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THIRTIETH ANNUAL GENERAL MEETING

on Monday, September 27, 2010 at, 11.30 A.M.
at Maheshwari Pragati Mandal
Maheshwari Bhawan,
603, Girgaon Road, Mumbai - 400 002

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

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

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
N. M. Joshi Marg, Near Lodha,
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



NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of **GINI SILK MILLS LIMITED** will be held on Monday, 27th September, 2010 **at 11.30 A.M., at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai – 400002** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 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. Dinesh Poddar, who retires by rotation, and being eligible, offers him self for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

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. Deepak Harlalka be and is hereby appointed as Managing Director of the Company for the period of three years w.e.f. July 01, 2010, 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. Deepak 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. Deepak Harlalka shall be as specified in the Explanatory Statement enclosed herewith.

RESOLVED FURTHER THAT Mr. Deepak 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 Managing Director 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
N. M. Joshi Marg, Near Lodha,
Lower Parel (East)
Mumbai – 400 011

By Order of the Board

(Vishwanath Harlalka)
Executive Chairman

Place : Mumbai

Date : 19/08/2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND 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, September 18, 2010 to Monday, September 27, 2010 (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) 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 2010-2011.
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. Deepak Harlalka as Managing Director 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 sale is in the domestic market
- d) Foreign investments or collaborations: Not Applicable

II. INFORMATION ABOUT THE APPOINTEE:
a) Background details:

Mr. Deepak Harlalka, 47 years old is B.Com, by qualification. He was appointed as Director of the Company on 28th December, 1992. Mr. Deepak Harlalka whose previous appointment as Managing Director ended on 30th June, 2010 was re-appointed as the Managing Director by the Board of Directors for a tenure of three years w.e.f. 1st July, 2010. The draft agreement between the Company and Mr. Deepak Harlalka for his reappointment contains interalia the following terms and conditions.

b) Past remuneration:

Last drawn salary by the Managing Director was Rs. 15,27,142 p.a. during the financial year 2009-10.

c) Job profile and his suitability:

The Managing Director would have the authority to oversee and implement the day-to-day operations of the Company. Managing Director 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 has immense capacity for hard work, interpersonal skills, extraordinary ability for analytical thinking and positive attitude. Having associated with the company for more than 25 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 Managing Director 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 Managing Director. 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 ceiling.
- (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 Managing Director. 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 Managing Director 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 and, 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 very experienced and key person in charge of the strategic decision making and overall growth and expansion of the company but also founder of the Company with highly respected stature in the industry.

III. OTHER INFORMATION:

- a) Reasons for inadequate profits:

The company has made profits during the current financial year and is paying dividends for last four 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. Deepak 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.

Regd. Office:

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

By Order of the Board

(Vishwanath Harlalka)
Executive Chairman

Place : Mumbai

Date : 19/08/2010

DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present the **Thirtieth** Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2010.

CORPORATE OVERVIEW

The Company prepares its financial statements in compliance with the requirements of the Companies Act 1956, and the Generally Accepted Accounting Principles (GAAP) in India. Overall the financial statements have been prepared on the historical cost basis.

FINANCIAL RESULTS	(₹ In Lacs)	
	2009-2010 ₹	2008-2009 ₹
Net Sales/ Income from operations	3373.36	3158.28
Other Income	363.49	124.91
	3736.85	3283.19
Profit (before interest, depreciation and taxation)	686.65	407.86
Interest	15.20	8.66
Depreciation	46.37	42.53
Provision for		
Fringe Benefit Tax	-	2.60
Current Taxation	125.00	105.00
Deferred Tax	2.23	(0.27)
Net Profit after Tax	497.85	249.34
Add : Balance brought forward	781.59	590.17
From Previous year		
Excess/ Short provision for Tax in respect of earlier Year	6.62	(8.85)
Profit available for appropriation	1286.06	830.66
APPROPRIATIONS		
Proposed Dividend	41.94	41.94
Distribution Tax	7.20	7.13
Profit Carried to Balance Sheet	1236.92	781.59
Total	<u>1286.06</u>	<u>830.66</u>

DIVIDEND

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

DIRECTORS:

Mr. Dinesh 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-

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

CORPORATE GOVERNANCE

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

AUDITORS

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES:

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

ENVIRONMENT AND SAFETY MEASURES
i) EFFLUENT CONTROL

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

ii) SAFETY

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

iii) INSURANCE

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

iv) INDUSTRIAL RELATIONS

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

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

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

LISTING OF SHARES & SECURITIES

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

APPRECIATION:

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

FOR AND ON BEHALF OF THE BOARD
VISHWANATH HARLALKA

Place: Mumbai
Date : 19/08/2010

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 & FUEL CONSUMPTION	2009-2010	2008-2009
(1) A PURCHASED		
Unit (KWH)	2254030	1871120
Total Amount (₹ Lacs)	106.34	83.02
Rate per unit (₹)	4.71	4.43
B OWN GENERATION		
THOUGH DIESEL GENERATOR :		
Units (KWH)	93041	114709
Units Per Ltr.of Diesel oil	3.50	3.50
Cost per unit (₹)	10.16	11.38
(2) COAL		
QUANTITY (KGS.)	5932879	6169591
Total Cost (Rs. In lacs)	279.24	320.10
Average rate per Kg. (₹)	4.70	5.18
(3) GAS		
QUANTITY (KGS.)	30704	240.35
Total Cost (₹ In lacs)	13.97	12.51
Average rate per Kg. (₹)	45.50	52.06
(4) DIESEL OIL		
Quantity (Ltrs)	26790	34824
Total cost (₹ Lacs)	9.46	13.06
Average Rate Per Ltr. (₹)	35.32	37.51

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

PART 'B'

CONSUMPTION PER UNIT OF PRODUCTION ENERGY

ENERGY	FABRICS PROCESSING (PER METER)	
	<i>Current Year</i>	<i>Previous Year</i>
Electricity (Kwh.)	0.11.50	0.11.80
Coal (Kgs.)	0.30.00	0.36.00

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY AND TECHNICAL ABSORPTION AND ADOPTION

1. TECHNOLOGY ABSORPTION

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

2. RESEARCH & DEVELOPMENT

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

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Dated : 19/08/2010

VISHWANATH HARLALAKA
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS
1. Industry Conditions

The Indian Textile Industry is one of the leading textile industries in the world. The textile 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. India earns about 27 per cent of its total foreign exchange through textile exports. Besides, the Indian Textile Industry contributes 14 per cent of the total industrial production of the Country. This sector provides employment of over 35 million people and it is expected that the textile industry will generate new jobs during the ensuing years.

