



Fine Fabrics Since 1963



GINI SILK MILLS LIMITED

**31st ANNUAL REPORT
2010 - 2011**



LORD GANESH TEMPLE IN TARAPUR FACTORY



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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 – 400011

WORKS

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

AUDITORS

M/s. Vatsaraj & Co.
Chartered Accountants

BANKERS

State Bank of India
Kotak Mahindra Bank Limited

REGISTRARS & TRANSFER AGENTS

BIGSHARES SERVICES PVT. LTD.
E-2/3, Ansa Industrial Estate
Sakivihar Road, Saki Naka
Andheri (East), Mumbai - 400072

THIRTYFIRST ANNUAL GENERAL MEETING
on Tuesday, 30th August, 2011
12.00 P.M. at Maheshwari Pragati Mandal,
Maheshwari Bhawan,
603, Girgaon Road, Mumbai – 400002

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.



NOTICE

NOTICE is hereby given that the Thirty First Annual General Meeting of **GINI SILK MILLS LIMITED** will be held on Tuesday 30th, August, 2011 at **12.00 P.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, 2011 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. R. K. Rajgarhia, 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.

Regd. Office:

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

Place : Mumbai

Date : 25/07/2011

By Order of the Board

(Vishwanath Harlalka)
Executive Chairman

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. A FORM OF PROXY IS GIVEN AT THE END OF THIS ANNUAL REPORT.**
2. The Register of Members and Share transfer Books will remain closed from Tuesday, August 23, 2011 to Tuesday, August 30, 2011(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).
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 2011-2012.

Regd. Office:

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J. R. Boricha Marg,
Lower Parel (East)
Mumbai – 400 011

Place : Mumbai

Date : 25/07/2011

By Order of the Board

(Vishwanath Harlalka)
Executive Chairman

DIRECTOR'S REPORT

Dear Members,

Your Directors are pleased to present the **Thirty First** Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2011.

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)

PARTIULARS	2010-2011 ₹	2009-2010 ₹
Net Sales/ Income from operations	3581.19	3373.36
Other Income	184.00	349.97
	3765.19	3723.33
Profit (before interest, depreciation and taxation)	589.24	686.65
Interest	5.23	15.20
Depreciation	45.90	46.37
Provision for		
Current Taxation	140.00	125.00
Deferred Tax	0.62	2.23
Net Profit after Tax	397.49	497.85
Add : Balance brought forward From Previous year	1236.92	781.59
Excess/ Short provision for Tax in respect of earlier Year	0.12	6.62
Profit available for appropriation	1634.52	1286.06
APPROPRIATIONS		
Proposed Dividend	41.94	41.94
Distribution Tax	6.97	7.20
Profit Carried to Balance Sheet	1585.61	1236.92
Total	1634.52	1286.06

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. R. K. Rajgarhia, 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 have selected such accounting polices 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

Place: Mumbai
Date : 25/07/2011

vishwanath harlalka
Executive Chairman

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

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:
PART 'A'

POWER & FUEL CONSUMPTION	2010-2011	2009-2010
(1) A PURCHASED		
Unit (KWH)	2395099	2254030
Total Amount (₹.lacs)	124.68	106.34
Rate per unit (₹.)	5.20	4.71
B OWN GENERATION		
Though Diesel Generator :		
Units (KWH)	82229	93041
Units Per Ltr.of Diesel oil	3.50	3.50
Cost per unit (₹.)	11.43	10.16
(2) COAL		
Quantity (Kgs.)	6757180	5932879
Total Cost (₹. In lacs)	335.96	279.24
Average rate per Kg. (₹.)	4.97	4.70
(3) GAS		
Quantity (Kgs.)	38000	30704
Total Cost (₹. In lacs)	20.58	13.97
Average rate per Kg. (₹.)	54.15	45.50
(4) DIESEL OIL		
Quantity (Ltrs)	23267	26790
Total cost (₹.lacs)	9.40	9.46
Average Rate Per Ltr. (₹.)	40.41	35.32

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	0.12
Coal (Kgs.)	0.31	0.30

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY AND TECHNICAL ABSORPTION AND ADOPTION
1. TECHNOLOGY ABSORPTION

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

2. RESEARCH & DEVELOPMENT

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

for and on behalf of the Board

**PLACE : MUMBAI
DATED : 25 /07 /2011**

**VISHWANATH HARLALAKA
CHAIRMAN**

MANAGEMENT DISCUSSION AND ANALYSIS

Our textile sector has been focusing on heritage and craft, rather than technology and scale, ever since Independence. Also, the general approach of policy makers has been to support weak units to survive rather than to create conditions in which inefficient production can be replaced with efficient manufacturing facilities. In the context of growing unemployment in the country, the priority has been to sustain employment at any cost. Loss making units of NTC were funded by government for long time, mainly for paying its employees. Government funds are policy measures like the Hank Yarn Picking Obligation continue to be used even now for sustaining weak handloom units. During fiscal 2010-2011, government placed export restrictions on cotton yarn. The Handloom Reservation Order prohibits organized units and power loom sector from producing certain specified products, so that hand loom sector alone can produce them. These are all instances of economic policies being used for social purposes at the cost of industrial efficiency.

The production facilities in many segments of our textile sector are by and large small units based on tradition rather than scale economies. There are historical reasons for this, in addition to government policies. When imports were practically banned, our small scale units could survive on government doles, since there was no external competition for the domestic producers. But from the time the process of economic liberalization started, the business environment has been changing fast. With increasing liberalization of imports, inherent cost competitiveness of the units has become the decisive factor for growth of businesses. But several government policies continue to ignore this reality.

The adverse impact of efforts to sustain weak units is clearly evident in our fabric sub-sector. In 1951 over 70% of fabric production in the country was in the organized sector. By 2010, this declined to 3.3% and the decline was almost consistent from year to year. Since decentralized units are not able to deliver large lots of quality fabrics with shade consistency, our large garment makers are forced to import fabrics. The trend of significant yarn exports as well as fabric imports during recent years is a clear manifestation of what has gone wrong with our approach to developing the fabric sector over the decades. The power loom and hand loom sectors continue to look for government support, since their inherent strength is inadequate for survival even after decades of hand holding by government.

The role of Asia in the textile and clothing markets has been increasing in recent years and indications are that this trend will be sustained in the coming years. In addition, the consumption of textile products in most of the Asian countries has been increasing, driven by impressive economic growth in the emerging markets. Thus, in the next one or two decades, there will be dramatic increase in textile production in various Asian countries, both for domestic consumption as well as for exports. In the developed countries, there is a trend of increasing imports and declining domestic production in this industry because of high cost of production. However, in the case of technical textiles, developed countries and the new industrialized economies in Asia dominate the markets and are expected to remain competitive.

