

26th ANNUAL REPORT
2011-12



GUJARAT RAFFIA INDUSTRIES LIMITED

GUJARAT RAFFIA INDUSTRIES LIMITED

26TH ANNUAL REPORT 2011-12

BOARD OF DIRECTORS : Shri Pradeep Bhutoria Chairman & Managing Director
Smt. Sushma P. Bhutoria Whole Time Director
Shri Prakash D. Ramnani Director
Shri Alpesh R. Tripathi Director
Shri Dipen M. Shah Director

AUDITORS : M/s. PGT & Associates
Chartered Accountants,
Ahmedabad.

BANKERS : Syndicate Bank

**REGISTERED OFFICE
& WORKS** : Plot No. 455,
Santej Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721.
Dist:Gandhinagar.

**REGISTRAR AND
SHARE TRANSFER AGENT** : M/s. Link Intime India Pvt Ltd., (Ahmedabad Branch)
303, Shopper's Plaza, - V,
Opp. Municipal Market, Off C G Road,
Navrangpura,
Ahmedabad-380 009.

CONTENTS	PAGE NO.
Notice	1-4
Directors' Report	5-7
Report on Corporate Governance	8-14
Management Discussion	15
Auditors' Report	16-19
Balance Sheet	20
Statement of Profit & Loss	21
Cash Flow Statement	22
Notes to the Financial Statements	23-34
Significant Accounting Policies	35-38

NOTICE

NOTICE is hereby given that the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Members of **GUJARAT RAFFIA INDUSTRIES LIMITED** will be held as scheduled below:

Date : 29th September, 2012
 Day : Saturday
 Time : 2.00 p.m.
 Place : At the Registered Office of the Company at: Plot No.455, Santej-Vadsar Road, Village : Santej, Taluka : Kalol - 382 721. Dist : Gandhinagar.

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended as on that date, together with the Schedules thereon, the Cash Flow Statement, the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Alpesh R. Tripathi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and in that connection to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESLOVED THAT M/s. PGT & Associates, Chartered Accountants, Ahmedabad be and are hereby appointed as the auditors of the Company to hold office until the conclusion of next Annual General Meeting at such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Appointment of Mr. Dipen M. Shah as Director:

"RESOLVED THAT Mr. Dipen M. Shah, who was appointed as Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors on 15th March, 2012 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed with effect from the commencement of this meeting as

Director of the Company, liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Increase in Borrowing Limits:

"RESOLVED THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money (including non fund based facilities) from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs. 50 Crores (Rupees Fifty Crores) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

Creation of Charge:

GUJARAT RAFFIA INDUSTRIES LTD.

“RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all or any part of the immovable and/or movable properties/assets of the Company wherever situate, both present and future, to or in favour of any Bank(s), Financial Institution(s), Company(ies) or other Organisation(s) or Institution(s) or Trustee(s) (hereinafter referred to as the ‘Lending Agencies’) in order to secure the loans (excluding temporary loans obtained from the Company’s Bankers in the ordinary course of business) advanced/to be advanced by such lending agencies to the Company from time to time, subject to the limits approved under section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said borrowings.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to execute such deeds, documents or writings as are necessary or expedient, on behalf of the Company for creating the aforesaid mortgages and/or charges as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to the above resolution.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

Appointment of Whole Time Director of the Company:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314, 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and such other approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, and pursuant to the recommendation of the remuneration committee of the Board and subsequent approval of the Board of Directors

at their meeting held on 27th March, 2012 , approval of the Company be accorded to the appointment of Mrs. Sushma Bhutoria as Whole Time Director of the Company for a period of 5 (Five) years with effect from 1st April, 2012 to 31st March, 2017 on the terms and conditions (as approved by the ‘Remuneration Committee’) set out in the draft agreement of appointment submitted to this meeting duly initialed for identification and that she be paid remuneration by way of Salary and Perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company from time to time.

“RESOLVED FURTHER THAT the extent and scope of Salary and Perquisites as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Whole Time Director without the matter being referred to the Company in General Meeting again.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution.”

By Order of the Board,

Date :30.05.2012

Pradeep Bhutoria

Place : Santej

Chairman & Managing Director

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HERSELF/HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain

closed from Wednesday, 26th September, 2012 to Saturday, 29th September, 2012 (both days inclusive).

- 3) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
- 4) Member intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
- 5) Members are requested to:
 - a. Intimate, if shares are held in the same name or in the same order and names, but in more than account to enable the company to club the said accounts into one account.
 - b. Notify immediately the change in their registered address, if any, to the company.
- 6) The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars standing that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to provide their e-mail addresses to Link Intime India Pvt. Ltd., Registrar and Transfer Agent of the Company.

By Order of the Board,

Date :30-05-2012

Pradeep Bhutoria

Place : Santej Chairman & Managing Director

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In respect of Item No. 4:

Mr. Dipen M. Shah was appointed as Additional Director by the Board on 15th March, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing the name of Mr. Dipen M. Shah

for the office of Director.

None of the Directors, except Mr. Dipen M. Shah is concerned or interested in the proposed resolution.

The Board commends this resolution for your approval.

In respect of Item No. 5:

In terms of the provisions of Sections 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Company in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits.

Your Board recommends these resolutions for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

In respect of Item No. 6:

The borrowings of the Company in general are required to be secured from time to time by creation of mortgage or charge on all or any of the movable or immovable property/assets of the Company in such form and manner as may be required by the lenders and acceptable to the Board of Directors of the Company.

Mortgaging or creating charge by the Company of its assets to secure the funds borrowed from time to time within the overall limits of borrowing powers delegated to the Board of Directors, may be construed as disposal of the Company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956. It is therefore considered necessary for the Members to authorise the Board to create mortgage/charge on Company's Assets in the manner proposed in the resolution to secure the funds borrowed by the Company from time to time.

Your Board recommends these resolutions for your approval.

None of the Directors of the Company is, in any way, deemed to be concerned or interested in passing of these Resolutions.

In respect of Item No. 7:

The Board of Directors, on the recommendation of Remuneration Committee, in their meeting held on

GUJARAT RAFFIA INDUSTRIES LTD.

27th March, 2012 has appointed Mrs. Sushma Bhutoria as Whole Time Director of the Company for a period of five years w.e.f. 1st April, 2012 to 31st March, 2017.

The major common terms and conditions of their reappointment are as under:

I. PERIOD:

The term of the Whole Time Director shall be for a period of five years from 1st April, 2012 to 31st March, 2017.

II. REMUNERATION:

A. SALARY:

The Whole Time Director shall be entitled to salary of Rs. 35,000/ per month (CTC to the Company).

B. PERQUISITES:

1. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or together are not taxable under the Income tax Act, 1961.
2. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.
4. Reimbursement of Medical expenses for herself and family.
5. Free use of Company's car for Company's business and free telephone facility at residence, books and periodicals, business promotion and travelling allowance etc.
6. Leave Travel Concession for herself and family once in a year as per rules of Company.

III. The Whole Time Director shall be entitled to reimbursement of expenses incurred by her in connection with the business of the Company.

IV. The Whole Time Director shall not, so long as she functions as such, become interested or otherwise concerned directly or through her spouse and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

IV. DUTIES:

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Whole Time Director shall be entrusted with substantial powers of

management and also such other duties and responsibilities as may be entrusted to her by the Board of Directors from time to time. The headquarter of the Whole Time Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

V. TERMINATION:

The Whole Time Director may be removed from her office for gross negligence, breach of duty or trust if a Special Resolution to that effect is passed by the Company in its General Meeting. The Whole Time Director may resign from her office by giving 90 days' notice to the Company.

VI. COMPENSATION:

In the event of termination of office of Whole Time Director takes place before the expiration of tenure thereof, Whole Time Director shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 318 of the Companies Act, 1956.