The industry went through a challenging FY 2010, with the global meltdown ravaging economies. The collapse in consumer sentiments, weak exports, noteworthy drop in discretionary spending in textiles/apparels and down trading by the consumers put immense pressure on both the top-line and the bottom-line of textile companies.

Opportunities and Challenges

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

2. Production & Sales Review:

During the year under review, your company has registered a turnover of ₹ 3373.36 Lakhs as compared to ₹ 3158.28 Lakhs in the previous year.

The production in the Company's Process House at Tarapur (Maharashtra) i.e. Dyeing & printing of textile fabrics was 19567414. Mtrs. as against 17221713 Mtrs. in previous year. The sales revenue from Processing of Fabric increased from ₹1220.84 Lakhs to ₹ 1493.54 Lakhs during the year under review. The sale revenue from sale of fabrics decreased from ₹ 2164.73 lakhs to ₹ 2140.87 lakhs.

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 2009–2010 is quite satisfactory. It reflects the genuine steps taken by the management for transparency and best judgment for the estimate made to correctly reflect the true & fair affairs of the Company.

6. Human Resource Development:

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

7. Cautionary statement:

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



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that Corporate Governance is powerful mediums 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:

- Two - Promoter, Executive Director
- Three - Independent Directors

(A) THE CONSTITUTION OF THE BOARD AS ON MARCH 31, 2010

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

Directors	Category	No. of other Directorship		No. of other Committee positions	
		Public	Private	Member	Chairman
Vishwanath S. Harlalka	Promoter, Executive	-	4	-	-
Deepak V. Harlalka	Promoter, Executive	2	5	-	-
Ramprasad Poddar	Independent	6	3	-	1
Dineshkumar Poddar	Independent	5	2	4	1
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, 2010, 6 (Six) Board Meetings were held on 29th April 2009, 1st July, 2009, 17th July, 2009, 31st July, 2009, 30th October 2009, & 29th January 2010

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 31.08.2009
Shri. Vishwanath S. Harlalka	Chairman	6	Present
Shri. Deepak V. Harlalka	Managing Director	6	Present
Shri. Ramprasad Poddar	Independent DirectorNon Executive	6	Present
Shri. Dineshkumar Poddar	Independent DirectorNon Executive	6	Present
Shri. Rajendrakumar Rajgarhia	Independent DirectorNon Executive	5	Present

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

Mr. Dinesh Poddar, aged 44 years B.Com, MBA, MS (USA) by qualification having 20 years experience in the stock market is suited for the position of Director in 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 is as follows:

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

During the year ended 31st March, 2010, 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 fixes targets for achievements.

COMPOSITION

The constitution of the Remuneration Committee is as follows:

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

During the year ended 31st March, 2010, One Remuneration Committee meeting was held on 1st July, 2009 to approve the remuneration of Executive Chairman .

The detail of remuneration for the year ended 31st March, 2010 paid to the Managing Director during the period is as under:

Director	Salary ₹	Cont. to PF & Other Funds ₹	Perquisites ₹	Total ₹
Shri. Deepak Harlalka	12,00,000	1,44,000	183,142	1,527,142
Shri Vishwanath Harlalka	18,00,000	2,16,000	-	20,16,000

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

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

**COMPOSITION**

The constitution of the Committee is as follows:

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

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

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

There were no valid share transfer requests pending as on March 31, 2010.

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
2008-2009	31.08.2009	1.00 pm	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.
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.

5. DISCLOSURES

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

The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosers' issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No. 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.

7. CODE OF CONDUCT

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

8. GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting
 - i) Date & Time : 27th September, 2010
 - ii) Venue : Maheshwari Pragti Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400002
- b) Financial Calendar (tentative)
 - Results for the 1st Quarter Ending 30th June, 2010 : Last week of July, 2010
 - Results for the 2nd Quarter/Half Year Ending 30th September, 2010 : Last week of October, 2010
 - Results for the 3rd Quarter Ending 31st December, 2010 : Last week of January, 2011
 - Results for the 4th Quarter/Year Ending 31st March, 2011 : Last week of April/June, 2011
- c) Book Closure Date : Saturday, September 18, 2010 to Monday, September 27, 2010 (both days inclusive).



- d) Dividend Payment Date : Within 30 days of AGM; if approved by the Shareholders of the Company.
- e) Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai
- f) Stock Code : Physical Segment – BSE: 531744
NSDL/CDSL-ISIN: INE 548B01018
- g) Stock Market Data : The monthly high and low prices during the year at BSE are as follows:

Month	Mumbai Stock Exchange	
	High (₹)	Low (₹)
April 2009	14.97	12.95
May 2009	25.18	15.10
June 2009	28.00	20.00
July 2009	24.45	18.00
August 2009	25.70	21.50
September 2009	24.50	21.50
October 2009	26.25	21.20
November 2009	25.90	21.00
December 2009	28.40	23.25
January 2010	40.20	26.85
February 2010	36.45	29.75
March 2010	36.40	27.25

- h) Share holding pattern as on 31.03.2010

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate)	4914460	87.87
2	Body Corporates	50725	0.91
3	Resident Individuals	624311	11.16
4	Non Resident of India	1462	0.03
6	Clearing Member	1642	0.03
	TOTAL	5592600	100.00

- i) Distribution of Share holding as on 31.03.2010

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 5000	589	75.90	106407	1.90
5001 to 10000	95	12.24	81376	1.46
10001 to 20000	32	4.12	47396	0.85
20001 to 30000	13	1.68	32127	0.57
30001 to 40000	8	1.03	28904	0.52
40001 to 50000	6	0.77	27608	0.49
50001 to 100000	13	1.68	102560	1.83
100001 onwards	20	2.58	5166222	92.38
	776	100.00	5592600	100.00

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



k) Share Transfer System:

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

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

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

l) DEMATERIALISATION OF SHARES

As on 31st March, 2010, 55, 09,893 Equity shares were in dematerialized form representing 98.52 % of total share capital of the Company.

m) PLANT LOCATION:

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

n) ADDRESS FOR CORRESPONDENCE:

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

DECLARATION

As provide under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and senior management perosnnel have affirmed compliance with Gini Silk Mills Limited Code of Business Conduct and Ethics for the year ended March 31, 2010.