Outlook for the Global Economy in FY 2011-12

The US economic growth is fluid and Europe is in a precarious situation due to the Greece's debt situation. The debt to GDP in Greece is 124 per cent next only to Japan whose ratio is 202 per cent. The situation in Greece is so serious that it has cost the majority of Chancellor Angelo Markel in the German Parliament. The economies developed nations are struggling and in the words of Nobel laureate Paul Krugman, the US economy is shaky. Given the fluid economic situation in the US and Europe, what will be the situation of the Indian textile industry?

In June 2010, the British Chancellor of Exchequer (Finance Minister) retired the customary budget box, which has been in existence for over 150 years. The budget box known as "Red Box" was first used by William Gladstone in 1960, when Britain ruled most of the world till the current Chancellor or Exchequer, George Osborne. The famous red box had only two interruptions in its service, which witnessed the might of British Empire to the current Britain which at the brink of dire economic situation if not already in such a situation. Now, the red box presented an austere budget with axe and tax provisions. The debt to GDP ratio in the UK is 70 per cent and serious budget cuts have to be enforced there. More importantly, the coalition government between the Conservatives and the Liberal Democrats has to get the British financial house in order.

In the US, the legislators are axing and exploring tax hikes to balance the budget and to cut down long term deficits, which means freezing public projects such as building roads and bridges, bring of new employees and defense spending. All these will have implications on jobs and spending. The old adage "customer is the King" still holds well and particularly will impact the Indian textile Industry. Indian textile Industry makes big bucks by exporting. The US and EUROPE MAKE UP FOR 60 PER CENT OF India's textile exports. The financial troubles in these countries will be of interest and concern to the Indian textile sector.

The Indian textile sector should plan for the lack of growth in developed economies and should concentrate on the following:

1. Increasing incentives for R&D in the technical textiles sector. Indian Government should convene a workshop involving policy makers, international trade bodies, international and Indian academia, R&D sector, and Indian trade bodies such as Indian Technical Textiles Association, FICCI, etc., to chart out a national strategy to boost the technical textiles sector and innovation in this sector.

2. Enable international trade and academic visits specifically focusing on technical textiles products and converting sector.

To conclude, the future of the Indian textile industry is in the development of small and medium scale enterprise along with roll good manufacturers in the technical textiles and processing sector. In the classical 1940 Hollywood movie, "City for conquest", a wanderer in the street of New York city is pushed by a police officer on the beat to move on and not to say put in one spot. The wanderer says "Officer, which way? I don't know which way to go?" This is exactly the situation of the Indian textile industry- not knowing the direction to move forward. The movie ends as the wanderer says, "After all, the city has heart beat, meaning life." Surely, there is life for the Indian textile industry by growing small and medium scale enterprises surrounding the technical and processing textiles sectors.

Production & Sales Review:

During the year under review, your company has registered a turnover of ₹ 3581.19 Lacs as compared to ₹ 3373.36 Lacs in the previous year.

The production in the Company's Process House at Tarapur (Maharashtra) i.e. Dyeing & printing of textile fabrics was 21,361,474. Mtrs. as against 19,567,414 Mtrs. in previous year. The sales revenue from Processing of Fabric increased from ₹ 1493.54 Lacs to ₹ 1652.65 Lacs during the year under review. The sale revenue from sale of fabrics decreased from ₹ 2140.87 lacs to ₹ 2140.50 lacs.

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.

The Financial and Operational Performance:

The financial statement given in the Report of the Directors for the financial year 2010–2011 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.

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'.

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, 2011

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	-	5	-	-
Deepak V. Harlalka	Promoter, Executive	2	7	-	-
Ramprasad Poddar	Independent	8	2	-	1
Dineshkumar Poddar	Independent	6	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, 2011, 11 (Eleven) Board Meetings were held on 30th April 2010, 1st July, 2010, 7th July, 2010, 31st July, 2010, 11th August, 2010, 19th August, 2010, 18th October, 2010, 27th October 2010, 30th October, 2010, 30th December, 2010 & 24th January 2011. Annual General Meeting during the year was held on September 27, 2010.

Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 27.09.2010
Shri. Vishwanath S. Harlalka	Chairman	11	Present
Shri. Deepak V. Harlalka	Managing Director	11	Present
Shri. Ramprasad Poddar	Independent Director Non Executive	11	Present
Shri. Dineshkumar Poddar	Independent Director Non Executive	11	Present
Shri. Rajendrakumar Rajgarhia	Independent Director Non Executive	10	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. Rajendrakumar Rajgarhia retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

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

Name of the Company	Position	Committee Membership
APM Industries Limited	Chairman	-
Perfect Pac Limited	Director	-
Orient Abrasives Limited	Director	-
Gini Silk Mills Limited	Director	-
Confederation of Indian Textile Industry	Director	-
Rajgarhia Leasing & Financial Services Pvt Ltd	Director	*

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, 2011, 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, 2011, One Remuneration Committee meeting was held on 1st July, 2010 to approve the remuneration of Executive Chairman.



The detail of remuneration for the year ended 31st March, 2011 paid to the Managing Director during the period is as under:

Director	Salary	Perquisites	Cont. to PF & Other Funds	'Total'
Shri. Deepak Harlalka	21,00,000	1,72,442	2,52,000	25,24,442
Shri Vishwanath Harlalka	24,00,000	-	2,88,000	26,88,000

iii) SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE:

BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

Composition

The constitution of the Committee is as follows:

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

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

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

There were no valid share transfer requests pending as on March 31, 2011.

