

## 33<sup>RD</sup> ANNUAL REPORT 2012 - 2013



*Fine Fabrics Since 1963*

# GINI SILK MILLS LIMITED



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

**THIRTY THIRD ANNUAL GENERAL MEETING**

on Friday July 26, 2013 at 12.00 P.M. at Maheshwari Pragati Mandal,  
Maheshwari Bhawan,  
603, Girgaon Road, Mumbai - 400 002

**NOTICE**

**NOTICE** is hereby given that the Thirty Third Annual General Meeting of **GINI SILK MILLS LIMITED** will be held on Friday July 26, 2013 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 March 31, 2013 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a director in place of Mr. Dinesh Poddar who retires by rotation, and being eligible, offers him self for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** pursuant to Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended from time to time, Mr. Vishwanath Harlalka be and is hereby appointed as Executive Chairman of the Company for the period of three years w. e. f. September 1, 2012, upon and subject to the terms and conditions including the remuneration proposed to be paid and as contained in the agreement to be entered between the Company and Mr. Vishwanath Harlalka, a draft whereof is placed before the meeting and initialed for the purpose of identification hereof.

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

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

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

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

**"RESOLVED THAT** pursuant to Section 198, 269, 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act as amended from time to time, Mr. Deepak Harlalka be and is hereby appointed as Managing Director of the Company for the period of three years w. e. f. July 01, 2013, upon and subject to the terms and conditions including the remuneration proposed to be paid and as contained in the agreement to be entered between the Company and Mr. Deepak Harlalka, a draft whereof is placed before the meeting and initialed for the purpose of identification hereof.

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

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

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

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

By Order of the Board

(Vishwanath Harlalka)  
Executive Chairman

Place: Mumbai  
Date: 25/05/2013

**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 Register of Members and the Transfer Books of the Company will be closed from Friday, July 19, 2013 to Friday, July 26, 2013 (both days inclusive).
6. 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 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
7. 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.
8. The dividend on Equity Shares as recommended by the Directors for the year ended March, 31, 2013 will be payable on or after July 26, 2013 in accordance with the Resolution to be passed by the Members of the Company.
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/DP ID 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 dematerialized 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 2013-2014.
15. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect to the Special business under item No. 5 and 6 to be transacted at the meeting is annexed to this notice.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956:****Item No. 5:**

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

**I. GENERAL INFORMATION:**

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

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

Mr. Vishwanath Harlalka, 73 years old is B.Com, LLB by qualification. He was appointed as Director of the Company on 30<sup>th</sup> December, 1988. Mr. Vishwanath Harlalka, whose previous appointment as Executive Chairman ended on 30<sup>th</sup> June, 2012 was appointed as the Executive Chairman by the Board of Directors for tenure of three years w.e.f. 1<sup>st</sup> September, 2012. The draft agreement between the Company and Mr. Vishwanath Harlalka for his reappointment contains interalia the following terms and conditions.

**b) Past remuneration:**

Last drawn salary by the Executive Chairman was ₹ 24, 00,000/-p.a. during the financial year 2012-13.

**c) Job profile and his suitability:**

The Executive Chairman would have the authority to oversee and implement the day-to-day operations of the Company. Executive Chairman will also be responsible for formulating the policies and strategies in consent with the Board of Directors of the Company. The appointee has clear vision and foresight to work for the prosperity and success of the company. The appointee has immense capacity for hard work, interpersonal skills, extraordinary ability for analytical thinking and positive attitude. Having associated with the company for more than 32 years his contribution to the development of the Company is without match.

**d) Remuneration proposed:**

i. Salary of ₹ 200,000/ (₹ Two Lacs Only) per month.

**ii. Perquisites and Allowances:**

- (a) In addition to the salary, the Executive Chairman shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water furnishing and repairs, medical reimbursement, Club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Executive Chairman. Such perquisites and allowances will be subject to the ceilings as specified in Part II of Schedule XIII.
- (b) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (c) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (d) The total remuneration including salary, perquisites, allowances (other than exempted perquisites and allowance) and other monetary benefits shall not exceed the maximum ceiling of ₹ 250,000/- per month
- (e) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration proposed is reasonable in comparison to the remuneration paid in the industry. The company is a part of the textile industry surrounded by medium and large groups and, which spends huge sums of money on the remuneration of its managerial persons. The product manufactured by the company requires high degree of expertise, knowledge and experience of technical nature. Further the

appointee is not only very experienced and key person in charge of the strategic decision making and overall growth and expansion of the company.