For Gini Silk Mills Limited

Place : Mumbai
Date : 19/08/2010

Deepak Harlalka
(Managing Director)

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

To,

The Members of **GINI SILK MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **GINI SILK MILLS LIMITED**, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

We state that 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

CA MAYUR KISNADWALA
(Partner)
M.NO. 33994
FRN: 111327W

Place : Mumbai
Date : 19/08/2010



AUDITORS' REPORT

To the Members of
GINI SILK MILLS LIMITED

1. We have audited the attached balance sheet of **GINI SILK MILLS LIMITED** as at 31st March, 2010 and the related Profit and Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representation received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 'R' 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 2010
 - (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)
M.No. 33994
FRN: 111327W

Place : Mumbai
Date : 19/08/2010



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 2010.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year; in our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets so as to affect its going concern status.
- (ii) (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noted on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly para 1 (iii) (a), (b), (c) and (d) is not applicable.
- (e) The company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 except for unsecured loans, taken from two directors payable on demand. The amount outstanding as on 31.3.2010 ₹ 2,682,710/-. And the maximum amount outstanding during the year is ₹18,952,356/-.
- (f) The rate of interest and other terms and conditions of loans taken by the company, are, in our opinion, prima facie not prejudicial to the interest of the company; and
- (g) Repayment of the principal amount and interest is on demand.
- (iv) In our opinion and based on the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding value of rupees five lakhs of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any relevant provisions of the Act and the rules framed there under are not applicable.
- (vii) Based on the records examined by us and information and explanations given to us, in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) The company has maintained the records relating to materials, labour or any other items of cost prescribed pursuant to the Rules made by Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) Based on the records examined by us and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except for Service Tax of ₹ 1,31,810/- were outstanding as at 31st March, 2010 for a period of more than six month from the date of becoming payable



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

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

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

For Vatsaraj & Co.
(Chartered Accountants)

CA Mayur Kisnadwala
(Partner)
M.No. 33994
FRN: 111327W

Place: Mumbai
Date : 19/08/2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	Schedule	As at 31st Mar' 2010 ₹	As at 31st Mar' 2009 ₹
SOURCES OF FUNDS			
SHARE HOLDER'S FUND			
SHARE CAPITAL	A	56,740,063	56,740,063
RESERVES & SURPLUS	B	124,714,770	79,182,093
		<u>181,454,833</u>	<u>135,922,156</u>
LOANS FUNDS			
SECURED LOAN	C	1,543,487	1,862,817
UNSECURED LOANS	D	2,682,710	10,052,356
		<u>4,226,197</u>	<u>11,915,173</u>
DEFERRED TAX LIABILITY (NET)		<u>3,848,691</u>	<u>3,625,284</u>
(Refer Note No. 8)			
TOTAL		<u>189,529,721</u>	<u>151,462,613</u>
APPLICATION OF FUNDS			
FIXED ASSETS	E		
GROSS BLOCK		111,669,571	105,703,036
LESS: DEPRECIATION		67,134,061	65,326,927
		<u>44,535,510</u>	<u>40,376,109</u>
INVESTMENTS	F	115,669,260	59,807,521
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	G	45,603,568	45,097,887
SUNDRY DEBTORS	H	27,624,718	26,997,925
CASH & BANK BALANCES	I	1,028,066	812,793
LOANS & ADVANCES	J	10,715,348	25,376,731
		<u>84,971,700</u>	<u>98,285,336</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	K	50,732,323	42,099,055
PROVISIONS	L	4,914,426	4,907,298
		<u>55,646,749</u>	<u>47,006,353</u>
NET CURRENT ASSETS		<u>29,324,952</u>	<u>90,822,384</u>
TOTAL		<u>189,529,721</u>	<u>151,462,613</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	R		

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, 19/08/2010

For and on behalf of the Board

VISHWANATH HARLALKA
Executive Chairman

DEEPAK HARLALKA
Managing Director

DINESH PODDAR
Director

Mumbai, 19/08/2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	For the Year ended 31st March, 2010 ₹	For the Year ended 31st March, 2009 ₹
INCOME			
SALES (GROSS)		214,086,963	216,473,101
LESS: EXCISE DUTY		-	-
TURNOVER (NET)		214,086,963	216,473,101
PROCESS & JOB WORK RECEIPTS	M	123,248,850	99,354,902
OTHER INCOME	N	36,348,814	12,491,338
INCREASE/ (DECREASE) IN STOCK	O	(2,506,986)	(3,031,979)
TOTAL		<u>371,177,641</u>	<u>325,287,362</u>
EXPENDITURE			
RAW MATERIALS CONSUMED	P	132,863,299	135,322,840
PURCHASE, MANUFACTURING, SELLING, DISTRIBUTION & OTHER ESTABLISHMENT EXPENSES	Q	171,169,393	150,047,354
DEPRECIATION		4,636,694	4,253,245
TOTAL		<u>308,669,386</u>	<u>289,623,439</u>
PROFIT FOR THE YEAR BEFORE TAXATION AND PRIOR PERIOD AND E. O. I.		62,508,255	35,663,923
PRIOR PERIOD ITEM AND EXTRA ORDINARY ITEMS			
PRIOR PERIOD ITEM		-	3,162
PROFIT FOR THE YEAR BEFORE TAXATION		<u>62,508,255</u>	<u>35,667,085</u>
PROVISION FOR INCOME TAX			
FRINGE BENEFIT TAX		-	260,000
CURRENT TAX		12,500,000	10,500,000
DEFERRED TAX		223,407	(26,803)
PROFIT FOR THE YEAR AFTER TAXATION		<u>49,784,848</u>	<u>24,933,888</u>
EXCESS/SHORT PROVISION WRITTEN BACK OF EARLIER YEARS		662,255	(884,610)
ADD : BALANCE BROUGHT FORWARD		78,159,002	59,017,022
BALANCE AVAILABLE FOR APPROPRIATION		<u>128,606,104</u>	<u>83,066,301</u>
APPROPRIATIONS			
PROPOSED DIVIDEND		4,194,450	4,194,450
PROVISION FOR DIVIDEND DISTRIBUTION TAX		719,976	712,848
BALANCE CARRIED OVER TO BALANCE SHEET		<u>123,691,678</u>	<u>78,159,002</u>
		<u>128,606,104</u>	<u>83,066,300</u>
EARNING PER SHARE- BASIC AND DILUTED (₹ PER EQUITY SHARES OF ₹ 10/-EACH) REFER NOTE NO.7 OF SCHEDULES.		9.02	4.30
SIGNIFICANT ACCOUNTING POLICIES AND R NOTES FORMING PART OF THE ACCOUNTS			