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
2009-2010	27.09.2010	11.30 am	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.
2008-2009	31.08.2009	1.00 pm	Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai 400 02.
2007-2008	28.08.2008	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 : 30th August, 2011 at 12.00 p.m
- ii) Venue : Maheshwari Paragati Mandal, Maheshwari Bhawan, 603, Girgaon Road, Mumbai - 400002
- b) Financial Calendar (tentative)
- Results for the 1st Quarter Ending 30th June, 2011 : Last week of July, 2011
- Results for the 2nd Quarter /Half Year Ending 30th September, 2011 : Last week of October, 2011
- Results for the 3rd Quarter Ending 31st December, 2011 : Last week of January, 2012
- Results for the 4th Quarter/Year Ending 31st March, 2012 : Last week of April/May, 2012
- c) Book Closure Date : Tuesday, August 23, 2011 to Tuesday, August 30 2011 (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

Month	Bombay Stock Exchange	
	High ₹	Low ₹
April 2010	62.70	32.00
May 2010	65.80	43.05
June 2010	58.75	46.00
July 2010	62.90	53.10
August 2010	64.00	54.50
September 2010	89.85	56.00
October 2010	89.90	68.45
November 2010	75.00	61.30
December 2010	76.00	58.10
January 2011	75.00	49.95
February 2011	56.50	36.25
March 2011	60.50	42.05

- h) Share holding pattern as on 31.03.2011

Sr.No.	Category	No. of Shares	% (Percentage)
1	Promoters (Including Promoters Body Corporate	4193460	74.98
2	Body Corporate	623402	11.15
3	Resident Individuals	775188	13.87
4	Non Resident of India	120	0.002
5	Clearing Member	430	0.007
	TOTAL	5592600	100.00

- i) Distribution of Share holding as on 31.03.2011

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 to 5000	666	77.53	108197	1.93
5001 to 10000	90	10.48	76557	1.37
10001 to 20000	39	4.54	59988	1.07
20001 to 30000	15	1.75	39232	0.71
30001 to 40000	7	0.81	24594	0.44
40001 to 50000	10	1.16	45853	0.82
50001 to 100000	12	1.40	86298	1.54
100001 onwards	20	2.33	5151881	92.12
Total	859	100.00	5592600	100.00



- j) Registrar and Share Transfer Agent: Bigshares services private limited
E-2 Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (East), Mumbai –400 072
- k) Share Transfer System:
Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Big Shares Services Private Limited handles both Demat and Physical Shares Transfers.
The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.
The Shareholders/Investors Grievance Committee meets periodically to consider the transfer and other proposals and attend to shareholders grievances.
- l) Dematerialisation of Shares
As on 31st March, 2011, 55, 10,993 Equity shares were in dematerialized form representing 98.54 % 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, 2011.

For Gini Silk Mills Limited

Place : Mumbai
Date : 25/07/2011

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, 2011, 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that, as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

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
Registration No. 111327W

CA Nitesh K Dedhia
(Partner)
M.No.114893

Place: Mumbai
Date: 25.07.2011



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, 2011 and the relative profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 2011;
 - 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
Registration No. 111327W

CA Nitesh K Dedhia
(Partner)
M.No.114893

Place: Mumbai
Date: 25.07.2011

**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 2011.

- (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 31.3.2011 ₹ 2,755,509/-. And the maximum amount outstanding during the year is ₹ 84,50,000/-.
- (f) The rate of interest and other terms and conditions of loans taken by the company, are, in our opinion, prima facie not prejudicial to the interest of the company; and
- (g) Repayment of the principal amount and interest is on demand.
- (iv) In our opinion and based on the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding value of rupees five lakhs of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any relevant provisions of the Act and the rules framed there under are not applicable.
- (vii) Based on the records examined by us and information and explanations given to us, in our opinion, the company has an internal audit system commensurate with its size and nature of its business;
- (viii) The company has maintained the records relating to materials, labour or any other items of cost prescribed pursuant to the Rules made by Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- (ix) (a) Based on the records examined by us and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except for Service Tax of ₹ NIL were outstanding as at 31st March, 2011 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
Registration No. 111327W

CA Nitesh K Dedhia
(Partner)
M.No.114893

Place: Mumbai
Date: 25.07.2011

**BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	Schedule	As at 31st Mar' 2011 ₹	As at 31st Mar' 2010 ₹
SOURCES OF FUNDS			
SHARE HOLDER'S FUND			
SHARE CAPITAL	A	56,740,063	56,740,063
RESERVES & SURPLUS	B	159,584,385	124,714,770
		<u>216,324,448</u>	<u>181,454,833</u>
LOANS FUNDS			
SECURED LOAN	C	8,930,111	1,543,487
UNSECURED LOANS	D	2,755,509	2,682,710
		<u>11,685,620</u>	<u>4,226,197</u>
DEFERRED TAX LIABILITY (NET)		3,910,311	3,848,691
(Refer Note No. 8)			
TOTAL		<u>231,920,379</u>	<u>189,529,721</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	E	113,747,519	111,669,571
LESS: DEPRECIATION		69,263,397	67,134,061
		<u>44,484,122</u>	<u>44,535,510</u>
INVESTMENTS	F	118,998,562	115,669,260
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	G	63,342,060	45,603,568
SUNDRY DEBTORS	H	26,739,755	27,624,718
CASH & BANK BALANCES	I	897,880	1,028,066
LOANS & ADVANCES	J	20,555,648	10,715,348
		<u>111,535,343</u>	<u>84,971,700</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	K	38,206,542	50,732,323
PROVISIONS	L	4,891,106	4,914,426
		<u>43,097,648</u>	<u>55,646,749</u>
NET CURRENT ASSETS		<u>68,437,695</u>	<u>29,324,951</u>
TOTAL		<u>231,920,379</u>	<u>189,529,721</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
Registration No. 111327W

CA NITESH K DEDHIA

Partner
Membership No. 114893
Mumbai : 25/07/2011

For and on behalf of the Board

VISHWANATH HARLALKA

Chairman

DEEPAK HARLALKA

Managing Director

DINESH PODDAR

Director

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2011

	Schedule	As at 31st Mar' 2011 ₹	As at 31st Mar' 2010 ₹
INCOME			
SALES (GROSS)		214,050,489	214,086,963
LESS: EXCISE DUTY		-	-
TURNOVER (NET)		214,050,489	214,086,963
PROCESS & JOB WORK RECEIPTS	M	144,068,842	123,248,850
OTHER INCOME	N	18,400,330	34,996,979
INCREASE/ (DECREASE) IN STOCK	O	6,461,066	(2,506,986)
TOTAL		382,980,727	369,825,806
EXPENDITURE			
RAW MATERIALS CONSUMED	P	145,548,479	132,169,619
PURCHASE, MANUFACTURING, SELLING, DISTRIBUTION & OTHER ESTABLISHMENT EXP.	Q	179,031,215	170,511,238
DEPRECIATION		4,590,448	4,636,694
TOTAL		329,170,142	307,317,551
PROFIT FOR THE YEAR BEFORE TAXATION AND PRIOR PERIOD AND E. O. I.		53,810,584	62,508,255
PROVISION FOR INCOME TAX			
CURRENT TAX		14,000,000	12,500,000
DEFERRED TAX		61,620	223,407
PROFIT FOR THE YEAR AFTER TAXATION		39,748,964	49,784,848
EXCESS/SHORT PROVISION WRITTEN BACK OF EARLIER YEARS		11,757	662,255
ADD : BALANCE BROUGHT FORWARD		123,691,680	78,159,002
BALANCE AVAILABLE FOR APPROPRIATION		163,452,400	128,606,104
APPROPRIATIONS			
PROPOSED DIVIDEND		4,194,450	4,194,450
PROVISION FOR DIVIDEND DISTRIBUTION TAX		696,656	719,976
BALANCE CARRIED OVER TO BALANCE SHEET		158,561,294	123,691,678
		163,452,400	128,606,104
EARNING PER SHARE- BASIC AND DILUTED (₹ PER EQUITY SHARES OF ₹ 10/-EACH) REFER NOTE NO.8 OF SCHEDULES.			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS	R	7.11	9.02

