans Interest Interest payable Sitting fees paid	31,25,000 1,68,269 1,49,204 2,500		18,24,204
2)	Shri Deepak Harlalka	Key Managerial Person	Acceptance of unsecured loans Interest Interest payable Managerial Remuneration paid	80,50,000 3,70,082 3,28,152 12,00,000		82,28,152
3)	Gini Tex Private Limited.	Directors are common	Processing Charges Rent Paid Electricity Charges Telephone Charges Grey Purchase	51,631,241 1,169,860 574222 211064 11,126,585	953057	294,728 706,401
4)	Shree Enterprises	Directors are Partners	Processing Charges	4156860	661,329	
5)	Gini Constructions Co.	Company is a Partner	Loan given Interest Interest Receivable	25,000,000 4,009,210 3,100,723	39,543,401	
6)	Gini Constructions Pvt Ltd	Company is a Shareholder	Loan given Interest Interest Receivable	14,500,000 905,260 700,128	15,200,128	

Note : Related party relationship is as identified by the Company & relied upon by the Auditors

- 6) The Company had entered in to partnership with Gini Construction Co for development and construction of residential building. The share of profit / loss of each partner are Gini Silk Mills Limited is 9%, Gini Tex Private Limited is 9%, Shree Gini Texturising Private Limited 2%, Shri Vishwanath S. Harlalka 15%, Shri Deepak V. Harlalka 15%, Shri Gautam Vinod Harlalka 20%, Shri Manish Vinod Harlalka 20% and Shri Vinod S. Harlalka 10%. The fixed capital of the partnership firm is Rs. NIL
- 7) In compliance with Accounting Standard 20 "EARNING PER SHARE" issued by the Institute of Chartered Accountants of India, basic earning per share has been calculated by dividing net profit after tax and prior period Adjustments with the weighted average number of Equity Shares outstanding during the year as per details given below:

	2008-2009	2007-2008
Net Profit available for Equity Shareholders (Rs.)	24,933,888	16,272,001
Weighted average number of Equity Shares outstanding during the year	5,592,600	5,592,600
Basic & Diluted earning per shares (Rs.) on nominal value of Rs.10 per share)	4.30	2.91

The financial statements of the Company for the year ended 31.03.2009 have been prepared in accordance with the Accounting Standard 20 "EARNING PER SHARE" issued by the Institute of Chartered Accountants of India. The financial statements for the previous years have not been audited.

**8) DEFERRED TAX ASSETS AND LIABILITIES AS ON 31 ST MARCH' 2009**

DEFERRED TAX	Tax effect 2008-2009	Tax effect 2007-2008
<b>LIABILITY</b>		
Accumulated Depreciation	36,25,284	36,52,086
Deferred Tax Liability	36,25,284	36,52,086
<b>ASSETS</b>		
Accrued Expenses deductible on payment basis (Bonus)	-	-
Business Loss	-	-
Net Deferred Tax Liability	36,25,284	36,52,086

9) 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.

10) Balances of Sundry Debtors, Loans and advances and Sundry creditors have been taken as per books awaiting respective confirmation and Reconciliation.

11) There are no dues to Micro and Small Enterprises as on 31st March, 2009. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

12) Income Tax assessment is completed up to the Assessment year 2006 – 2007

13) Disclosure of the Company's Interest in partnership Firm: Name of the Firm % Interest  
Gini Constructions Co. 9% ( P.Y. 9% )

14) Previous year figures have been reworked, reclassified, regrouped / re-arranged, wherever necessary.

15) Figures have been rounded off to the nearest rupee.

16) ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED PURSUANT TO PARA 3 & 4 (c) & (d) OF THE PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

**A) INFORMATION OF EACH CLASS OF GOODS MANUFACTURED :**

ITEM	2008-2009			2007-2008		
	LICENCED*	INSTALLED*	PRODUCTION	LICENCED	INSTALLED*	PRODUCTION
PROCESSING FABRICS	18000000 MTRS.	18000000 MTRS.	17221713 MTRS.	18000000 MTRS.	18000000 MTRS.	18891083 MTRS.

**B) DETAILS OF PRODUCTION, STOCK AND TURNOVER:**

ITEM	2008-2009		2007-2008	
	QUANTITY Mtrs.	VALUE Rs.	QUANTITY Mtrs.	VALUE Rs.
<b>FABRICS</b>				
<b>SEMI FINISHED</b>				
GREY				
OPENING STOCK	348733.20	10,627,542	57973.40	3,405,655
PURCHASES	4201460.80	106,317,114	2105189.55	70,572,514
PRODUCTION	4191093.15	-	1814429.75	-
CLOSING STOCK	359100.85	8,781,209	348733.20	10,627,542
<b>FINISHED</b>				
OPENING STOCK	808088.15	28,040,855	604336.00	27,246,723
PURCHASES	555244.40	23,009,137	1990812.78	57,701,319
PRODUCTION	3831124.15	-	1716167.25	-
CLOSING STOCK	627484.42	25,275,451	808088.15	28,040,855
TURNOVER	4566972.28	216,473,101	3503227.88	172,130,620

**C) JOB WORK**

MMF. PROCESS 14092939 MTR 99,354,902 17841630 MTR 11,4449,651

**NOTES :**

1. Installed capacity is as certified by the management
2. Turnover quantity includes loss due to shrinkage and shortage etc.