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, 19/08/2010

For and on behalf of the Board

VISHWANATH HARLALKA
Executive Chairman

DEEPAK HARLALKA
Managing Director

DINESH PODDAR
Director

Mumbai, 19/08/2010



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st Mar' 2010 ₹	As at 31st Mar' 2009 ₹
SCHEDULE "A" - SHARE CAPITAL		
AUTHORISED		
60,00,000 Equity Shares of ₹ 10/- each	60,000,000	60,000,000
1,00,000 10% Cumulative Convertible Preference shares of ₹ 100/- each	10,000,000	10,000,000
	<u>70,000,000</u>	<u>70,000,000</u>
ISSUED SUBSCRIBED & PAID UP		
55,92,600 Equity Shares of ₹ 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>
SCHEDULE "B" - RESERVES & SURPLUS		
GENERAL RESERVE		
Balance as per last year	1,023,091	1,023,091
PROFIT & LOSS ACCOUNT		
Surplus as per Profit & Loss Account	123,691,679	78,159,002
	<u>124,714,770</u>	<u>79,182,093</u>
SCHEDULE "C" - SECURED LOANS		
From State Bank of India in Cash Credit A/c	1,543,487	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>1,543,487</u>	<u>1,862,817</u>
SCHEDULE "D" - UNSECURED LOANS		
Other loans & advances		
From Directors	2,682,710	10,052,356
	<u>2,682,710</u>	<u>10,052,356</u>

SCHEDULE "E" - FIXED ASSETS (AT COST)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31/03/2009	Additions	Adjustments/ Deduction	As at 31/03/2010	Up to 31/03/2009	Provided For the Year	Adjust- Ments/ Deduction	Up to 31/03/2010	As at 31/03/2010	As at 31/03/2009
Leasehold Land	4,987,194	-	-	4,987,194	728,465	56,036	-	784,501	4,202,693	4,258,729
Factory Building	29,828,177	-	-	29,828,177	11,469,540	977,019	-	12,446,559	17,381,618	18,358,637
Plant & Machinery	54,670,749	8,659,745	2,829,760	60,500,734	44,455,465	2,802,215	2,829,560	44,428,120	16,072,614	10,215,284
Electric Installation	5,892,868	42,926	-	5,935,795	2,653,977	276,800	-	2,930,777	3,005,018	3,238,891
Office Equipment	1,043,365	13,750	-	1,057,115	587,369	41,064	-	628,433	428,682	455,996
Vehicles	2,057,093	-	-	2,057,093	511,391	239,142	-	750,533	1,306,560	1,545,702
Computers	2,435,021	-	-	2,435,021	1,992,625	121,577	-	2,114,202	320,819	442,396
Furniture & Fixture	1,350,696	52,873	-	1,403,569	990,078	56,479	-	1,046,557	357,012	360,618
Fire Fighting Equipment	180,781	-	-	180,781	94,842	8,378	-	103,219	77,562	85,940
E.T.Plant	1,517,371	-	-	1,517,371	1,517,170	-	-	1,517,170	201	201
Lab Equipments	890,268	27,000	-	917,268	172,659	42,785	-	215,444	701,824	717,609
Building	849,453	-	-	849,453	153,347	15,199	-	168,546	680,907	696,106
TOTAL	105,703,037	8,796,294	2,829,760	111,669,571	65,326,927	4,636,694	2,829,560	67,134,061	44,535,510	40,376,109
PREVIOUS YEAR	102,659,385	3,312,651	269,000	105,703,036	61,333,722	4,253,245	260,040	65,326,927	40,376,109	41,325,664

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SCHEDULE "F" - INVESTMENTS		
LONG TERM INVESTMENTS (AT COST UNLESS OTHERWISE SPECIFIED)		
A) (UNQUOTED - NON TRADE)		
a) 195000 Equity Shares of ₹ 10/- each, fully paid up of GINI TEX PVT.LIMITED. (Includes 127500 bonus shares received in 1992)	887,500	887,500
b) 1800 Equity Shares of ₹ 10/- each, fully paid up of GINI CONSTRUCTION PVT.LIMITED. (Previous year ₹ 18,000/-)	18,000	18,000
B) (QUOTED - NON TRADE)		
1) 664 Equity Shares @ 480/- each of RELIANCE INDUSTRIES LIMITED (Formerly Reliance Petroleum Limited) (Market Value ₹ 7,13,800/- Previous Year ₹ 5,06,198 /-)	318,720	319,200
2) 2,019 Equity Shares @ 10/- each of NATIONAL THERMAL POWER CORPORATION (Market Value ₹ 4,17,933 /- Previous Year ₹ 3,63,824/-	125,178	125,178
3) 0 Equity Shares @ 10/- each of (Previous Year 995 Shares) JAGRAN PRAKASHAN LIMITED (Market Value ₹ Nil /- Previous Year ₹ 56,665 /-)	-	53,094
4) 10000 Equity Shares @ 111.60/- each of (Previous Year Nil) SATYAM COMPUTER SERVICES LIMITED (Market Value ₹ 9,23,500 /- Previous Year ₹ Nil	1,116,048	-
5) 2535 Equity Shares @ 36/- each of (Previous Year Nil) N H P C LIMITED (Market Value ₹ 77,318 /- Previous Year ₹ Nil	91,260	-
6) 265 Equity Shares @ 1050/- each of (Previous Year Nil) OIL INDIA PUBLIC LIMITED (Market Value ₹ 3,06,075 /- Previous Year ₹ Nil	278,250	-
7) Units 861246.476 @ 10.03/- each of (Previous Year 861246.476) HDFC CASH MGMT FUND-SAVING (Market Value ₹ 51,984,282 /- Previous Year ₹ 8,639,594 /-)	51,984,282	8,639,594
8) 0 Unit @41.0285 each of (Previous Year 248957.532) BIRLA SUN LIFE INCOME PLUS - GROWTH (Market Value ₹ Nil /- Previous Year ₹ 98,61,058 /-)	-	10,214,354
C) PARTNERSHIP FIRM		
1) GINI CONSTRUCTION CO.- CAPITAL ACCOUNT (Previous Year ₹ Nil)	25,613,837	-
2) GINI CONSTRUCTION CO. CURRENT ACCOUNT (Previous Year ₹ 39,543,401/-)	35,228,985	39,543,401
D) OTHERS		
72 Shares @ 100/- each of TARAPUR ENVIRONMENT PROTECTION SOCIETY	7,200	7,200
AGGREGATE VALUE OF		
Quoted Investments:		
	Market Value	Book Value
Current Year	54,422,908	53,913,738/-
Previous Year	19,427,339	19,351,420/-
Unquoted Investments:		
	Market Value	Book Value
Current Year	—	61,755,522/-
Previous Year	—	40,456,101/-
	115,669,260	59,807,521