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
Registration No. 111327W

CA NITESH K DEDHIA

Partner
Membership No. 114893
Mumbai : 25/07/2011

For and on behalf of the Board

VISHWANATH HARLALKA

Chairman

DEEPAK HARLALKA

Managing Director

DINESH PODDAR

Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st Mar' 2011 ₹	As at 31st Mar' 2010 ₹
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	158,561,294	123,691,679
	<u>159,584,385</u>	<u>124,714,770</u>
SCHEDULE "C" - SECURED LOANS		
From State Bank of India in Cash Credit A/c	8,930,111	1,543,487
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>8,930,111</u>	<u>1,543,487</u>
SCHEDULE "D" - UNSECURED LOANS		
Other loans & advances		
From Directors	2,755,509	2,682,710
	<u>2,755,509</u>	<u>2,682,710</u>

SCHEDULE "E" - FIXED ASSETS (AT COST)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Additions	Adjustments/ Deduction	As at 31/03/2011	Up to 01/04/2010	Provided For the Year	Adjust- Ments/ Deduction	Up to 31/03/2011	As at 31/03/2011	As at 31/03/2010
Leasehold Land	4,987,194	-	-	4,987,194	784,501	56,036	-	840,537	4,146,657	4,202,693
Factory Building	29,828,177	192,094	-	30,020,271	12,446,557	979,858	-	13,426,417	16,593,854	17,381,620
Plant & Machinery	60,500,734	3,828,844	2,307,603	62,021,975	44,428,120	2,789,352	2,307,203	44,910,269	17,111,706	16,072,614
Electric Installation	5,935,795	101,184	-	6,036,979	2,930,777	281,076	-	3,211,853	2,825,126	3,005,018
Office Equipment	1,057,116	-	-	1,057,116	628,432	38,103	-	666,536	390,580	428,684
Vehicles	2,057,093	-	222,660	1,834,433	750,533	198,786	153,909	795,410	1,039,023	1,306,560
Computers	2,435,021	235,816	-	2,670,837	2,114,202	122,644	-	2,236,846	433,991	320,820
Computer Software	-	159,935	-	159,935	-	2,454	-	2,454	157,481	-
Furniture & Fixture	1,403,569	66,237	-	1,469,806	1,046,558	54,144	-	1,100,701	369,105	357,011
Fire Fighting Equipment	180,781	-	-	180,781	103,220	8,375	-	111,594	69,187	77,561
E.T.Plant	1,517,371	-	-	1,517,371	1,517,170	-	-	1,517,170	201	201
Lab Equipments	917,268	24,100	-	941,368	215,444	44,421	-	259,865	681,503	701,824
Building	849,453	-	-	849,453	168,547	15,199	-	183,745	665,708	680,906
TOTAL	111,669,572	4,608,210	2,530,263	113,747,519	67,134,061	4,590,448	2,461,112	69,263,397	44,484,122	44,535,512
PREVIOUS YEAR	96,272,809	7,391,209	1,004,633	102,659,385	57,800,233	4,290,232	756,743	61,333,723	41,325,662	38,472,577

	As at 31st Mar' 2011 ₹	As at 31st Mar' 2010 ₹
SCHEDULE " F " - INVESTMENTS		
A) LONG TERM INVESTMENTS (UNQUOTED - NON TRADE) (AT COST UNLESS OTHERWISE SPECIFIED)		
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 of ₹ 10/- each fully paid RELIANCE INDUTRIES LIMITED (Market Value ₹ 6,95,739/- Previous Year ₹ 7,13,800/-)	318,720	318,720
2. 2,019 Equity Shares of ₹ 10/- each fully paid NATIONAL THERMAL POWER CORPORATION (Market Value ₹ 3,89,667/- Previous Year ₹ 4,17,933/-)	125,178	125,178
3. 1000 Equity Shares of ₹ 2/- each fully paid SATYAM COMPUTER SERVICES LIMITED (Market Value ₹ NIL Previous Year ₹ 9,23,500/-)	-	1,116,048
4. 2535 Equity Shares of ₹ 10/- each fully paid N H P C LIMITED (Market Value ₹ 64262 /- Previous Year ₹ 77,318/-)	91,260	91,260
5. 265 Equity Shares of ₹ 10/- each fully paid OIL INDIA PUBLIC LIMITED (Market Value ₹ 3,47,905/- Previous Year ₹ 3,06,075/-)	278,250	278,250
6. 6000 Equity Shares of ₹ 10/- each fully paid TATA STEEL LIMITED (Market Value ₹ 37,23,000 /- Previous Year ₹ Nil)	3,725,684	-
7. 300 Equity Shares of ₹ 5/- each fully paid BF UTILITIES LTD. (Market Value ₹ 2,34,855 /- Previous Year ₹ Nil)	234,270	-
8. 19050 Equity Shares of ₹ 10/- each fully paid POWER GRID CORPORATION OF INDIA (Market Value ₹ 19,39,290 /- Previous Year ₹ Nil)	1,714,500	-
9. 1848 Equity Shares of ₹ 10/- each fully paid MOIL LTD. (Market Value ₹ 7,29,128 /- Previous Year ₹ Nil)	693,000	-
10. Units 861246.476 face value ₹ 10/- each HDFC CASH MGMT FUND-SAVING (Market Value ₹ Nil Previous Year ₹ 51,984,282/-)	-	51,984,282
11. Units 80,000,00 face value ₹ 10/- each LIC MF INTERVAL FUND -MONTHLY DIVIDEND PLAN (Market Value ₹ 80,024,000/- Previous Year ₹ Nil)	80,000,000	-
C. PARTNERSHIP FIRM		
1) GINI CONSTRUCTION CO - CAPITAL ACCOUNT Previous Year ₹ 25,613,837/-)	30,900,000	25,613,837
2) GINI CONSTRUCTION CO - CURRENT ACCOUNT Previous Year ₹ 35,228,985 /-)	-	35,228,985
3) GINI CITICORP REALITY LLP CAPITAL ACCOUNT Previous Year ₹ NIL /-)	5,000	-
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	88,147,846/-	87,180,862/-
Previous Year	54,422,908/-	53,913,738/-
Unquoted Investments:		
	Market Value	Book Value
Current Year	—	31,817,700/-
Previous Year	—	61,755,522/-
	<u>118,998,562</u>	<u>115,669,260</u>