As per the provisions of Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by Special Resolution is necessary for holding office as Whole Time Director of the Company on remuneration.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of the terms of proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors appointing Mrs. Sushma Bhutoria as Whole Time Director and Draft agreements of appointment are open for inspection at the Registered Office of the Company between 11.00 A. M. to 1.00 P. M. on any working day prior to the date of the Annual General Meeting.

Your Board recommends these resolutions for your approval.

Mr. Pradeep Bhutoria and Mrs. Sushma Bhutoria are concerned or interested in the business since it relates to appointment of Mrs. Sushma Bhutoria as Whole Time Director of the Company. Except them, none of the other Directors is in any way concerned or interested in the aforesaid resolution.

**By Order of the Board,
Pradeep Bhutoria**

Date :30.05.2012

Place : Santej

Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the **Twenty Sixth** Annual Report together with the Audited Statement of Accounts for the year ended on **31st March, 2012**.

1. FINANCIAL RESULTS:

Particulars	(Rs. in lacs) Financial Year Ended 31-03-2012 (12 Months)	(Rs. in lacs) Financial Year Ended 31-03-2011 (12 Months)
Operating Profit / Loss (Before Interest and Depreciation)	148.84	159.68
Less : Interest	25.46	22.88
Profit / Loss before Depreciation	123.38	136.80
Less: Depreciation	52.94	67.88
Profit/Loss for the year	70.44	68.92
Add: Extraordinary Income (Net)	-	-
Add: Prior Period Income	-	-
Profit/Loss before Tax	70.44	68.92
Fringe Benefit Tax	0.00	0.00
Provision for Taxation	13.50	12.78
Profit/Loss after Tax	56.94	56.14

2. DIVIDEND:

With a view to conserve the resources for expansion of the business activities and working capital requirements of the Company, the board of directors of the company have not recommended any dividend for the year under review.

3. REVIEW OF OPERATIONS, SALES AND WORKING RESULTS:

Your director report that during the year under review, in spite of economic slowdown the Company has recorded a total sales of Rs.29,18,04,726.00 as compared to Rs.27,37,62,966.00 and earned other income of Rs.24,72,195.00 (12 months) as compared to Rs.21,95,832.00 for 12 months ended 31.03.2011. The Profit before tax for the period under review is Rs.70,43,692.00 as compared to Rs.68,92,116.00 (12 months) in the previous which is gone up by 2.19% due to sales increase. The Profit after tax during the year under review is Rs.56,93,692.00 as against Rs.56,14,116.00 (12 months) in the previous year 2010-11.

4. DIRECTORS:

During the year under review, Mr. Dipen M. Shah was appointed as Additional Director of the Company with effect from 15th March, 2012. It is proposed to appoint him as Director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

The Board of Directors appointed Mrs. Sushma P. Bhutoria as Whole Time Director of the Company for a period of five years with effect from 1st April, 2012 subject to the approval of shareholders at the ensuing Annual General Meeting.

Mr. Alpesh R. Tripathi retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures.

GUJARAT RAFFIA INDUSTRIES LTD.

- b. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company as at **31st March, 2012** and of profit or loss of the company.
- c. Proper and sufficient care has been taken 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.
- d. The annual accounts have been prepared on going concern basis.

6. PERSONNEL:

Industrial relations continued to remain cordial and peaceful during the year under review.

7. LISTING:

The Equity Shares of the Company are listed on the Bombay, Ahmedabad, Calcutta and National Stock Exchange.

8. CORPORATE GOVERNANCE:

The Report on Corporate Governance as per Clause 49 of the Listing Agreement is annexed.

9. DEMATERIALISATION OF EQUITY SHARES:

Shareholders have an option to dematerialise their shares with either of the depositories viz NSDL and CDSL. The ISIN allotted is INE897A01011.

10. GENERAL:

10.1 INSURANCE:

The Company's properties including building, plants, machineries, stock, stores etc. continued to be adequately insured against risks such as fire, riots, strikes etc.

10.2 AUDITORS:

The present Auditors of the Company M/s. PGT & Associates, Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for re appointment under Section 224(1 B) of the Companies Act, 1956. The notes of Auditors on accounts are self explanatory.

10.3 PARTICULARS OF EMPLOYEES:

There is no employee drawing remuneration requiring disclosure under the Companies (Particulars of Employees) Rules, 1975.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information in accordance with the provisions of Section 217(1) (e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption and Foreign Exchange earnings and outgo is attached as per **Annexure – I**, and conservation of energy as per **Annexure – II**.

12. ACKNOWLEDGEMENT:

Your Directors express their sincere gratitude for the assistance and cooperation extended by Financial Institutions, Banks, Government Authority, Shareholders, Suppliers, Customers and Stakeholders.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their level towards achievements of the Companies goals.

By Order of the Board,

Date :30.05.2012
Place : Santej

Pradeep Bhutoria
Chairman & Managing Director

ANNEXURE - I

The information in accordance with the provisions of Section 217 (1) (e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption and Foreign Exchange earnings and outgo

Particulars	(2011-12) Current Year	(2010-11) Previous Year
Foreign Exchange Earning	Rs. 10,32,68,601/-	Rs. 10,56,93,397/-
Foreign Exchange Outgo	Rs. 4,69,07,621/-	Rs. 4,86,14,259/-

The information in accordance with the provisions of Section 217 (1) (e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, regarding conservation of Energy:

Annexure-II

SR No.	Particulars	For 31 st March, 2012	For, 31 st March, 2011
A	Power and Fuel		
1	Electricity		
	a) Purchased		
	Unit	31,93,816	30,95,370
	Total Amount (in lacs)	200.95	177.62
	Rate/Unit (Rs.)	6.29	5.71
	b) Own Generation		
	Through diesel generator		
	Unit	2503	3181
	Total Amount (Rs. In lacs)	0.35	0.41
	Rate/Unit (Rs.)	14.06	12.98
2	Coal	Nil	Nil
3	Furnace oil	Nil	Nil
4	LSHS of HDPE Fabrics/Sheets (Kg.)	Nil	Nil
B	Consumption per Unit of Production Of HDPE fabrics/sheets (kg.)	1.087	1.028

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. It goes beyond mere financial measurement of the performance of the company, taking into consideration a basket of parameters such as employee satisfaction, shareholders satisfaction, commitment to quality etc. The management of the company believes that the corporate governance is the reflection of our culture, policies, our commitment to values and our relationship with Stakeholders. The Company is committed to Corporate Governance and endeavors to adhere to the highest standards of corporate value and ethics.

The Company has implemented the mandatory requirements of the Code of Governance as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Director ships*	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 5 th Sept., 2011 Yes(Y)/No(N)
Pradeep Bhutoria Chairman & Managing Director	Executive	3	—	10	Y
Sushma P. Bhutoria	Executive	2	—	10	Y
Alpesh R. Tripathi	Independent Non- executive	—	—	10	N
Prakash D. Ramnani	Independent Non-executive	1	—	10	Y
Dipen M. Shah	Independent Non-Executive	-	-	01	N.A.

* Private Companies excluded

b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Name of Director	Alpesh R. Tripathi	Dipen M. Shah	Sushma Bhutoria
Date of Birth	03-08-1970	06-01-1974	25-08-1962
Date of Appointment	01-04-2001	15-03-2012	21-02-2008
Expertise in specific functional areas	Marketing and Administration	Marketing and Administration	Business Administration
List of Public Limited Companies in which Directorships held	Nil	Nil	Asian Gases Limited Bengal Business Limited
Chairman/Member of the Committees of the Board of the Directors of the Company	Audit Committee and Remuneration Committee	Remuneration Committee	Nil
Chairman/Member of the Committees of Directors of other companies.	Nil	Nil	Nil

c) Board Procedures:

The Board of Directors meets regularly to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/ Managing Director briefs the Directors at every Board Meeting, overall performance of the company.