GINI SILK MILLS LIMITED

	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
SCHEDULE "G" - INVENTORIES		
(As taken, valued & certified by the management)		
Fabrics	23,596,104	25,275,451
Goods in Transit	280,558	418,258
Raw Materials	14,538,454	11,171,938
Work in Process (Job)	3,070,501	3,898,141
Stores & Spares	4,117,951	4,334,099
	<u>45,603,568</u>	<u>45,097,887</u>
SCHEDULE "H" - SUNDRY DEBTORS		
(Unsecured, considered good by the management)		
Debts outstanding for a period exceeding six months	4,375,582	1,291,780
Other Debts	23,249,136	25,706,145
	<u>27,624,718</u>	<u>26,997,925</u>
SCHEDULE "I" - CASH & BANK BALANCES		
Cash in Hand	376,105	420,019
Balances with Scheduled Banks :		
(I) In current Account	604,189	345,002
(ii) In Margin Account	5,000	10,000
(iii) In Fixed Deposit	42,772	37,772
	<u>1,028,066</u>	<u>812,793</u>
SCHEDULE "J" - LOANS & ADVANCES		
(Unsecured, Considered good by the management)		
*Advance recoverable in cash or in kind or value to be received.	6,431,187	19,798,154
Deposit with Government /Semi Government authorities and others.	1,533,418	1,549,918
Advance Income Tax (Net of Provision)	2,750,743	4,028,659
	<u>10,715,348</u>	<u>25,376,731</u>
*Includes ₹ Nil/- (Previous Year ₹ 15,200,128/-) towards share application money		
SCHEDULE "K" - CURRENT LIABILITIES		
Sundry Creditors (Due to SSI Undertaking above 30 days ₹ Nil)	32,955,977	25,586,718
Advances from customers	9,339,985	10,136,588
Investor Education and Protection Fund:		
(Appropriate amount shall be transferred to the Fund as and when due)		
Unpaid Dividend	85,130	85,204
Other Liabilities	8,351,231	6,290,545
	<u>50,732,323</u>	<u>42,099,055</u>
SCHEDULE "L" - PROVISIONS		
Proposed Dividend	4,194,450	4,194,450
Distribution Tax	719,976	712,848
	<u>4,914,426</u>	<u>4,907,298</u>



	For the Year ended 31st Mar' 2010	For the Year ended 31st Mar' 2009
SCHEDULE " M " - PROCESS & JOB CHARGES RECEIVED		
Processing Charges - Fabrics	149,354,006	122,084,050
Less : Interdivision Sales	(26,105,156)	(22,729,148)
	<u>123,248,850</u>	<u>99,354,902</u>
SCHEDULE " N " - OTHER INCOME		
*Interest - Gross (T.D.S ₹ 13,25,624 /- (Previous Year ₹ 11,35,064/-)	3,407,431	5,384,798
Rebate & Discounts	-	1,032,476
Mvat Refund	1,351,835	1,654,946
Interest on Income Tax Refund	126,419	-
Interest received on Security Deposit	53,110	-
Dividend Received	713,202	1,049,296
Scrap Sales	36,250	37,685
Profit on sale of Fixed Assets	549,800	1,042
Profit on Partnership Firm	25,552,472	-
Rent Income (T.D.S. ₹ 6,95,024/-) (Previous Year ₹ 4,86,961/-)	4,459,000	2,499,000
Miscellaneous Income	50,000	37,600
Sundry Balance W/off	1,672	469,469
Profit on sale of Shares	47,623	-
Profit on sale of Mutual Fund Units	-	325,026
*(Includes Interest of ₹ 29,75,071/- towards investment given to Gini Constructions Co. & towards share application given to Gini Construction Private Limited in which Company is partner/stake holder)	<u>36,348,814</u>	<u>12,491,338</u>
SCHEDULE " O " - INCREASE/(DECREASE) IN STOCK		
CLOSING STOCK		
Fabrics	23,596,104	25,275,451
Work in Process (Job)	3,070,501	3,898,141
	<u>26,666,605</u>	<u>29,173,592</u>
OPENING STOCK		
Fabrics	25,275,450	28,040,855
Work in Process (Job)	3,898,141	4,164,716
	<u>29,173,591</u>	<u>32,205,571</u>
Increase/ Decrease in stock	<u>(2,506,986)</u>	<u>(3,031,979)</u>
SCHEDULE " P " - RAW MATERIALS CONSUMED		
DYES & CHEMICALS		
Opening Stock	2,808,987	2,538,115
Add : Purchases	24,986,603	27,430,265
	27,795,590	29,968,380
Less : Closing Stock	2,495,967	2,808,987
	<u>25,299,623</u>	<u>27,159,393</u>
GREY FABRICS CONSUMED		
Opening Stock	8,781,209	10,627,542
Add : Purchases	110,824,954	105,898,856
Add : Goods in Transit	280,558	418,258
	119,886,721	116,944,656
Less : Closing Stock	12,042,487	8,362,951
Less : Goods in Transit	280,558	418,258
	<u>107,563,676</u>	<u>108,163,447</u>
	<u>132,863,299</u>	<u>135,322,840</u>