	As at 31st Mar' 2011 ₹	As at 31st Mar' 2010 ₹
SCHEDULE " G " - INVENTORIES		
(As taken, valued & certified by the management)		
Fabrics	28,908,719	23,596,104
Goods in Transit	-	280,558
Raw Materials	25,070,421	14,538,454
Work in Process (Job)	4,218,949	3,070,501
Stores & Spares	5,143,971	4,117,951
	<u>63,342,060</u>	<u>45,603,568</u>
SCHEDULE " H " - SUNDRY DEBTORS		
(Unsecured, considered good by the management)		
Debts outstanding for a period exceeding six months	1,121,225	4,375,582
Other Debts	25,618,530	23,249,136
	<u>26,739,755</u>	<u>27,624,718</u>
SCHEDULE " I " - CASH & BANK BALANCES		
Cash in Hand	462,326	376,105
Balances with Scheduled Banks :		
(I) In current Account	387,782	604,189
(ii) In Margin Account	10,000	5,000
(iii) In Fixed Deposit	37,772	42,772
	<u>897,880</u>	<u>1,028,066</u>
SCHEDULE " J " - LOANS & ADVANCES		
(Unsecured, Considered good by the management)		
Advance recoverable in cash or in kind or value to be received.	16,531,860	6,431,187
Deposit with Government /Semi Government authorities and others.	1,760,414	1,533,418
Advance Income Tax (Net of Provision)	2,263,374	2,750,743
	<u>20,555,648</u>	<u>10,715,348</u>
SCHEDULE " K " - CURRENT LIABILITIES		
Sundry Creditors (Due to SSI Undertaking above 30 days ₹.Nil)	25,464,978	32,955,977
Advances from customers	4,202,201	9,339,985
Unpaid Dividend	111,927	85,130
Other Liabilities	8,427,436	8,351,231
	<u>38,206,542</u>	<u>50,732,323</u>
SCHEDULE " L " - PROVISIONS		
Proposed Dividend	4,194,450	4,194,450
Distribution Tax	696,656	719,976
	<u>4,891,106</u>	<u>4,914,426</u>

	For the Year ended 31st Mar' 2011	For the Year ended 31st Mar' 2010
SCHEDULE " M " - PROCESS & JOB CHARGES RECEIVED		
Processing Charges - Fabrics	165,265,174	149,354,006
Less : Interdivision Sales	(21,196,332)	(26,105,156)
	<u>144,068,842</u>	<u>123,248,850</u>
SCHEDULE " N " - OTHER INCOME		
Interest - Gross (T.D.S ₹ 1,682/- Previous Year ₹ 13,25,624/-	792,826	3,407,431
Interest on Income Tax Refund	-	126,419
Interest Received on Security Deposit	65,008	53,110
Dividend Received from Equity Shares	134,369	116,248
Dividend Received from Mutual Fund	4,034,011	596,954
Scrap Sales	34,130	36,250
Profit on sale of Fixed Assets	304,377	549,800
Profit on Partnership Firm	7,440,694	25,552,472
Rent Income (T.D.S. ₹ 5 26 235/-) (Previous Year ₹ 6,95,024/-)	4,970,900	4,459,000
Miscellaneous Income	150,000	50,000
Sundry Balance W/off	36,707	1,672
Profit on sale of Mutual Fund Units	437,309	47,623
	<u>18,400,330</u>	<u>34,996,979</u>
SCHEDULE " O " - INCREASE/(DECREASE) IN STOCK		
CLOSING STOCK		
Fabrics	28,908,719	23,596,104
Work in Process (Job)	4,218,949	3,070,501
	<u>33,127,668</u>	<u>26,666,605</u>
OPENING STOCK		
Fabrics	23,596,104	25,275,450
Work in Process (Job)	3,070,498	3,898,141
	<u>26,666,602</u>	<u>29,173,591</u>
Increase/ Decrease in stock	<u>6,461,066</u>	<u>(2,506,986)</u>
SCHEDULE " P " - RAW MATERIALS CONSUMED		
DYES & CHEMICALS		
Opening Stock	2,495,967	2,808,987
Add : Purchases	25,752,945	24,292,923
	28,248,912	27,101,910
Less : Closing Stock	2,522,716	2,495,967
	<u>25,726,196</u>	<u>24,605,943</u>
GREY FABRICS CONSUMED		
Opening Stock	12,323,045	8,781,209
Add : Purchases	130,046,943	110,824,954
Add : Goods in Transit	-	280,558
	142,369,988	119,886,721
Less : Closing Stock	22,547,705	12,042,487
Less : Goods in Transit	-	280,558
	<u>119,822,283</u>	<u>107,563,676</u>
	<u>145,548,479</u>	<u>132,169,619</u>



	For the Year ended 31st Mar' 2011	For the Year ended 31st Mar' 2010
SCHEDULE " Q " - PURCHASES,MANUFACTURING, SELLING,DISTRIBUTION & OTHER ESTABLISHMENT EXPENSES		
PURCHASES		
Fabrics	21,501,785	31,645,514
STORES & SPARES CONSUMED		
Opening Stock	2,342,557	2,296,978
Add : Purchases	5,322,289	4,201,387
	7,664,846	6,498,365
Less : Closing Stock	2,501,392	2,342,557
	5,163,454	4,155,808
PACKING MATERIAL CONSUMED		
Opening Stock	1,482,702	1,820,619
Add : Purchases	9,445,546	9,173,976
	10,928,248	10,994,595
Less : Closing Stock	2,261,083	1,482,702
	8,667,165	9,511,893
COAL CONSUMED		
Opening Stock	244,237	192,261
Add : Purchases	33,679,512	27,926,254
	33,923,749	28,118,515
Less : Closing Stock	327,824	244,237
	33,595,925	27,874,278
POWER & FUEL CONSUMED		
Opening Stock	48,455	24,240
Add : Purchases	14,821,074	13,248,076
	14,869,529	13,272,316
Less : Closing Stock	53,672	48,455
	14,815,857	13,223,861
OTHER MANUFACTURING EXPENSES		
Processing Charges	29,986,886	34,877,831
Less : Interdivision Processing Charges	(21,196,332)	(26,105,156)
Embroidery Charges	1,532,690	1,560,120
Design Charges	550,543	292,523
Labour Charges	15,746,830	13,524,407
Carriage & Freight	3,638,238	3,323,861
Packing Charges	769,494	681,933
Printing Charges	15,451	-
Water Charges	7,039,005	6,187,795
Effluent Treatment Expenses	2,388,166	1,338,337
	40,470,971	35,681,651
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries,Wages,Gratuity & Other benefits	20,921,250	16,571,276
Contribution to PF & Other Funds	1,512,979	1,090,594
Staff Welfare Expenses	625,448	530,278
	23,059,677	18,192,148
SELLING DISTRIBUTION AND OTHER EXPENSES		
Commission on Sales	8,088,041	8,244,341
Advertisement Expenses	8,985,990	5,011,293
Sales Conference	69,897	567,169
Sales Promotion Expenses	1,492,878	1,387,382
	18,636,806	15,210,185