All major decisions/ approvals are taken at the meeting of the Board of Directors such as policy formation, business plans, budgets, and investment opportunities, Statutory Compliance etc. The meetings of the board of directors were held on 29-04-2011, 30-06-2011, 15-07-2011, 28-07-2011, 01-10-2011, 15-10-2011, 08-11-2011, 10-02-2012, 15-03-2012 and 27-03-2012.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Pradeep Bhutoria	Chairman is independent Director and majorities are independent. Two members have thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meeting held on 29-04-2011, 28-07-2011, 08-11-2011 and 10-02-2012.
Prakash D. Ramnani			
Alpesh R. Tripathi			

4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation package for the Managing Director. It also reviews from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

The committee comprises the following Directors as members:

Prakash D. Ramnani, Member- Non- Executive Independent

Alpesh R. Tripathi, Member- Non- Executive Independent

Mr. Dipen M. Shah, Member- Non- Executive Independent

All the members attended the meetings held on 28-07-2011 and 27-03-2012.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs.6,00,000 to Shri Pradeep Bhutoria, Managing Director during the year 2011-12.
2. The other Directors were not paid sitting fees. No Commission or Stock Option has been offered to the Directors

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non receipt of Balance Sheet etc.

Shri Prakash Ramnani, Director and Shri Pradeep Bhutoria, Managing Director are the Members of the Committee.

Mr. Pradip Gupta is the Compliance Officer for the above purpose.

The Company received 9 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st March, 2012.

GUJARAT RAFFIA INDUSTRIES LTD.

6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2007-08 (15 months)	27-03-2009	2.00 P.M.	Registered Office : Plot No.455,
2009-10 (15 months)	10-06-2010	2.00 P.M.	Santej-Vadsar Road, Village: Santej,
2010-11 (12 months)	05-09-2011	2.00 p.m.	Taluka : Kalol-382 721, Dist : Gandhinagar.

Details of Special Resolution passed in the last three Annual General Meeting:

Special Resolution for the re-appointment of Mr. Pradeep Bhutoria as Managing Director of the Company for the period of five years w.e.f. 1st January, 2012 in Annual General Meeting dated 05-09-2011.

7. DISCLOSURES:

- The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company at large.
- There has neither been any intentional non compliance of any legal provision of applicable law, nor any penalty, structure imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

8. MEANS OF COMMUNICATIONS:

- In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).

Results are not displayed on Website and Quarterly results are not sent individually to the Shareholders.

- During the year ended on 31st March, 2012, no presentation was made to Institutional Investors or analyst or any other enterprise.
- Management Discussion and Analysis form part of the Annual Report.

9. SHAREHOLDERS' INFORMATION:

- Registered Office : Plot No.455, Santej-Vadsar Road,
Village: Santej, Taluka : Kalol-382 721,
Dist : Gandhinagar.
- Annual General Meeting : Day : Saturday
Date : 29th September, 2012
Time : 2.00 p.m.
Venue : Plot No. 455, Santej - Vadsar Road,
Village: Santej,
Taluka : Kalol - 382 721,
Dist : Gandhinagar.

26TH ANNUAL REPORT 2011-12

- c) Financial Calendar :
 1st Quarter Results : Mid August, 2012.
 Half-yearly Results : Mid November, 2012.
 3rd Quarter Results : Mid February, 2013.
 4th Quarterly Results : Mid May, 2013.
 Audited yearly Results : End July, 2013.

- d) Book Closure Dates : From: To
 26th September, 2012 29th September, 2012

- e) Registrar and Share Transfer Agents :
 In terms of SEBI Circular No. D&CC/FITTC/CIR 15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR 18/2003 dated 12th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:

M/s. Link Intime India Pvt. Ltd. : Ahmedabad Branch,
 303, Shopper's Plaza, - V , Opp Municipal Market , Off C G Road,
 Navarangpura, Ahmedabad – 380 009.
 Tele. No.: (079) 26465179 Fax No.: (079) 26465179
 e-mail Address: ahmedabad@linkintime.co.in

- f) ISIN : INE610B01024
 g) Dividend Payment Date : The Company has not declared Dividend

- h) Stock Exchange Code :

Stock Exchange	Code
Ahmedabad Stock Exchange Limited	20214
Bombay Stock Exchange Limited	526965
The Calcutta Stock Exchange	-
National Stock Exchange of India	GUJRAFFIA

- i) Stock Price Data :
 The shares of the Company were traded on The Stock Exchange - Mumbai.
 The information on stock price data are as under:

Month	BSE		No. of Shares Traded
	High (Rs.)	Low (Rs.)	
April, 2011	5.73	4.51	5656
May, 2011	5.05	4.20	8678
June, 2011	5.86	4.01	18760
July, 2011	5.76	4.30	12710
August, 2011	5.29	3.75	16619
September, 2011	4.58	3.35	25449
October, 2011	4.50	3.75	17812
November, 2011	4.80	3.63	16040
December, 2011	5.08	3.98	7845
January, 2012	5.71	4.67	10957
February, 2012	6.90	5.60	3528
March, 2012	6.73	3.05	32944

- j) Share Transfer System :

The transfer of shares in physical form is processed and completed by M/s. Link Intime India Private Limited generally within a period of 25 days from the date of receipt thereof.

In case of Shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.

GUJARAT RAFFIA INDUSTRIES LTD.

k) Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares held	No. of Shareholders	% of Share-holders	No. of Shares held	% of Shareholding
Upto 500	28757	98.3818	2663899	53.3337
501 to 1000	279	0.9545	211698	4.2384
1001 to 2000	120	0.4105	164511	3.2937
2001 to 3000	35	0.1197	85619	1.7142
3001 to 4000	9	0.0308	31452	0.6297
4001 to 5000	7	0.0239	31616	0.6330
5001 to 10000	10	0.0342	65009	1.3015
10001 & Above	13	0.0445	1740971	34.8558
Total	29230	100.00	4994775	100.00

l) Category of Shareholders as on 31st March, 2012:

Category	No. of Shares held	% of Shareholding
Promoters including Promoter Company	1689979	33.8349
Financial Institutions/ Banks	—	—
Mutual Fund	—	—
Bodies Corporate	49318	0.9874
NRIs	—	—
Foreign National	30797	0.6166
Other (Clearing Member)	29881	0.5982
Public	3194800	63.9628
Total	4994775	100.00

m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ADRs.

n) Dematerialisation of Shares. : The Company has entered into Shares Agreement with NSDL/CDSL for Dematerialisation of Shares. As on 31st March, 2012, a total of 26,86,613 Shares of the Company which form 53.79 % of the Share Capital of the Company stands dematerialised.

10. CODE OF CONDUCT

The Company has an approved Code of Conduct applicable to Directors and Senior Management personnel. A certificate of affirmation in this regard forms part of this Report as Annexure 1.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in detail in Note to Accounts annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

12. CEO /CFO CERTIFICATION

The Managing Director of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement.

13. PLANT LOCATIONS:

The Company's Plant is situated at:
Plot No. 455, Santej - Vadsar Road,
Village: Santej,
Taluka : Kalol - 382 721,
Dist : Gandhinagar.

14. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:
M/s. Link Intime India Pvt. Ltd. - Ahmedabad Branch,
303, Shopper's Plaza, - V , Opp Municipal Market , Off C G Road,
Navarangpura, Ahmedabad – 380 009.
Tele. No.: (079) 26465179
Fax No.: (079) 26465179
e-mail Address: ahmedabad@linkintime.co.in

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non receipt of dividend or any other query, relating to shares:

Registered Office : Plot No. 455,
Santej - Vadsar Road, Village: Santej, Taluka : Kalol - 382 721,
Dist : Gandhinagar.
Telephone Nos.:(02764) 28 66 72, 28 66 32
Compliance Officer : Mr. Pradip Gupta

For and on behalf of the Board,

Date : 30-05-2012
Place : Santej.