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

PURCHASES

Fabrics

31,645,514

23,009,137

STORES & SPARES CONSUMED

Opening Stock

2,296,978

2,172,688

Add : Purchases

4,374,372

4,907,363

6,671,350

7,080,051

Less : Closing Stock

2,342,557

2,296,978

4,328,793

4,783,073

FURNANCE OIL CONSUMED

Opening Stock

-

210,759

Add : Purchases

-

-

-

210,759

Less : Closing Stock

-

-

-

210,759

PACKING MATERIAL CONSUMED

Opening Stock

1,820,619

1,221,030

Add : Purchases

9,281,299

8,640,747

11,101,918

9,861,777

Less : Closing Stock

1,482,702

1,820,620

9,619,216

8,041,157

COAL CONSUMED

Opening Stock

192,261

508,641

Add : Purchases

27,975,628

31,693,201

28,167,889

32,201,842

Less : Closing Stock

244,237

192,261

27,923,652

32,009,581

41,871,661

45,044,570

POWER & FUEL CONSUMED

Opening Stock

24,240

31,626

Add : Purchases

13,364,845

10,665,194

13,389,085

10,696,820

Less : Closing Stock

48,455

24,240

13,340,630

10,672,580

OTHER MANUFACTURING EXPENSES

Processing Charges

34,877,831

32,052,739

Less : Interdivision Processing Charges

(26,105,156)

(22,729,148)

Embroidery Charges

1,560,120

-

Design Charges

292,523

269,250

Labour Charges

13,524,407

11,754,289

Carriage & Freight

3,323,861

2,258,929

Packing Charges

681,933

666,543

Water Charges

6,187,795

5,823,717

Effluent Treatment Expenses

1,351,888

1,077,308

35,695,202

31,173,627

PAYMENT TO AND PROVISION FOR EMPLOYEES

Salaries,Wages,Gratuity & Other benefits

16,571,276

12,663,246

Contribution to PF & Other Funds

1,090,594

809,670

Staff Welfare Expenses

530,278

385,913

18,192,148

13,858,829

SELLING DISTRIBUTION AND OTHER EXPENSES

Commission on Sales

8,244,341

7,448,464

Advertisement Expenses

5,107,283

3,851,360

Sales Conference

567,169

25,000

Sales Promotion Expenses

1,445,640

2,237,096

15,364,433

13,561,920



	For the Year ended 31st Mar' 2010	For the Year ended 31st Mar' 2009
ESTABLISHMENT EXPENSES		
Insurance Charges	725,903	722,433
Rent	1,212,110	1,211,360
Rates & Taxes	874,134	373,067
Testing Fees & Laboratory Charges	79,476	63,889
Traveling & Conveyance	2,924,328	1,769,824
Brokerage	172,500	473,969
Printing & Stationery	476,882	459,647
Legal & Professional Charges	709,543	820,641
Postage Expenses	340,245	218,374
Miscellaneous Expenses	387,930	310,929
Motor Car Expenses	386,902	364,813
Telephone Charges	549,848	576,399
Electricity Charges	839,233	1,180,376
Membership & subscription Fees	25,703	52,566
Donation	1,024,250	1,027,500
Entertainment Expenses	94,423	143,714
Hundi & Stamp Paper Fees	310	1,310
Registration Charges- Leave & Licences	-	30,013
Sundry Balances W/off	737,395	-
Cash Transaction Tax	-	9,475
Security Transaction Tax	1,392	-
Sitting Fees	9,000	9,000
Loss on sales of Mutual Fund	26,340	-
Internet Expenses	99,339	101,124
Computer Expenses	38,144	55,420
	11,735,330	9,975,843
REPAIRS & MAINTENANCE		
To Plant & Machinery	1,411,725	748,494
To Building	138,628	827,704
To Others	134,092	213,381
	1,684,445	1,789,579
PAYMENT TO AUDITORS		
As Audit Fees	71,695	75,000
As Tax Audit Fees	20,406	20,000
For Other Matters	28,199	-
	120,300	95,000
INTEREST & FINANCE CHARGES		
On Cash Credit Account	1,728	11,778
On Others	1,304,002	569,551
Bank Commission Charges	214,000	284,941
	1,519,730	866,270
GRAND TOTAL	171,169,393	150,047,354

As per our report of even date

For **VATSARAJ & CO.**
Chartered Accountants

CA MAYUR KISNADWALA
Partner

Mumbai, 19/08/2010

For and on behalf of the Board

VISHWANATH HARLALKA
Chairman

DEEPAK HARLALKA
Managing Director

DINESH PODDAR
Director

Mumbai, 19/08/2010

SCHEDULE “ R” 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 is made only if such decline is other than temporary in nature.

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 per the unaudited accounts of the Partnership.
- ii) Purchases/Sales/Process & Job work receipts are exclusive of Sales Tax 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) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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 ₹ 215,820 /-for Interest and Penalty on differential amount of Excise duty [The Company has gone in appeal to the Commissioner (Appeal)] (Previous year ₹ 215,820/-)
- 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 ₹ 3,38,418/- on Deemed Credit. The Company has deposited ₹ 1,00,000/- (Previous year ₹ 1,00,000/-)to Asst. Registrar the Customs Excise Service Tax Appellate Tribunal W.Z.B. (Previous year Rs. 3,38,418/-)
- iv) Textile Committee has demanded ₹ 2,99,150/- on collection of Cess under the Textile Committee Act & Cess Rules Reg. (Previous year ₹ 2,99,150/-)
- v) Central Excise duty demand for ₹ 1,85,09,688/- for excise duty and interest on differential amount on excise duty (The Central Excise Department has made Special Leave Petition in Supreme Court). (Previous year ₹ Nil/-)