**ESTABLISHMENT EXPENSES**

Insurance Charges	807,383	725,903
Rent	1,254,360	1,212,110
Rates & Taxes	685,704	874,134
Testing Fees & Laboratory Charges	74,105	73,803
Traveling & Conveyance	3,211,403	2,924,328
Printing & Stationery	440,207	457,668
Legal & Professional Charges	1,020,245	709,543
Postage Expenses	408,651	340,245
Miscellaneous Expenses	610,256	624,156
Motor Car Expenses	545,287	386,553
Telephone Charges	613,509	549,848
Electricity Charges	723,664	839,233
Donation	104,600	1,024,250
Entertainment Expenses	47,549	94,423
Registration Charges- Leave & Licences	16,410	-
Sundry Balances W/off	-	737,395
Security Transaction Tax	9,615	1,392
Sitting Fees	-	9,000
Loss on sales of Mutual Fund	-	26,340
Internet Expenses	101,474	99,339
	<u>10,674,422</u>	<u>11,709,663</u>

REPAIRS & MAINTENANCE

To Plant & Machinery	813,596	1,401,233
To Building	251,422	134,767
To Others	754,318	130,207
	<u>1,819,336</u>	<u>1,666,207</u>

PAYMENT TO AUDITORS

As Audit Fees	71,695	71,695
As Tax Audit Fees	19,854	20,406
For Expenses	11,051	28,199
	<u>102,600</u>	<u>120,300</u>

INTEREST & FINANCE CHARGES

On Cash Credit Account	6,720	1,728
On Others	316,210	1,304,002
Bank Commission Charges	200,288	214,000
	<u>523,218</u>	<u>1,519,730</u>

GRAND TOTAL179,031,215 170,511,238

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
Registration No. 111327W

CA NITESH K DEDHIA

Partner
Membership No. 114893
Mumbai : 25/07/2011

For and on behalf of the Board

VISHWANATH HARLALKA

Chairman

DEEPAK HARLALKA

Managing Director

DINESH PODDAR

Director

SCHEDULE "R" SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**I) SIGNIFICANT ACCOUNTING POLICIES:****A) ACCOUNTING CONVENTION**

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

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 a 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) Revenue is recognized only when it can be reliably measure and it is reasonable to expect ultimate collection.
- 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 that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the assets, up to the date the asset is ready for its intended use. All other borrowing costs are recognized as expense and charged to the Profit and Loss Account in the year in which they are incurred.

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 demanded of ₹ 3, 38,418/- on Deemed Credit. The Company has deposited ₹ 1,00,000/- (Previous year ₹ 1,00,000/-)to Asst. Registrar the Customs Excise Service Tax Appellate Tribunal W.Z.B. (Previous year ₹ 3,38,418/-)
- 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 ₹ 1,85,09,688/-)

2) SUNDRY DEBTORS AND LOANS & ADVANCES INCLUDES DEBTS DUE FROM
i) FIRMS IN WHICH DIRECTORS ARE INTERESTED

Shree Enterprises (Nil) (Previous Year ₹ 54,549/-)(Maximum balance outstanding on any day during the year ₹ 16,69,133/- (Previous Year ₹ 20,51,320/-)

ii) COMPANIES UNDER THE SAME MANAGEMENT

Gini Tex Private Limited. (₹ Nil) (Previous Year ₹ Nil)(Maximum balance outstanding on any day during the year ₹ 3,538,395/-) (Previous Year ₹ 1,33,38,802/-)

Gini Constructions Co Private Limited. On Account of Share Application Money (₹ Nil) (Previous Year ₹ Nil) (Maximum balance outstanding on any day during the year ₹ 87,00,000/-) (Previous Year ₹ 2,25,50,128/-)

3) MANAGING DIRECTORS REMUNERATION:

	<u>2010-2011</u>	<u>2009-2010</u>
Salary	45,00,000	30,00,000
Contribution to P.F. & Other funds	5,40,000	3,60,000
Perquisites	1,72,442	183,142
	<u>52,12,442</u>	<u>35,43,142</u>
Computation of Net Profit under Sec. 349 of the Companies Act, 1956 for calculating Director's Commission:		
Profit before Taxation & Extra Ordinary Items	538.11	625.08
Directors' Remuneration	52.12	35.43
	<u>590.23</u>	<u>660.51</u>
Less: Profit on sale of assets (net) (as per accounts)	3.04	5.50
Net Profit as per Sec.349 of the Companies Act	587.19	655.01
Remuneration payable restricted to 10% of	58.71	65.50
Net Profit Calculated as per Sec. 349 of the Companies Act, 1956		
Total Management remuneration	52.12	15.27

The total remuneration paid/ payable is within the permissible limit of 10%

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:

	<u>2010-2011</u>	<u>2009-2010</u>
Employer's Contribution to Provident Fund	14, 21,532	10, 58,497

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	<u>2010-2011</u>	<u>2009-2010</u>
Opening PV of Obligation	2198045	1641724
Interest Cost	175844	131338
Current Service Cost	397756	292266
Less: Benefits Paid	(118711)	(101599)
Actuarial Gain / Loss	604350	234315
PV of Closing Obligation	3257284	2198045