Pradeep Bhutoria
Chairman

Annexure 1 to Corporate Governance Report

CERTIFICATE

GUJARAT RAFFIA INDUSTRIES LIMITED

DECLARATION UNDER CLAUSE 49 (I) (D) (ii)

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

Ahmedabad
Dated: 30-05-2012

Pradeep Bhutoria
Managing Director

GUJARAT RAFFIA INDUSTRIES LTD.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
Gujarat Raffia Industries Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by M/s. Gujarat Raffia Industries Limited, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India. We have conducted over review on the basis of relevant records and documents maintained by the Company for the year ended 31st March, 2012 and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of review.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of 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 no investor grievances is pending for period exceeding one month against the Company as per the records maintained and certified by the Company.

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

For P G T & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2012
Place : Ahmedabad.

(Pradeep G Tulsian)
Proprietor
Membership No.: 100968

MANAGEMENT DISCUSSION AND ANALYSIS
a. Industry Structure and Developments:

The Industry is dependent on performance of core sectors like agriculture, fertilizer, cement and exports. Due to indifferent monsoon during last few years and in general due to economic slowdown; the performance of the above sectors was hit. The policy changes in infrastructure and good monsoon during the year will lead towards the brighter future of the company.

b. Opportunities and Threats:

The HDPE/PP woven Sacks/Bags industry as a whole will be benefitted by 40% relaxation of Jute Mandatory and Packaging order which will be enable food corporation of India and other agencies to pack 40% of food grains in HDPE/PP Bags sector is the biggest sector in India for packaging. The Company has successfully initiated its efforts for increasing exports and has set a target of exporting more than 50% of its production.

c. Segmentwise Performance:

The Company is operating only in one segment. The turnover/performance of the Company has been disclosed in the Directors report under the Head "Review of Operations, sales and working results."

d. Recent Trend and Future Outlook:

In spite of economic slowdown, the company is quite positive of better results as the Company has sizable presence in fertilizer sector. The opening up of food grains sector will enable the woven sacks industry to see better times again.

e. Risks and Concerns:

The industry is plagued by intense competition due to major petrochemical manufacturers making available cheap raw material abundantly.

f. Internal Control Systems and their Adequacy:

The Company has a adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the company for the year 2011-2012 is described in the Director's report under the head "Review of Operations, sales and working results."

h. Material Developments in Human Resources and Industrial Relations Front:

The Company has continued to give special attention to Human Resources/ Industrial relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock out etc.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, Describing the Company's objectives, estimated and expectations may constitute "Forwarding Looking Statements" within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

For and on behalf of the Board,

Date : 30.05.2012
Place : Santej

Pradeep Bhutoria
Chairman & Managing Director

AUDITOR'S REPORT

To
The Shareholders,
GUJARAT RAFFIA INDUSTRIES LIMITED
Santej, Gandhinagar, Gujarat.

- 1) We have audited the attached Balance Sheet of **GUJARAT RAFFIA INDUSTRIES LIMITED** (The "Company") as at 31st March 2012 and the Statement of Profit and Loss Account and Cash-flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company' 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 (together the "order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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 the books;
 - c) The Balance Sheet, the Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance Sheet, the statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting standards referred to in sub section (3C) of Section 211 of the Act;
 - e) On the basis of the written representation received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes attached thereto give the information required by the Act, 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, 2012;
 - ii. In the case of the Statement of Profit and Loss Account, of the profit of the Company for the period ended on that date;
 - iii. In case of Cash Flow Statement, of the cash flows for the period ended on that date.

For P G T & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2012
Place : Ahmedabad.

(Pradeep G Tulsian)
Proprietor
Membership No.: 100968

Annexure to Auditors' Report
Referred to in Paragraph 3 of our report of even date

- i. In respect of its fixed assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
 - b) As explained to us, the fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, apportion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book stock and the physical inventory have been noticed.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- ii. In respect of its Inventories:
 - a) As explained to us, inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. As explained to us, there was no material discrepancy noticed on Physical Verification of Inventories as compared to the book records.
- iii. In respect of loans, secured or unsecured, granted or taken by company to/from companies, firms or other parties covered in the register maintained under section 301 of the Act:
 - a) According to information and explanations given to us and on the basis of the records produced before us, the company has not granted any loan, secured or unsecured to the companies or firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence sub-clause b, c and d are not applicable.
 - b) According to information and explanation given to us and on the basis of records produced before us the company has taken loan from three companies covered in the register maintained under section 301 of the companies Act, 1956. The maximum amount involved during the year was Rs. 25000/- and year end balance of loans taken from such party is Rs. 41727651/-
 - c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Act are not prima facie prejudicial to the interest of the company.
 - d) The company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information & explanations given to us, there are adequate internal control systems which commensurate with the size of the company & nature of its business for purchase of inventory, fixed assets and also for the sales of goods and services. Further, on the basis of our examination of our books and records of the Company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. In respect of the Contracts and arrangements referred to in section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained referred to in section 301 of the companies Act, 1956 have been so entered.

GUJARAT RAFFIA INDUSTRIES LTD.

- b) In our opinion, and according to information and explanation given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs or in respect of any party during the period have been made at prices which appears reasonable, having regard to the prevailing market prices at the relevant time.
- vi. In our opinion, and according to information and explanation given to us, the company has neither accepted nor reviewed any deposit from the public during the period covered by audit report, attracting the provisions of section 58A and 58AA or other provisions of the companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- vii. The company has appointed internal auditors and has carried out internal audit during the year. In our opinion based on size, nature and extent of the business the internal audit system of the company is commensurate with the size and nature of the business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determined whether they are accurate or complete.
- ix. In respect of Statutory Dues:
- a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, ESI, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.
- b) According to the records of the company and according to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duties, excise duty and cess which have been deposited on account of any dispute except the followings:

Sr. No.	Nature of the Statute	Nature of Dues	Forum where the matter pending	Unpaid Amount (Rs)
1.	The Industrial Dispute Act, 1947	Labour Matters	Labour Court, Ahmedabad.	5,00,000/-
2.	Employee's State Insurance Act, 1948	ESIC	ESI Tribunal, Ahmedabad.	7,00,000/-

- x. On the basis of information and explanations given to us and on the basis of records produced before us the company does not have any accumulated loss at the end of the year and has not incurred cash losses in the relevant financial year and in the immediately preceding financial year.
- xi. According to the records of the company examined by us and on the basis of the information and explanations given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date. The company has not taken loans from financial institutions and has not issued debentures during the period under review.
- xii. In the opinion and according to the information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the company.
- xiv. According to the information and explanation given to us, the company is not dealing in or trading in shares. Accordingly the provisions of clause (xiv) are not applicable to the company.

26TH ANNUAL REPORT 2011-12

- xv. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loan taken by others from bank or financial institution hence the provision of this clause is not applicable to the company.
- xvi. During the year under report, Company has not taken any term loan. Hence, the provisions of this clause are not applicable to the company.
- xvii. According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment by the company.
- xviii. During the period covered under audit report, 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.
- xix. During the period covered under audit report the company has not issued any debentures and does not have any debenture outstanding as at the year end. Accordingly the provisions of clause (xix) of the Companies (Auditors Report) Order are not applicable to the Company.
- xx. During the period covered under audit report the company has not raised any money by way of public issue during the year.
- xxi. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and based on management representation, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For P G T & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2012
Place : Ahmedabad.