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

i) FIRMS IN WHICH DIRECTORS ARE INTERESTED	2009-2010	2008-2009
	(₹)	(₹)
Shree Enterprises :		
(Maximum balance outstanding on any day during the year ₹ 20,51,320 /-) (Previous Year ₹ 10,72,366/-)	54,549/-	661,329
ii) COMPANIES UNDER THE SAME MANAGEMENT		
Gini Tex Private Limited.		
(Maximum balance outstanding on any day during the year ₹ 1,33,38,802 /-) (Previous Year ₹ 1,52,36,692/-)	-	976,218
Gini Constructions Co Private Limited.		
On Account of Share Application Money		
(Maximum balance outstanding on any day during the year ₹ 2,25,50,128/-) (Previous Year ₹ 15,200,128)	-	152,00,128

3) MANAGING DIRECTORS REMUNERATION:

	2009-2010	2008-2009
	(₹)	(₹)
Salary	12,00,000	12,00,000
Contribution to P.F. & Other funds	1,44,000	1,44,000
Perquisites	1,83,142	188,933
	15,27,142	15,32,933

- 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 :

	2009-2010	2008-2009
Employer's Contribution to Provident Fund	10, 58,497	7, 81,208

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

Particulars	2009-2010	2008-2009
Opening PV of Obligation	1641724	1162989
Interest Cost	131338	93039
Current Service Cost	292266	191687
Less: Benefits Paid	(101599)	230539
Acturial Gain / Loss (Bal. Fig)	234315	424548
PV of Closing Obligation	2198045	1641724



Particulars	2009-2010	2008-2009
II Calculation of Changes in Fair Value of Plan Asset		
FV of Plan Asset at beginning	1930666	1391196
Expected Return on Plan Asset	167287	122835
Employer Contribution	766734	647174
Less: Benefits Paid	(101599)	230539
Actuarial Gain / (Loss) (Bal. Fig.)	NIL	NIL
FV of Asset at end	2763088	1930666
III Liability in Balance Sheet		
Closing PV of Obligation	2198045	1641724
Less: FV of Plan Asset	2763088	1930666
Asset/ (Liability) recognised in Balance Sheet	565043	288942
IV Expense in Profit & Loss A/c Statement		
Current Service Cost	292266	191687
Add Interest Cost	131338	93039
Less Expected Return on Plan Asset	(167287)	(122835)
Add Actuarial Loss	234306	424548
Less Actuarial Gain	-	-
Total Expenses Recognised in P & L A/c	490633	586439
V Actuarial Assumptions	31/03/2010	31/03/2009
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.

- 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 2009-10	Amount outstanding as on 31.3.2010	
					Receivable	Payable
1)	Shri Vishwanath Harlalka	Executive Chairman	Acceptance of unsecured loans Interest Interest payable Remuneration paid	58,00,000 3,22,160 2,57,728 18,00,000		19,21,932
2)	Shri Deepak Harlalka	Managing Director	Acceptance of unsecured loans Interest Interest payable Managerial — Remuneration paid Perquisites	63,00,000 9,50,972 7,60,778 12,00,000 183,142		7,60,778
3)	Gini Tex Private Limited.	Directors are common	Processing Charges Rent Paid Electricity Charges Telephone Charges Packing Material Grey Purchase	6,06,04,309 11,69,860 6,43,092 1,93,829 9,71,049 1,39,19,343		12,18,924 2,80,558
4)	Shree Enterprises	Directors are Partners	Processing Charges	67,64,367	54,549	-

Sr No.	Name of Related Party	Relationship	Description of transactions	Value of transactions during 2009-10	Amount outstanding as on 31.3.2010	
					Receivable	Payable
5)	Gini Constructions Co.	Company is a Partner	Towards investments Interest Interest Receivable	2,43,00,000 23,22,820 13,87,646	3,52,28,985	-
6)	Gini Constructions Pvt Ltd	Company is a Shareholder	Towards share application Interest Interest Receivable	1,00,50,000 6,52,251 2,61,801	-	-

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:

	2009-2010	2008-2009
Net Profit available for Equity Shareholders (₹)	49,784,848	24,933,888
Weighted average number of Equity Shares outstanding during the year	5,592,600	5,592,600
Basic & Diluted earning per shares (₹) on nominal value of ₹ 10 per share)	9.02	4.30

- 8) DEFERRED TAX ASSETS AND LIABILITIES AS ON 31 ST MARCH' 2010

DEFERRED TAX	Tax effect 2009-2010	Tax effect 2008-2009
LIABILITY		
Accumulated Depreciation	38,48,691	36,25,284
Deferred Tax Liability	38,48,691	36,25,284
ASSETS		
Accrued Expenses deductible on payment basis	-	-
Business Loss	-	-
Net Deferred Tax Liability	38,48,691	36,25,284

- 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 & Small Enterprises as on 31st March' 2010. This information as required to be disclosed under the Micro, Small & Medium Enterprise Development Act,2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 12) Income Tax assessment is completed up to the Assessment year 2007 – 2008
- 13) 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	2009-2010			2008-2009		
	LICENCED*	INSTALLED*	PRODUCTION	LICENCED	INSTALLED*	PRODUCTION
PROCESSING FABRICS	18000000 MTRS.	18000000 MTRS.	19567414 MTRS.	18000000 MTRS.	18000000 MTRS.	17221713 MTRS.



GINI SILK MILLS LIMITED

B) DETAILS OF PRODUCTION, STOCK AND TURNOVER:

ITEM	2009-2010		2008-2009	
	QUANTITY Mtrs.	VALUE ₹.	QUANTITY Mtrs.	VALUE ₹.
FABRICS				
SEMI FINISHED				
GREY				
OPENING STOCK	359100.85	8,781,209	348733.20	10,627,542
PURCHASES	4543680.50	111,105,512	4201460.80	106,317,114
PRODUCTION	4247421.25	-	4191093.15	-
CLOSING STOCK	655360.10	12,323,045	359100.85	8,781,209
FINISHED				
OPENING STOCK	627484.42	25,275,451	808088.15	28,040,855
PURCHASES	981165.50	31,645,514	555244.40	23,009,137
PRODUCTION	3958967.26	-	3831124.15	-
CLOSING STOCK	649191.80	23,596,104	627484.42	25,275,451
TURNOVER	4918425.38	214,086,963	4566972.28	216,473,101

C) JOB WORK

MMF.PROCESS	16143528 MTR	123,248,850	14092939 MTR	99,354,902
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NOTES :

