



Fine Fabrics Since 1963

GINI SILK MILLS LIMITED

32ND ANNUAL REPORT 2011 - 2012

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

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

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CORPORATE INFORMATION
BOARD OF DIRECTORS

Vishwanath Harlalka - Executive Chairman

Deepak Harlalka - Managing Director

Ramprasad Poddar - Director

Rajendra Kumar Rajgarhia - Director

Dinesh Poddar - Director

REGISTERED OFFICE

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

WORKS

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

AUDITORS

M/s. Vatsaraj & Co.
Chartered Accountants

BANKERS

State Bank of India
Kotak Mahindra Bank Limited

REGISTRARS & TRANSFER AGENTS

BIGSHARES SERVICES PVT. LTD.

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

THIRTYSECOND ANNUAL GENERAL MEETING

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

NOTICE

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

ORDINARY BUSINESS:

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

By Order of the Board

Registered Office:

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

(Vishwanath Harlalka)
Executive Chairman

Notes:

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

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

By Order of the Board

Registered Office:

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

Place: Mumbai

Date: 05/07/2012

(Vishwanath Harlalka)
Executive Chairman

DIRECTOR'S REPORT

TO THE MEMBERS OF GINI SILK MILLS LIMITED

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

FINANCIAL RESULTS

(₹ In Lacs)

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

DIVIDEND

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

DIRECTORS

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

CORPORATE GOVERNANCE

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

AUDITORS

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES:

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

ENVIRONMENT AND SAFETY MEASURES**i) EFFLUENT CONTROL**

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

ii) SAFETY

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

iii) INSURANCE

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

iv) INDUSTRIAL RELATIONS

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

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

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

LISTING OF SHARES & SECURITIES

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

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

The Directors state that-

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

APPRECIATION:

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

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai

Date: 05 /07 /2012

VISHWANATH HARLALKA
(Executive Chairman)

ANNEXURE TO DIRECTORS' REPORT
(FORM - A) (See Rule 2)
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:
PART 'A'

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

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

PART 'B'
CONSUMPTION PER UNIT OF PRODUCTION ENERGY

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

A. CONSERVATION OF ENERGY

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

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

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

2. RESEARCH & DEVELOPMENT

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

FOR AND ON BEHALF OF THE BOARD
Place: Mumbai
Date: 05 /07 /2012
VISHWANATH HARLALKA
(Executive Chairman)

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE ECONOMY

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

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

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

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

Opportunities and Challenges

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

2. Production & Sales Review:

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

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

3. Outlook:

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

4. Internal Control Systems and Their Adequacy:

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

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

5. The Financial and Operational Performance:

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

6. Human Resource Development:

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

7. Cautionary statement:

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS

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

I Two - Promoter, Executive Director

Three- Independent Directors

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

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

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

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

(B) BOARD PROCEDURE

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

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

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

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