(Pradeep G Tulsian)
Proprietor
Membership No.: 100968

GUJARAT RAFFIA INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	In INR	
		Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	49947750	49947750
Reserves and Surplus	2	43924180	38229464
		93871930	88177214
Share Application Pending Allotment		0	0
Non-Current Liabilities:			
Long Term Borrowings	3	42012071	30329875
Deferred Tax Liability [Net]	4	0	0
Other Long Term Liabilities	5	0	0
Long Term Provisions	6	638085	304741
		42650156	30634616
Current Liabilities:			
Short Term Borrowings	7	16953198	17856542
Trade Payables	8	3496996	5152528
Other Current Liabilities	9	30241553	31211859
Short Term Provisions	10	4391863	4413083
		55083610	58634012
Total		191605696	177445842
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	11	32854965	48098942
Intangible Assets		0	0
Intangible Assets under Development		0	0
Capital Work-in-Progress		8100639	3910266
		40955604	52009208
Non-Current Investments	12	500500	500500
Long Term Loans and Advances	13	0	0
		41456104	52509708
Current Assets:			
Current Investments		0	0
Inventories	14	104892973	83777531
Trade Receivables	15	29798998	13602045
Cash and Bank Balances	16	584855	10927451
Short Term Loans and Advances	17	14872766	16629107
Other Current Assets	18	0	0
		150149592	124936134
Total		191605696	177445842

Significant Accounting Policies

Notes to the Financial Statements

1 to 36

The accompanying notes are an Integral part of Financial Statement.

As per our report of even date

For P G T & Associates

Chartered Accountants
(Firm Reg. No.: 116277W)

Pradeep G Tulsian

Proprietor
Membership No. 100968

Date : 30.05.2012
Place : Ahmedabad

For and on behalf of the Board

Pradeep Bhutoria

Chairman &
Managing Director

Sushma Bhutoria

Director

Date : 30.05.2012
Place : Santej

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2012

Particulars	Note No.	In INR	
		Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
REVENUE:			
Revenue from Operations:	20		
Sale of Products [Gross]		288440466	273762966
Less : Excise Duty		17280901	17246683
Sale of Products [Net]		271159565	256516283
Sale of Services		0	0
Other Operating Revenues		3364260	0
Net Revenue from Operations		274523825	256516283
Other Income	21	2472195	2195832
Total Revenue		276996020	258712115
EXPENSES:			
Cost of Materials Consumed	22	223688379	191904036
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	23	(17230056)	6213075
Employee Benefits Expense	24	7956546	4591301
Finance Costs	25	2545895	2288147
Depreciation and Amortisation expenses	11	5294445	6788041
Other Expenses	26	47696095	40035399
Total Expenses		269951304	251819999
Profit before exceptional & extraordinary items and Tax		7044716	6892116
Less: Exceptional Items		0	0
Profit before Tax		7044716	6892116
Less/[Add]: Tax Expense:			
Current Tax		1350000	1278000
Deferred Tax	4	0	0
Total Tax Paid		1350000	1278000
Profit for the period		5694716	5614116
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	27		
Before/After Exceptional Items		1.14	1.12

Significant Accounting Policies**Notes to the Financial Statements**

1 to 36

The accompanying notes are an Integral part of Financial statement.

As per our report of even date

For P G T & AssociatesChartered Accountants
(Firm Reg. No.: 116277W)**Pradeep G Tulsian**Proprietor
Membership No. 100968Date : 30.05.2012
Place : Ahmedabad**For and on behalf of the Board****Pradeep Bhutoria**Chairman &
Managing Director**Sushma Bhutoria**

Director

Date : 30.05.2012
Place : Santej

GUJARAT RAFFIA INDUSTRIES LTD.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2012

	In INR	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
A. CASH ARISING FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Exceptional Items as per Profit and Loss Accounts	7044716	6892116
ADD/(DEDUCT):		
Depreciation and Amortisation Expenses	5294445	6788041
Interest Income	(401981)	(327986)
Profit on Sale of Fixed Assets	(297516)	(9148)
Amount Written off	(1772698)	(750909)
Financial Charges	2545895	2288147
Unrealised Foreign Exchange (Gain)/Loss	-	(707425)
	<u>5368145</u>	<u>7280720</u>
Operating Cash Profit Before Working Capital Changes	12412861	14172836
Change In Working Capital		
Decrease in Trade and Other Current Liabilities	(1673574)	(252900)
Increase in Trade Receivable and Other Loans and Advances	(12343411)	467320
Increase in Inventories	(21115442)	(4147107)
Total Change in Working Capital	<u>(35132427)</u>	<u>(3932687)</u>
Cash flow from opration	<u>(22719566)</u>	<u>10240149</u>
Less:- Direct Taxes Paid	(2314643)	(1434562)
Net Cash Inflow/(Outflow) in the Course of Operating Activities after Exceptional Items	<u>(25034209)</u>	<u>8805587</u>
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
Inflow:		
Sale of Assets	12099777	130000
Inrerest Received	401981	327986
	<u>12501758</u>	<u>457986</u>
Outflow:		
Investment In Shares of Other Company	-	(500000)
Acquisition of Fixed Aassets (Including Capital Work in Progress)	<u>(6043102)</u>	<u>(2811070)</u>
	<u>(6043102)</u>	<u>(3311070)</u>
Net Cash Inflow/(Outflow) in the course of Investing Activities	<u>6458656</u>	<u>(2853084)</u>
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
Inflow:		
Proceeds from Unsecured Loan	11610792	8293177
	<u>11610792</u>	<u>8293177</u>
Outflow:		
Proceeds from Secured Loan	-	(2167236)
Proceeds From Bank OD a/c	(831940)	-
Finance charges	<u>(2545895)</u>	<u>(2288147)</u>
	<u>(3377835)</u>	<u>(4455383)</u>
Net Cash Inflow/(Outflow) in the Course of Financing Activities	<u>8232957</u>	<u>3837794</u>
Net Increase/(Decrease) in Cash and Cash Equivalentents	<u>(10342596)</u>	<u>9790297</u>
Add: Opening Balance of Cash and Cash Equivalentents	10927451	1137154
Closing Balance of Cash and Cash Equivalentents	584855	10927451

As per our report of even date

For P G T & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Pradeep G Tulsian
Proprietor
Membership No. 100968

Date : 30.05.2012
Place : Ahmedabad

For and on behalf of the Board

Pradeep Bhutoria Chairman &
Managing Director
Sushma Bhutoria Director

Date : 30.05.2012
Place : Santej

NOTES TO THE FINANCIAL STATEMENTS

	In INR	
	Figures as at end of	
	Current	Previous
	Reporting Period	Reporting Period
	March 31, 2012	March 31, 2011
NOTE: 1-SHARE CAPITAL:		
Authorised:		
1,10,00,000 [as at 31-03-11 : 1,10,00,000] equity shares of Rs.10/- each	110000000	110000000
Total	<u>110000000</u>	<u>110000000</u>
Issued, Subscribed and Paid-up:		
49,94,775 [as at 31-03-11 : 49,94,775] equity shares of Rs.10/- each	49947750	49947750
Total	<u>49947750</u>	<u>49947750</u>

A The reconciliation of the number of shares outstanding is as under:

	Equity Shares	
Number of shares at the beginning	4994775	4994775
Add: Bonus shares issued during the period/shares issued during the period	0	0
Less: Shares bought back/redeemed during the period	0	0
Number of shares at the end	<u>4994775</u>	<u>4994775</u>

B Terms/rights attached to equity shares:

The company has only one class of equity shares having par value of Rs. 10/- per share.

Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The Dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. The equity shares rank parri passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

C Details of Share Holders holding more than 5% of Equity Shares of Rs. 10/- each, fully paid:

Name of the Shareholder	Current Reporting period 31st March, 2012		Previous Reporting period 31st March, 2011	
	No of Shares	% of Holding	No of Shares	% of Holding
Pradeep Bhutoria	375157	7.51	375575	7.52
Ratanlal Bhutoria - HUF	280261	5.61	280261	5.61
Bengal Business Limited	250579	5.02	250579	5.02

As per records of the company, including its register of shareholders/members and declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

D The Equity Share Capital of the Company had been reduced from 10,21,87,000 comprising of 1,02,18,700 shares of Rs.10/- per share fully paid up to 99,89,550 equity shares of Rs.5/- each fully paid up. The reduction in capital had been approved under section 100 of the Companies Act, 1961 by the High Court Of Gujarat vide its order dated Sept.21,2007. The company then converted its reduced face value of shares from Rs 5 each to Rs 10 each vide special resolution passed in Extra-ordinary General Meeting dated October 15, 2007.