iii. **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Chairman the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary perquisites and allowances as specified above.

iv. **The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable to Executive Chairman in accordance with Schedule XIII to the Companies Act 1956 or any amendments made hereafter in this regard.**

v. **The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months remuneration in lieu of such notice.**

**III. OTHER INFORMATION:**

a) **Reasons for inadequate profits:**

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

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

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

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

**Item No. 6:**

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

**I. GENERAL INFORMATION:**

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

**II. INFORMATION ABOUT THE APPOINTEE:**

a) **Background details:**

Mr. Deepak Harlalka, 50 years old is B.Com, by qualification. He was appointed as Director of the Company on 28<sup>th</sup> December, 1992. Mr. Deepak Harlalka, whose appointment as Managing Director will end on 30<sup>th</sup> June, 2013 and Board has re-appointed him as Managing Director for tenure of three years w. e. f. July 1, 2013. The draft agreement between the Company and Mr. Deepak Harlalka for his reappointment contains interalia the following terms and conditions.

b) **Past remuneration:**

Last drawn salary by the Managing Director was ₹ 24,00,000/- p.a. during the financial year 2012-13.

c) **Job profile and his suitability:**

The Managing Director would have the authority to oversee and implement the day-to-day operations of the Company. Managing Director will also be responsible for formulating the policies and strategies in consent with the Board of Directors of the Company. The appointee has clear vision and foresight to work for the prosperity and success of the company. The appointee has immense capacity for hard work, interpersonal skills, extraordinary ability for analytical thinking and positive attitude. Having associated with the company for more than 28 years his contribution to the development of the Company is without match.

d) **Remuneration proposed:**

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

- (a) In addition to the salary, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water furnishing and repairs, medical reimbursement, Club fees and leave travel concession for himself and his family, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director. Such perquisites and allowances will be subject to the ceilings as specified in Part II of Schedule XIII.
- (b) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- (c) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- (d) The total remuneration including salary, perquisites, allowances (other than exempted perquisites and allowance) and other monetary benefits shall not exceed the maximum ceiling of ₹ 250,000/- per month
- (e) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

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

iii. **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director. The Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary perquisites and allowances as specified above.

- iv. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Companies Act 1956 or any amendments made hereafter in this regard.
- v. The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months remuneration in lieu of such notice.

**III. OTHER INFORMATION:**

a) **Reasons for inadequate profits:**

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

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

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

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

Date: 25 / 05 /2013

Place: Mumbai

By Order of the Board

Registered Office:

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

**VSIHWANTH HARLALKA**  
(Executive Chairman)



## DIRECTORS' REPORT

### TO THE MEMBERS OF GINI SILK MILLS LIMITED

The Directors are pleased to present their Thirty Third Annual Report on the Business and Operations of your Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

Particulars	(₹ In Lacs)	
	2012-2013 (₹)	2011-2012 (₹)
<b>Revenue</b>		
Net Sales/ Income from operations	3247.03	3283.81
Other Income	206.98	205.24
Total	3454.00	3489.05
<b>Less : Expenses</b>		
Employee Benefit Expenses	311.08	272.24
Financial Cost	18.47	16.52
Depreciation	47.23	45.46
Other Expenses	2841.42	2881.82
<b>Total</b>	3218.20	3216.04
Profit before Tax	235.80	273.01
Less : Tax Expenses		
Current Taxation	73.00	75.00
Deferred Tax	(3.34)	(0.59)
Excess/ Short provision for earlier Year	(0.02)	-
Net Profit after Tax	166.16	198.60
Add : Balance brought forward	1751.71	1585.61
Profit available for appropriation	1917.87	1784.21
<b>APPROPRIATIONS</b>		
Proposed Dividend	27.96	27.96
Distribution Tax	4.54	4.54
Profit Carried to Balance Sheet	1885.37	1751.71
<b>Total</b>	1917.87	1784.21
<b>Basic and diluted EPS (₹)</b>	2.97	3.55

### DIVIDEND

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

### DIRECTORS:

Mr. Dinesh 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,

**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: 25 /05/2013**

**VISHWANATH HARLALKA**  
(Executive Chairman)