II	Calculation of Changes in Fair Value of Plan Asset		
	FV of Plan Asset at beginning	2763088	1930666
	Expected Return on Plan Asset	250838	167287
	Employer Contribution	760266	766734
	Particulars	2010-2011	2009-2010
	Less: Benefits Paid	(118711)	(101599)
	Actuarial Gain / (Loss)	NIL	NIL
	FV of Asset at end	3655481	2763088
III	Liability in Balance Sheet		
	Closing PV of Obligation	3257284	2198045
	Less: FV of Plan Asset	3655481	2763088
	Asset/ (Liability) recognised in Balance Sheet	398197	565043
IV	Expense in Profit & Loss A/c Statement		
	Current Service Cost	397756	292266
	Add Interest Cost	175844	131338
	Less Expected Return on Plan Asset	(250838)	(167287)
	Add Actuarial Loss	604350	234306
	Less Actuarial Gain	-	-
	Total Expenses Recognised in P & L A/c	927112	490633
V	Actuarial Assumptions	31/03/2011	31/03/2010
	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 2010-11	Amount outstanding as on 31.3.2011	
					Receivable	Payable
1)	Shri Vishwanath Harlalka	Executive Chairman	Acceptance of unsecured loans Interest Interest payable Remuneration paid	5,950,000 (58,00,000)* 156,605 (3,22,160)* 140,944 (2,57,728)* 2,400,000 (18,00,000)*		26,40,944 (19,21,932)*
2)	Shri Deepak Harlalka	Managing Director	Acceptance of unsecured loans Interest Interest payable Managerial Remuneration paid Perquisites	5,950,000 (63,00,000)* 127,295 (9,50,972)* 114,565 (7,60,778)* 2,100,000 (12,00,000)* 172,442 (1,83,142)*		1,14,565 (7,60,778)*
3)	Gini Tex Private Limited	Directors are common	Processing Charges Rent Paid Electricity Charges Telephone Charges	70,230,873 (6,06,04,309)* 1,169,860 (11,69,860)* 547,513 (6,43,092)* 177,356 (1,93,829)*		4,04,070 -

Sr No.	Name of Related Party	Relation –ship	Description of transactions	Value of transactions during 2010-11	Amount outstanding as on 31.3.2011	
					Receivable	Payable
			Packing Material	-		-
			Grey Purchase	(9,71,049)* 24,192,264 (1,39,19,343)*		(12,18,924)* (2,80,558)*
4)	Shree Enterprises	Directors are Partners	Processing Charges	8,456,748 (67,64,367)*	- (54,549)*	-
			Sales Fabrics	415,050 (Nil)*		
			Purchase Fabrics	65,22,851 (Nil)*		
5)	Gini Constructions Co.	Company is a Partner	Towards Investments	2,071,015 (2,43,00,000)*	- (3,52,28,985)*	-
			Interest	- (23,22,820)*		
			Interest Receivable	- (13,87,646)*		
6)	Gini Constructions Pvt Ltd	Company is a Shareholder	Towards Share Application Money	87,00,000 (1,00,50,000)*	-	-
			Interest	- (6,52,251)*		
			Interest Receivable	- (2,61,801)*		
7)	Gini Citicorp Realty LLP	Company is a Partner	Towards Investments	5,000 (Nil)*		

* Previous year figure.

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
The Company's share in the profit / loss of the partnership firm, Gini Construction Co. Of Rs. 75 lacs is accounted as per the unaudited accounts of the Partnership firm.
- 7) The Company had entered in to partnership with Gini Citicorp Realty LLP for development and construction of residential building. The share of profit / loss of each partner are Gini Silk Mills Limited is 1%, Gini Tex Private Limited is 1%, Shri Vishwanath S. Harlalka 16%, Shri Deepak V. Harlalka 16%, Shri Pranav Deepak Harlalka 16%, 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
- 8) 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:

	2010-2011	2009-2010
Net Profit available for Equity Shareholders(₹)	39,748,964	49,784,848
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)	7.11	9.02

- 9) DEFERRED TAX ASSETS AND LIABILITIES AS ON 31 ST MARCH' 2011

DEFERRED TAX	Tax effect 2010-2011	Tax effect 2009-2010
LIABILITY		
Accumulated Depreciation	39,10,311	38,48,691
Deferred Tax Liability	39,10,311	38,48,691
ASSETS		
Accrued Expenses deductible on payment basis Business Loss	-	-
Net Deferred Tax Liability	39,10,311	38,48,691

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



- 12) There are no dues to Micro & Small Enterprises as on 31st March' 2011. 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.
- 13) The company is in process of appointing the Company Secretary, however during the year under audit the company unable to appoint the same
- 14) Income Tax assessment is completed up to the Assessment year 2008 – 2009.
- 15) 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	2010-2011			2009-2010		
	LICENCED*	INSTALLED*	PRODUCTION	LICENCED	INSTALLED*	PRODUCTION
PRODUCTION CAPACITY PROCESSING FABRICS	18000000 MTRS.	18000000. MTRS	21361474 MTRS.	18000000 MTRS.	18000000 MTRS.	19567414 MTRS.

B) DETAILS OF PRODUCTION, STOCK AND TURNOVER:

ITEM	2010-2011		2009-2010	
	QUANTITY Mtrs.	VALUE ₹	QUANTITY Mtrs.	VALUE ₹
FABRICS				
SEMI FINISHED (GREY)				
OPENING STOCK	655360.10	12,323,045	359100.85	8,781,209
PURCHASES	3250842.80	130,046,943	4543680.50	111,105,512
PRODUCTION	3486952.20	-	4247421.25	-
CLOSING STOCK	419250.70	22,547,705	655360.10	12,323,045
FINISHED				
OPENING STOCK	649191.80	23,596,104	627484.42	25,275,451
PURCHASES	550433.58	21,501,785	981165.50	31,645,514
PRODUCTION	3385498.04	-	3958967.26	-
CLOSING STOCK	594550.31	28,908,719	649191.80	23596104
TURNOVER	3990573.11	214,050,489	4918425.38	214,086,963

C) JOB WORK

MMF.PROCESS	18735151MTR	144,068,842	16143528 MTR	123,248,850
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NOTES :

*Installed capacity is as certified by the management

**Turnover quantity includes loss due to shortage and production includes shrinkage etc.

VALUE OF IMPORTS (Calculated on CIF Basis) :	2010-2011	2009-2010
EXPENDITURE IN FOREIGN CURRENCY	NIL	NIL
EARNING IN FOREIGN CURRENCY	195,006	95,255
	NIL	NIL

16) CONSUMPTION OF RAW-MATERIAL/STORES/SPARES/GREY FABRICS

PARTICULARS	2010-2011		2009-2010	
	VALUE (₹)	PERCENTAGE	VALUE (₹)	PERCENTAGE
i) DYES & CHEMICALS				
IMPORTED		0%	0	0%
INDIGENOUS	25,726,196	100%	24,605,943	100%
ii) RAW MATERIAL, STORES & SPARES *				
IMPORTED	22,982,479	14%	22,340,977	15%
INDIGENOUS	144,266,348	86%	126,764,678	85%

● Constitutes Furnace Oil, Coal, Lubricants, Packing Material and Grey Fabrics Consumption.