	2008-2009	2007-2008
VALUE OF IMPORTS (Calculated on CIF Basis) :	NIL	NIL
EXPENDITURE IN FOREIGN CURRENCY	NIL	NIL
EARNING IN FOREIGN CURRENCY	NIL	NIL

**17) CONSUMPTION OF RAW-MATERIAL/STORES/SPARES: (Rs.)**

PARTICULARS	2008-2009		2007-2008	
	VALUE	PERCENTAGE	VALUE	PERCENTAGE
i) DYES & CHEMICALS				
IMPORTED				0%
INDIGENOUS	27,159,393	100%	27,275,752	100%
ii) RAW MATERIAL, STORES & SPARES *				
IMPORTED	32,009,581	21%	23,828,239	24%
INDIGENOUS	121,198,436	79%	75,599,327	76%

• Constitutes Furnace Oil, Coal, Lubricants & Packing Material Consumption.

**18) Other additional information required to be furnished under Part II of Schedule VI are either NIL or NOT APPLICABLE**

12) Information required to be furnished under Part II of Schedule VI are either NIL or NOT APPLICABLE.  
 13) Information required to be furnished under Part II of Schedule VI are either NIL or NOT APPLICABLE.

2008-2009		2007-2008	
QUANTITY	VALUE	QUANTITY	VALUE

**SCHEDULE "A" TO "S" FORM PART OF THE ACCOUNTS**

As per our report of even date

For **VATSARAJ & CO.**  
Chartered Accountants

CA **Mayur Kisnadwala**  
Partner

for and on behalf of the Board

**VISHWANATH HARLALKA**  
Executive Chairman

**DEEPAK HARLALKA**  
Managing Director

Place : Mumbai  
Date : 17/07/2009

**DINESH PODDAR**  
Director  
Date : 17/07/2009





**CASH FLOW STATEMENT**

**A) CASH FLOW FROM OPERATING ACTIVITIES**

	CURRENT YEAR	PREVIOUS YEAR
Net Profit/(Loss) before tax and extraordinary items	3,566,7085	25,492,261
Adjusted For :		
Depreciation	4,253,245	4,290,232
Profit / Loss on Sale of Assets (Net)	(1,042)	(32,110)
Interest Income	(4,967,390)	(1,842,563)
Interest Charges	538,351	1,836,047
Dividend Received	(1,049,296)	(495,653)
Rent Received	(2,499,000)	(700,000)
Profit on Partnership Firm	-	(61,365)
Profit / Loss on Sale of Mutual Fund & shares	(325,026)	(446,404)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	<b>31,616,927</b>	<b>28,040,445</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Increase in Inventories	4,418,086	(9,905,071)
Increase in Trade & other Receivables	(3,2347,157)	(18,306,184)
Increase in Trade Payable	13,250,944	5,985,626
Cash Generated from operations	16,938,800	5,814,816
Fringe Benefit Tax	(262,000)	(241,958)
Direct Taxes Paid	(7,516,554)	(6,700,000)
<b>NET CASH FLOW FROM OPERATING ACTIVITY</b>	<b>9,160,246</b>	<b>(1,127,142)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of Fixed Assets	(3,312,651)	(3,858,321)
Sale of Fixed Assets	10,000	280,000
Investments Purchased	(31,103,646)	(38,479,120)
Investments sold	29,450,544	23,814,994
Dividend Received	398,263	495,653
Rent Received	1,966,695	541,380
<b>NET CASH FLOW FROM INVESTING ACTIVITY</b>	<b>(2,590,795)</b>	<b>(17,205,414)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITY</b>		
Repayment of Unsecured Loan	(15,824,442)	(6,540,000)
Proceeds from Unsecured Loans	11,193,000	8,966,498
Proceeds from secured Loans	1,862,817	-
Tax on Dividend Paid	(712,848)	(588,272)
Dividend Paid	(4,194,450)	(4,194,450)
<b>NET CASH FLOW FROM FINANCING ACTIVITY</b>	<b>(7,675,923)</b>	<b>(2,356,224)</b>
<b>NET CASH FLOW</b>	<b>(1,106,472)</b>	<b>(20,688,780)</b>
Cash and Cash Equivalents as at commencement of the year	1,919,264	22,608,044
Cash and Cash Equivalents at the end of the year	812,792	1,919,264
<b>NET INCREASE/( DECREASE) OF CASH &amp; CASH EQUIVALENTS</b>	<b>(1,106,472)</b>	<b>(20,688,780)</b>

For and on behalf of the Board

**VISHWANATH HARLALKA** - Executive Chairman  
**DEEPAK HARLALKA** - Managing Director  
**DINESH PODDAR** - Director

Mumbai

Dated : 17/07/2009

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement with the books and records maintained by GINI SILK MILLS LTD. and certify that in our opinion and according to the information and explanations given to us the above statement is in accordance therewith.