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

	2009-2010	2008-2009
VALUE OF IMPORTS (Calculated on CIF Basis) :	NIL	NIL
EXPENDITURE IN FOREIGN CURRENCY	95255	NIL
EARNING IN FOREIGN CURRENCY	NIL	NIL

14) CONSUMPTION OF RAW-MATERIAL/STORES/SPARES/GREY FABRICS (₹)

PARTICULARS	2009-2010		2008-2009	
	VALUE (₹)	PERCENTAGE	VALUE (₹)	PERCENTAGE
i) DYES & CHEMICALS				
IMPORTED	-	0%	-	0%
INDIGENOUS	25,299,623	100%	27,159,393	100%
ii) RAW MATERIAL, STORES & SPARES *				
IMPORTED	22,340,977	15%	32,009,581	21%
INDIGENOUS	127,094,360	85%	121,198,436	79%

- Constitutes Furnace Oil, Coal, Lubricants , Packing Material & Grey Fabrics Consumption.

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

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

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

SCHEDULE "A" TO "R" FORM PART OF THE ACCOUNTS

As per our report of even date

For **VATSARAJ & CO.**
Chartered Accountants

CA Mayur Kisnadwala
Partner

Mumbai, 19/08/2010

for and on behalf of the Board

VISHWANATH HARLALKA
Chairman

DEEPAK HARLALKA
Managing Director

DINESH PODDAR
Director

Mumbai, 19/08/2010

**CASH FLOW STATEMENT**

A) CASH FLOW FROM OPERATING ACTIVITIES	₹	CURRENT YEAR	₹	PREVIOUS YEAR
Net Profit/(Loss) before tax and extraordinary items		62,508,255		35,667,085
Adjusted For :				
Depreciation	4,636,694		4,253,245	
Profit / Loss on Sale of Assets (Net)	(549,800)		(1,042)	
Interest Income	(2,975,071)		(4,967,390)	
Profit from Partnership firm	(25,613,837)		-	
Interest Charges	1,274,860		538,351	
Dividend Received	(713,202)		(1,049,296)	
Rent Received	(4,459,000)		(2,499,000)	
Profit / Loss on Sale of Mutual Fund & shares	(21,283)	(28,420,639)	(325,026)	(4,050,158)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE		34,087,616		31,616,927
CHANGES IN WORKING CAPITAL				
(Increase) / Decrease in Inventories	(505,681)		4,418,086	
Increase in Trade & other Receivables	3,374,789		(32,347,157)	
Increase in Trade Payable	(3,266,857)	(397,749)	13,250,944	(14,678,127)
Cash Generated from operations		33,689,867		16,938,800
Fringe Benefit Tax		-		(262,000)
Direct Taxes Paid		(7,290,000)		(7,516,554)
NET CASH FLOW FROM OPERATING ACTIVITY		26,399,867		9,160,246
B) CASH FLOW FROM INVESTING ACTIVITY				
Purchase of Fixed Assets	(8,796,294)		(3,312,651)	
Sale of Fixed Assets	550,000		10,000	
Investments Purchased	(53,518,111)		(31,103,646)	
Investments sold	45,187,867		29,450,544	
Dividend Received	116,248		398,263	
Rent Received	3,892,279		1,966,695	
NET CASH FLOW FROM INVESTING ACTIVITY		(12,568,011)		(2,590,795)
C) CASH FLOW FROM FINANCING ACTIVITY				
Repayment of Unsecured Loan	(20,488,152)		(15,824,442)	
Proceeds from Unsecured Loans	12,100,000		11,193,000	
Proceeds from secured Loans	(319,330)		1,862,817	
Interest Paid	(1,728)		-	
Tax on Dividend Paid	(712,848)		(712,848)	
Dividend Paid	(4,194,524)		(4,194,450)	
NET CASH FLOW FROM FINANCING ACTIVITY		(13,616,582)		(7,675,923)
NET CASH FLOW		215,274		(1,106,472)
Cash and Cash Equivalents as at commencement of the year		812,792		1,919,264
Cash and Cash Equivalents at the end of the year		1,028,066		812,792
NET INCREASE/(DECREASE) OF CASH & CASH EQUIVALENTS		215,274		(1,106,472)

For and on behalf of the Board

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

Mumbai

Dated : 19/08/2010

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.

For **Vatsaraj & Co.**
Chartered Accountants

Mumbai

Dated : 19/08/2010

(CA Mayur Kisnadwala)
Partner
FRN: 111327W



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	31/03/2010		

II) CAPITAL RAISED DURING THE YEAR (₹ In Lacs)

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

III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ In Lacs)

Total Liabilities	1895.30	Total Assets	1895.30
Paid-up-Capital	567.40	Reserve & Surplus	1247.15
Secured Loans	15.43	Unsecured Loans	26.83

APPLICATION OF FUNDS

Net Fixed Assets	445.36	Investments	1156.69
Net Current Assets	293.25	Misc.Expenditure	-
Deferred Tax Liability	38.49		

IV) PERFORMANCE OF COMPANY (₹ In Lacs)

Turnover (Sales)	3373.36	Total Expenditure	3086.69
Profit before Tax	625.08	Profit after Tax	497.85
Earning per Share in Rs.	9.02	Dividend Rate %	7.5

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

(AS PER MONETARY TERMS)

Item Code No.

Product Description

(ITC Code)

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

For and on behalf of the Board

VISHWANATH HARLALKA

Chairman

DEEPAK HARLALKA

Managing Director

DINESH PODDAR

Director

Mumbai, 19/08/2010



GINI SILK MILLS LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Shareholder (in Block Letters) _____

Member's Folio Number _____

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

Number of Shares held _____

I hereby record my presence, at the Annual General Meeting held on Monday, September 27, 2010, at 11.30 A.M at Maheshwari Pragati Mandalw, Maheshwari Bhawan, 603, Girgaon Road, Mumbai – 400002

Member's / Proxy's Signature

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



GINI SILK MILLS LIMITED

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

PROXY

Member's Folio Number	
No. of Shares	

I/We _____

of _____

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

of _____

or failing him _____

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, September 27, 2010, at 11.30 A.M at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400 002

Signed at _____ this _____ day of _____ 2010.

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.

Revenue Stamp One Rupee