GUJARAT RAFFIA INDUSTRIES LTD.

	In INR	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
NOTE: 2-RESERVES AND SURPLUS:		
Capital Reserve:		
Balance as per last balance sheet :	2530849	2530849
(On forfeiture of 2,29,150, equity shares)		
Addition/(Swsuction) during the period	0	0
Closing Balance	2530849	2530849
General Reserve		
Balance as per last balance sheet	15471216	15471216
Add: Transfer from surplus in profit and loss account	0	0
Less: Transfer to surplus in statement of profit and loss	0	0
Closing Balance	15471216	15471216
Surplus/(deficit) in Statement of Profit and Loss:		
Balance as per last Balance Sheet	20227399	14613283
Add: (Loss)/Profit for the reporting period	5694716	5614116
Net surplus in the statement of profit and loss	25922115	20227399
Total	43924180	38229464

	In INR			
	Non-current portion		Current Maturities	
	Figures as at end of			
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
NOTE: 3-LONG TERM BORROWINGS:				
A Finance Lease Obligation (Secured)				
a From Banks	284420	213016	242666	665760
	284420	213016	242666	665760
B From Others [Unsecured]	41727651	30116859	0	0
Inter corporate deposits				
Total	42012071	30329875	242666	665760
The above amount includes:				
Secured borrowings	284420	213016	242666	665760
Unsecured borrowings	41727651	30116859	0	0
Amount disclosed under head "Other Current Liabilities" [Note-9]	0	0	-242666	-665760
Net Amount	42012071	30329875	0	0

A Securities and Terms of Repayment for Secured Long Term Borrowings:

a Finance Lease obligations is secured by hypothecation of assets taken on lease.

B Terms of Repayment for Unsecured Long Term Borrowings:

a Finance lease obligations are repayable in equal monthly installments along with interest for the period.

C There is no continuous default in repayment of Loan and interest their on as on March 31st, 2012 for any Loans under this head.

26TH ANNUAL REPORT 2011-12

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2012 March 31, 2011

NOTE: 4-DEFERRED TAX:

A The Company has worked out deferred tax liabilities / assets as at March 31, 2012. In view of unabsorbed depreciation and business losses under tax laws, net result of computation is net deferred tax assets, which are not recognised as a matter of prudence and in absence of virtual certainty as to its realization.

B Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under :

Deferred Tax Liabilities:

Depreciation	0	0
Others	0	0
Total	<u>0</u>	<u>0</u>

Deferred Tax Assets:

Retirement benefits and other statutory allowances	0	0
Unabsorbed depreciation and losses	0	0
Total	<u>0</u>	<u>0</u>

Net Deferred Tax Liability/(Assets)	<u><u>0</u></u>	<u><u>0</u></u>
--	-----------------	-----------------

NOTE :5-OTHER LONG TERM LIABILITIES:

Trade Payables	0	0
Others	0	0
Total	<u><u>0</u></u>	<u><u>0</u></u>

NOTE: 6-LONG TERM PROVISIONS:

Provision for Employee Benefits	638085	304741
Total	<u><u>638085</u></u>	<u><u>304741</u></u>

Disclosure pursuant to Accounting Standard-15 [Revised] "Employee Benefits":

Defined benefit plan and long term employment benefit

A General description:

Gratuity [Defined benefit plan]:

The Company operates one defined plan viz. Gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of @ last drawn salary for each completed year of service. The scheme is not funded by the company.

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 an additional unit benefit of entitlement and measures each unit separately built up the final obligation.

[Defined contribution plan]

Contribution to Defined Contribution Plan, recognized as expense for the period is as under:

Employer's Contribution to Provident Fund	174590	123067
---	--------	--------

Leave wages [Long term employment benefit]:

The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting period is recognized as at the balance sheet date.

GUJARAT RAFFIA INDUSTRIES LTD.

Gratuity [Defined benefit plan]:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognize each period of service as giving rise to addition unit benefit of entitlement and measures each unit separately built up the final obligation.

	In INR	
	Figures as at end of Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
a Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	2.85	3.39
Interest cost	0.23	0.28
Current service cost	0.47	0.31
Benefits paid	-0.14	-1.12
Actuarial [gain]/losses on obligation	-0.32	-0.01
Closing defined benefit obligation	3.09	2.85
b Change in the fair value of plan assets:		
Opening fair value of plan assets	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions by employer	0.00	0.00
Benefits paid	-0.14	-1.12
Actuarial gains/[losses]	0.00	0.00
Closing fair value of plan assets	0.00	0.00
Total actuarial gain [loss] to be recognized	-0.32	-0.01
c Actual return on plan assets:		
Expected return on plan assets	0.00	0.00
Actuarial gain/[loss] on plan assets	0.00	0.00
Actual return on plan assets	0.00	0.00
d Amount recognised in the balance sheet:		
[Assets]/Liability at the end of the period	3.09	2.85
Fair value of plan Assets at the end of the period	0.00	0.00
Difference	3.09	2.85
Unrecognised past Service cost	0.00	0.00
[Assets]/Liability recognised in the Balance Sheet	3.09	2.85
e [Income]/Expenses recognised in the Statement of Profit and Loss :		
Current service cost	0.47	0.31
Interest cost on benefit obligation	0.23	0.28
Expected return on plan assets	0.00	0.00
Net actuarial [gain]/loss in the period	-0.32	-0.01
Net [benefit]/expense	0.38	0.58
f Movement in net liability recognised in Balance Sheet:		
Opening net liability	2.85	3.39
Expenses as above [P & L Charge]	0.38	0.58
Employer's contribution	-0.14	-1.12
[Assets]/Liability recognised in the Balance Sheet	3.09	2.85
g Principal actuarial assumptions as at Balance sheet date:		
	Gratuity Unfunded	
Mortality table	NA	NA
Discount rate (rate annum)	0.09	0.08
Expected rate of return on plan assets (per annum)	NA	NA
Rate of escalation in salary	0.06	0.06

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26TH ANNUAL REPORT 2011-12

	In INR	
	Figures as at end of	
	Current	Previous
	Reporting Period	Reporting Period
	March 31, 2012	March 31, 2011

NOTE: 7-SHORT TERM BORROWINGS:

Working Capital Loans from Banks [Secured] [*]	16953198	17856542
Total	16953198	17856542

[*] [Secured against entire stock of Raw Material (imported / indigenous), semi-finished goods, Finished Goods, Book Debts and collateral Security of Factory Land and Building, Plant and Machinery].

NOTE: 8-TRADE PAYABLES:

Micro, Small and Medium Enterprises [*]	0	0
Others	3496996	5152528
Total	3496996	5152528

[*] The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

Particulars

Principal amount due and remaining unpaid	0	0
Interest due on above and the unpaid interest	0	0
Interest paid	0	0
Payment made beyond the appointed day during the period	0	0
Interest due and payable for the period of delay	0	0
Interest accrued and remaining unpaid	0	0
Amount of further interest remaining due and payable in succeeding periods.	0	0

NOTE: 9-OTHER CURRENT LIABILITIES:

Current Maturities of Long Term Debt including current maturity of finance lease obligation [Refer Note No. 3]	242666	665760
Advances from Debtors	22450381	24092522
Others:		
Provision for Expenses	2333255	5479061
Payable to Statutory Authorities (*)	5215251	974516
Total	30241553	31211859

(*) The company has recognised liability based on substantial degree of estimation for excise duty payable on clearance of finished goods lying in stock at the end of period.

NOTE: 10-SHORT TERM PROVISIONS:

Provision for Employee Benefits	0	0
Others:		
Provision for Income Tax	4391863	4413083
Total	4391863	4413083

GUJARAT RAFFIA INDUSTRIES LTD.