**DINESH PODDAR**  
 Director

For **Vatsaraj & Co.**  
 Chartered Accountants

Mumbai,  
 Dated : 17/07/2009

(**CA Mayur Kisnadwala**)  
 Partner



**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I) REGISTRATION DETAILS**

Registration No.	24184	State Code	11
Balance Sheet Date	31/03/2009		

**II) CAPITAL RAISED DURING THE YEAR (Rs. In Lacs)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placements	NIL

**III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. In Lacs)**

Total Liabilities	1514.62	Total Assets	1514.62
Paid-up-Capital	567.40	Reserve & Surplus	791.82
Secured Loans	18.63	Unsecured Loans	100.52

**APPLICATION OF FUNDS**

Net Fixed Assets	403.76	Investments	202.64
Net Current Assets	908.22	Misc. Expenditure	NIL
Deferred Tax Liability	36.25		

**IV) PERFORMANCE OF COMPANY (Rs. In Lacs)**

Turnover (Sales)	3158.28	Total Expenditure	2896.23
Profit before Tax	356.64	Profit after Tax	249.34
Earning per Share in Rs.	4.30	Dividend Rate %	7.5

**V) GENERIC NAMES OF THERE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY**

(AS PER MONETARY TERMS)

Item Code No. (ITC Code)	Product Description
551511	SYNTHETIC WOVEN FABRICS
551691	
551692	DYEING BLEACHING PRINTING OF SYNTHETIC FABRICS
551693	
551694	
540781	DYEING BLEACHING PRINTING OF POLYESTER COTTON FABRICS
540783	

As per our report of even date

**FOR VATSARAJ & CO.**

Chartered Accountants

**(CA - MAYUR KISNADWALA)**

Partner

Mumbai, 17/07/2009

**AUDITORS CERTIFICATE**

For and on behalf of the Board

**VISHWANATH HARLALKA**

Executive Chairman

**DEEPAK HARLALKA**

Managing Director

**DINESH PODDAR**

Director



# GINI SILK MILLS LIMITED

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

## ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Shareholder (in Block Letters) \_\_\_\_\_

Member's Folio Number \_\_\_\_\_

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

Number of Shares held \_\_\_\_\_

I hereby record my presence, at the Annual General Meeting held on Monday, August 31, 2009 at , at 1.00 P.M at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400 002

\_\_\_\_\_  
Member's / Proxy's Signature

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



# GINI SILK MILLS LIMITED

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

## PROXY

Member's Folio Number	
No. of Shares	

I/We \_\_\_\_\_

of \_\_\_\_\_

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

of \_\_\_\_\_

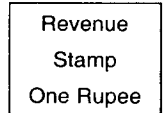
or failing him \_\_\_\_\_

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, August 31, 2009 at , at 1.00 P.M at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400 002

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

### Notes :

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



1929 1910 101  
FINCES PVT LTD  
K MILLS LIMITED

L.S. LIMITED

J. R. Borchas Manager

BOOK-POST ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Shareholder (in Block Letters)

Member's Folio Number

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

Number of Shares held

I hereby request the presence of the Annual General Meeting held on Monday, August 31, 2009 at 11.00 AM at Maharashtra

To:

Pragati Mandal, Maharashtra Bhawan, 603, Girdar Road, Mumbai - 400 003

Member's Proxy's Signature

1. To be signed at the time of handing over this slip.

2. Shareholders are requested to advise, indicating their folio number, the change of their address, if any, to the Company.

GINI SILK MILLS LIMITED

Registered Office: 419, Tantis Jagad Industrial Premises, J. R. Borchas Marg, Lower Panel (East), Mumbai - 400 011

PROXY

Member's Folio Number
No. of Shares

Name

Address

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

of

or failing that

as my/our Proxy to vote for/against on my/our behalf at the Annual General Meeting of the Company to be held on Monday, August 31, 2009 at 11.00 AM at Maharashtra Pragati Mandal, Maharashtra Bhawan, 603, Girdar Road, Mumbai - 400 003

If undelivered, please return to:

BIGSHARES SERVICES PVT. LTD. (UNIT : GINI SILK MILLS LIMITED)

E-2/3, Ansa Industrial Estate

Sakivihar Road, Saki Naka

Andheri (E), Mumbai - 400 072.