- 17) Other additional information required to be furnished under Part II of Schedule VI are either NIL or NOT APPLICABLE
- 18) Previous year figures have been reworked, reclassified, regrouped / re-arranged, wherever necessary.
- 19) 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
Registration No. 111327W

CA NITESH K DEDHIA
Partner
Membership No. 114893
Mumbai : 25/07/2011

For and on behalf of the Board

VISHWANATH HARLALKA
Chairman

DEEPAK HARLALKA
Managing Director

DINESH PODDAR
Director

**CASH FLOW STATEMENT**

A) CASH FLOW FROM OPERATING ACTIVITIES	CURRENT YEAR	PREVIOUS YEAR
Net Profit/(Loss) before tax and extraordinary items	<u>53,810,584</u>	<u>62,508,255</u>
Adjusted For :		
Depreciation	4,590,448	4,636,694
Profit / Loss on Sale of Assets (Net)	(304,377)	(549,800)
Interest Income	(65,008)	(2,975,071)
Interest Charges	322,930	1,274,860
Dividend Received	(4,168,380)	(713,202)
Rent Received	(4,970,900)	(4,459,000)
Profit on Partnership Firm	(7,440,694)	(25,613,837)
Profit / Loss on Sale of Mutual Fund & shares	<u>(437,309)</u>	<u>(21,283)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	<u>41,337,295</u>	<u>34,087,616</u>
CHANGES IN WORKING CAPITAL		
(Increase) / Decrease in Inventories	(17,738,492)	(505,681)
Increase in Trade & other Receivables	(12,417,346)	3,374,789
Increase in Trade Payable	<u>(12,525,781)</u>	<u>(3,266,857)</u>
Cash Generated from operations	(1,344,324)	33,689,867
Direct Taxes Paid	<u>(10,000,000)</u>	<u>(7,290,000)</u>
NET CASH FLOW FROM OPERATING ACTIVITY	<u>(11,344,324)</u>	<u>26,399,867</u>
B) CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	(4,608,210)	(8,796,294)
Sale of Fixed Assets	373,528	550,000
Investments Purchased	(787,778,996)	(53,518,111)
Investments sold	796,344,962	45,187,867
Interest received	65,008	-
Dividend Received	151,114	116,248
Rent Received	<u>4,444,665</u>	<u>3,892,279</u>
NET CASH FLOW FROM INVESTING ACTIVITY	<u>8,992,071</u>	<u>(12,568,011)</u>
C) CASH FLOW FROM FINANCING ACTIVITY		
Repayment of Unsecured Loan	(12,111,101)	(20,488,152)
Proceeds from Unsecured Loans	11,900,000	12,100,000
Proceeds from secured Loans	7,386,624	(319,330)
Interest Paid	(39,030)	(1,728)
Tax on Dividend Paid	(719,976)	(712,848)
Dividend Paid	<u>(4,194,450)</u>	<u>(4,194,524)</u>
NET CASH FLOW FROM FINANCING ACTIVITY	<u>2,222,067</u>	<u>(13,616,582)</u>
NET CASH FLOW	<u>(130,186)</u>	<u>215,274</u>
Cash and Cash Equivalents as at commencement of the year	1,028,066	812,792
Cash and Cash Equivalents at the end of the year	897,880	1,028,066
NET INCREASE/(DECREASE) OF CASH & CASH EQUIVALENTS	<u>(130,186)</u>	<u>215,274</u>

Mumbai
Dated : 25/07/2011

For and on behalf of the Board
 VISHWANATH HARLALKA - Chairman
 DEEPAK HARLALKA - Managing Director
 DINESH PODDAR - Director

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.

MUMBAI
DATED : 25/07/2011

For Vatsaraj & Co.
Chartered Accountants,
Registration No. 111327W
CA Nitesh K Dedhia
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	31/03/2011		

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	2319.20	Total Assets	2319.20
Paid-up-Capital	567.40	Reserve & Surplus	1595.84
Secured Loans	89.30	Unsecured Loans	27.56

APPLICATION OF FUNDS

Net Fixed Assets	444.84	Investments	1189.99
Net Current Assets	684.38	Misc. Expenditure	0
Deffered Tax Liability	39.10		

IV) PERFORMANCE OF COMPANY (₹ In Lacs)

Turnover (Sales)	3581.19	Total Expenditure	3291.70
Profit before Tax	538.11	Profit after Tax	397.49
Earning per Share in Rs.	7.11	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 551693 551694	DYEING BLEACHING PRINTING OF SYNTHETIC FABRICS
540781 540783	DYEING BLEACHING PRINTING OF POLYESTER COTTON FABRICS

As per our report of even date

FOR VATSARAJ & CO.

Chartered Accountants
Registration No. 111327W

CA NITESH K DEDHIA

Partner

Membership No. 114893

Mumbai : 25/07/2011

For and on behalf of the Board

VISHWANATH HARLALKA

Chairman

DEEPAK HARLALKA

Managing Director

DINESH PODDAR

Director



GINI SILK MILLS LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the meeting hall

Name of the Shareholder (in Block Letters) _____

Member's Folio Number _____

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

Number of Shares held _____

I hereby record my presence, at the Annual General Meeting held on Tuesday, August 30 2011, at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Raod, Mumbai - 400002

Member's / Proxy's Signature

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



GINI SILK MILLS LIMITED

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

PROXY

Member's Folio Number	
No. of Shares	

I/We _____

of _____

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

of _____

or failing him _____

as my Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, August 30 2011, at Maheshwari Pragati Mandal, Maheshwari Bhawan, 603, Girgaon Raod, Mumbai - 400002

Signed at _____ this _____ day of _____ 2011.

Revenue
Stamp
One Rupee

Notes :

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

STATE OF THE ART MACHINERIES



Airo Machine



Brushing Machine



Oshtoff Sienge



7 Bowl Calander



Schriner Calander



Factory Garden

BOOK-POST

**ANNUAL REPORT
2010 - 2011**

TO,

If Undelivered Please Return to

GINI SILK MILLS LIMITED

413, Tantia Jogani Ind Premises, Sitaram Mills Compound
Near Lodha Group N.M. Joshi Marg, Lowerparel (E), Mumbai 400 011