NOTE: 11-FIXED ASSETS:

INR

A Tangible Assets:

	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Block:							
As at March 31, 2011	1370932	33533272	129401435	2,300,971	2910130	1042132	170558872
Additions	0	0	1514700	-	58688	279341	1852729
Disposals	75000	26413588	14375033	-	0	0	40863621
Other adjustments	0	0	0	-	0	0	0
As at March 31, 2012	1295932	7119684	116541102	2,300,971	2968818	1321473	131547980
Depreciation:							
As at March 31, 2011	0	17141830	102339190	1,561,142	707027	710741	122459930
Charge for the Period	0	237798	4668185	64,994	276920	46548	5294445
Disposals	0	13517861	14714174	829,325	0	0	29061360
As at March 31, 2012	0	3861767	92293201	796,811	983947	757289	98693015
Net Block:							
As at March 31, 2011	1370932	16391442	27062245	739,829	2203103	331391	48098942
As at March 31, 2012	1295932	3257917	24247901	1,504,160	1984871	564184	32854965

- The Borrowing costs capitalised by the Company during the reporting period is Rs. Nil period: Rs. (during the previous reporting Nil)
- The fixed assets acquired on finance lease and lease rent are charged as per the agreed terms.
- Break up of additions, disposals and other adjustments for previous reporting period is as under:

Tangible Assets	Gross Block	Impairment Loss	Net Block
Opening	170558872	-	170558872
Additions	1852729	-	1852729
Disposals	40863621	-	40863621
Other adjustments	0	-	-
Closing	131547980	-	131547980

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2012 March 31, 2011

NOTE : 12 - NON CURRENT INVESTMENTS :

Long Term Investments :

Trade Investments :		
Investments in Equity Instruments	0	0
Other Investments :		
Investments in Equity Instruments	500500	500500
	500500	500500

Details of Other Investments :

	Face Value per Share	No of Shares Current Period	Previous Year		
Investment in Equity Instruments :					
Unquoted :					
In fully paid-up Equity Shares of :					
Others					
Asia Pacific Ltd.	10	500	500	500	500
Associate Concerns					
Bengal Business Ltd.	10	100000	100000	200000	200000
Asian gases Ltd.	10	150000	150000	300000	300000
Total [Aggregate Book Value of Investments]				500500	500500

26TH ANNUAL REPORT 2011-12

	In INR	
	Figures as at end of	
	Current	Previous
	Reporting Period	Reporting Period
	March 31, 2012	March 31, 2011
NOTE: 13-LONG TERM LOANS AND ADVANCES:		
[Unsecured, Considered Good unless otherwise stated]		
Other Loans and Advances:	0	0
Total	<u>0</u>	<u>0</u>
NOTE: 14-INVENTORIES:		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	47254441	43766071
Work-in-progress	3928370	2139204
Finished Goods	52797163	37307030
Stores and Spares	901586	504570
Scrap	11413	60656
Total	<u>104892973</u>	<u>83777531</u>
NOTE: 15-TRADE RECEIVABLES:		
[Unsecured]		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	6911491	550942
Others		
Considered good	22887507	13051103
Total	<u>29798998</u>	<u>13602045</u>
NOTE: 16-CASH AND BANK BALANCES :		
Balances with Banks	92529	10621344
Cash on Hand	492326	306107
Total	<u>584855</u>	<u>10927451</u>
A Earmarked balances with banks:		
a Balances with Banks include balances to the extent held as margin money deposits against gurantee and letter of credit opened	0	597255
b Bank deposits with maturity of more than 12 months	0	0
c Company keeps Fixed deposit with the Nationalised / Scheduled banks, which can be withdrawn by the company as per its own discretion / requirement of funds.		
NOTE: 17-SHORT TERM LOANS AND ADVANCES:		
[Unsecured, Considered Good]		
Loans and advances to related parties:		
Loans and advances due by directors	0	0
Loans and advances due by other officers of company	0	0
Loans and advances due by private companies in which director is a member	0	0
Loans and advances due by firms in which director is a partner	0	0
Loans and advances due by Holding / Subsidiaries / Fellow Subsidiaries	0	0
Balances with Custom/ Central Excise/ Sales Tax Authorities	7052336	5806613
Advances to Suppliers	4108481	0
Advances recoverable in cash or in kind or for value to be received	3711949	10822494
Total	<u>14872766</u>	<u>16629107</u>

GUJARAT RAFFIA INDUSTRIES LTD.

	In INR	
	Figures as at end of Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
NOTE: 18-OTHER CURRENT ASSETS:		
Others	0	0
Total	0	0
NOTE: 19-CONTINGENT LIABILITIES AND COMMITMENT [TO THE EXTENT NOT PROVIDED FOR]:		
A Contingent Liabilities:		
a Claims against the Company not acknowledged as debts		
i) Labour Matters	1200000	1200000
b In respect of guarantees given by Banks and/or counter guarantees given by the Company	0	150000
c Other money for which the company is contingent liable:		
i) Letters of Credit for Imports	0	1348083
NOTE: 20-REVENUE FROM OPERATIONS:		
Sales of Goods		
Sales (Including Job Work)	288440466	273762966
Services	0	0
	288440466	273762966
Other Operating Revenues:		
Net Gain on foreign currency transactions and translation	3364260	0
Total	3364260	0
Details of Sale of Goods		
Fabric	14261330	48899954
Sacks	53645544	67789503
Tarpaulin	218648244	155356875
NOTE: 21-OTHER INCOME:		
Net Gain on Assets Sold	297516	9148
Other Non-operating Income		
Interest income	401981	746415
'Amount Written Off	1772698	750909
Gain from Foreign currency Flctuation	0	689360
Total	2472195	2195832
NOTE: 22-COST OF MATERIALS CONSUMED:		
Raw Materials:		
Stock at commencement	43766071	33084872
Add : Purchases	227176749	202585235
	270942820	235670107
Less : Stock at close	47254441	43766071
Total	223688379	191904036
A Details of Consumption of Raw Material [RM] is as under:		
a Fabric	14661252	10312943
b Granuals	204226398	178156079

26TH ANNUAL REPORT 2011-12

		In INR		
		Figures as at end of Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011	
NOTE: 23-CHANGES IN INVENTORIES:				
Stock at close:				
Work-in-progress		3928370	2139204	
Finished Goods		52808576	37367686	
		<u>56736946</u>	<u>39506890</u>	
Less: Stock at commencement:				
Work-in-progress		2139204	22336122	
Finished Goods		37367686	23383843	
		<u>39506890</u>	<u>45719965</u>	
Total		<u>17230056</u>	<u>-6213075</u>	
A Details of Finished Goods is as under:				
		2010	2011	2012
a	Sacks	4721990	2216699	6202178
b	Tarpaulin/Roll/Cover/ Fabric/sheets	18641094	35090289	34857098
NOTE: 24-EMPLOYEE BENEFIT EXPENSE:				
Salaries, Bonus and wages		7734190	4407785	
Contribution to provident and other funds		174590	123067	
Staff welfare expenses		47766	60449	
Total		<u>7956546</u>	<u>4591301</u>	
NOTE: 25-FINANCE COST:				
Interest expense [*]		2039161	1746331	
Bank commission & charges		506734	541816	
Total		<u>2545895</u>	<u>2288147</u>	
[*] The break up of interest expense in to major heads is given below:				
	On working capital loans	1253598	677078	
	Others	785563	1069253	
		<u>2039161</u>	<u>1746331</u>	
NOTE: 26-OTHER EXPENSES:				
Consumption of Stores and spare parts		4855473	5064783	
Other Manufacturing Expenses		1781851	490020	
Power & fuel		19952844	17803024	
Rent		0	9000	
Repairs to Buildings		0	51145	
Repairs to Plant and Machinery		732439	390244	
Repairs to Others		91425	92405	
Insurance		277739	243674	
Rates and Taxes [excluding taxes on income] (*)		9629075	3836007	
Managing Directors' Remuneration		600000	393600	
Independent non-executive Directors remuneration		0	0	
Traveling Expenses		238865	247649	
Legal and Professional Fees		518452	428189	
Commission on sales		0	25098	
Freight and forwarding on sales		7653286	8407179	
Other marketing expenses		57294	0	
Miscellaneous Expenses [**]		1307352	2553382	
Total		<u>47696095</u>	<u>40035399</u>	
(*) Rate and taxes includes sales tax, excise duty, service tax and other taxes. Excise duty represents the aggregate of excise duty borne by the company and difference between excise duty on opening and closing stock of finished goods.				
[**] Miscellaneous Expenses include Payment to the auditors as [Including Service Tax]:				
a	i Auditors	48000	32000	
	ii For taxation matters	12000	9600	
	iii For Other Services	0	0	
	iv Total	<u>60000</u>	<u>41600</u>	

GUJARAT RAFFIA INDUSTRIES LTD.

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2012 March 31, 2011

NOTE: 27-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A	Profit attributable to Shareholders	INR	5694716	5614116
B	Basic and weighted average number of Equity shares outstanding during the period	Nos.	4994775	4994775
C	Nominal value of equity share	INR	10	10
D	Basic & Diluted EPS :	INR	1.14	1.12

NOTE: 28-EXPENDITURE IN FOREIGN CURRENCY:

Foreign Travels (*)	0	46905
Testing Charges (*)	235686	0
Business Promotion Expenses (*)	131814	0
Import of Goods	44796470	53285252
Import of Capital Goods	0	1419817

(*) Considered on payment basis only.

NOTE: 29-EARNINGS IN FOREIGN EXCHANGE:

Export of goods calculated on F.O.B. basis	107491778	122382700
--	------------------	-----------

NOTE: 30-REMITTANCES MADE ON ACCOUNT OF DIVIDEND IN FOREIGN CURRENCY

0 0

Current Reporting period	Previous Reporting period
31st March, 2012	31st March, 2011
INR - % to Total	INR - % to Total

NOTE: 31-RAW MATERIALS AND SPARE PARTS CONSUMED:

Value of Raw Materials Consumed:

Imported	44796470	20	53285252	28
Indigenous	178891909	80	138618784	72
Total	223688379	100	191904036	100

Value of Spare parts Consumed:

Imported	0	0	0	0
Indigenous	4855473	100	5064783	100
Total	4855473	100	5064783	100

NOTE : 32 - DERIVATIVE FINANCIAL INSTRUMENTS :

A The Company has not entered into any forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee.

B The details of foreign currency exposures not hedged by derivative transactions are as under :

Value [*] in INR-Millions
Figures as at end of

Current Previous
Reporting Period Reporting Period
March 31, 2012 March 31, 2011

Dues to Creditors /Advance payment from Debtors		
Rupees	3087770	6524457
US dollar	59980	145373
Dues from Debtors and advance payment to suppliers		
Rupees	4179352	1209651
US dollar	81184	26740

Value [*] represents the Indian rupee equivalent of foreign currency contracts and derivatives converted in accordance with the accounting policy followed by the Company.

NOTE: 33-SEGMENT INFORMATION:

Based on the guiding principal given in Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the Company's primary business is manufacturing of PE, Tarpaulin, HDPE/PP Woven sacks and fabrics, which has similar risks and returns, accordingly there are no separate reportable segment as far as primary segment is concerned.

The operations of the company are in India and all assets and liabilities are located in India except export debtors and import creditors. The secondary business segment by geographical market is given below.

SECONDARY BUSINESS SEGMENT BY GEOGRAPHICAL MARKET

A Sales Revenue	Within India	Outside India	Total
Current reporting period	180948688	107491778	288440466
Previous reporting period	151380266	122382700	273762966
(Sale revenue is gross of excise duty and sales tax.)			
B Carrying amount of segment assets			
Current reporting period	187426344	4179352	191605696
Previous reporting period	176236191	1209651	177445842
(Assets outside India include Export Debtors)			

NOTE: 34-RELATED PARTY TRANSACTIONS:**A Name of the Related Party and Nature of the Related Party Relationship:****a) Directors and their relatives:**

Mr. Pradeepkumar Bhutoria	Executive Director
Mrs. Sushma Bhutoria	Director
Mr. Alpesh Tripathi	Director
Mr. Prakash ramnani	Director

b) Enterprises significantly influenced by Directors and/or their relatives:

Asian Gases Limited
Bangal Business Limited
Mahanagar Realestate Pvt. Ltd.

Related party relationship is as identified by the Company and relied upon by the Auditors.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business:

a) Details relating to parties referred to in a) above

Nature of Transactions	Value of the Transactions [INR]			
	Related parties referred in A(a) above		Enterprises significantly influenced by Directors and/or their relatives	
	Reporting period ended March 31,			
	2012	2011	2012	2011
Loan Taken	0	0	25000	1674270
Loan Repaid	0	0	3125925	8150270
Interest Paid	0	0	699248	665879
Remuneration	600000	393600	0	0
Others	0	0	0	0
Total	600000	393600	3850173	10490419

GUJARAT RAFFIA INDUSTRIES LTD.

- b) Disclosure in respect of transactions which are more than 10% of total transactions of same type with related parties during the period.

Transaction and Outstanding payable:

Name of Related Party	Balance as on 31.03.2011	Loan Taken	Loan Repaid	Expenses	Closing as on 31.03.2012
Asian Gases Limited	14012469	0	455925	699248	14255792
Bengal Business Ltd.	13516859	25000	2670000		10871859
Mahanagar Realestate Pvt. Ltd.	16600000	0	0	0	16600000
Pradeep Bhutoria	0	0	0	600000	0

NOTE: 35

Confirmation letters have not been obtained from some of the Debtors, Creditors, and Loans & Advances. Hence the, balances of these accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

NOTE: 36

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous period's figures have been regrouped/ reclassified wherever necessary to correspond with the current period's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 36 to the Financial Statements

As per our report of even date

For P G T & Associates

Chartered Accountants
(Firm Reg. No.: 116277W)

Pradeep G Tulsian

Proprietor
Membership No. 100968

Date : 30.05.2012
Place : Ahmedabad

For and on behalf of the Board

Pradeep Bhutoria *Chairman & Managing Director*

Sushma Bhutoria *Director*

Date : 30.05.2012
Place : Santej

SIGNIFICANT ACCOUNTING POLICIES:

(Annexed to and forming part of the financial statements for the year 31st March, 2012)

1) **Method of Accounting:**

The Financial Statements are prepared as per Historical Cost Convention on "Accrual Concept" and in compliance, in all material aspects, of accountancy in accordance with the Generally Accepted Accounting Principles in India, applicable provisions of the Companies Act 1956, the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 by the Central Government or any other relevant provisions of the Companies Act, 1956. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

Based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be less than 12 months.

2) **Use of Estimates:**

The preparation of the Financial Statements in conformity of Accounting Standard generally accepted in India requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities and disclosure of Contingent Liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3) **Revenue Recognition:**

- A. Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer. Sales are stated inclusive of Excise and Sales Tax and net of rebate and trade discount.
- B. Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax wherever applicable.
- C. Dividend income is recognized when the unconditional right to receive the income is established.
- D. Interest income is recognized on time proportionate method taking into accounts the amount outstanding and rate applicable.
- E. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

4) **Fixed Assets:**

- A. Fixed Assets are stated at historical cost of acquisition/construction less accumulated depreciation (except free hold land, where no depreciation is charged) and impairment loss. Cost includes the purchase price (Net of Input tax credit received/ receivable or refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use and pre-operative and project expenses for the period up to completion of construction/ assets are put to use.
- B. The loss or gain on exchange rates on long term foreign currency loans attributable to fixed assets, effective from April 1, 2007 is adjusted to the cost of respective fixed assets.
- C. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.
- D. Intangible Assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses.
- E. Capital work in progress includes cost of assets (Net of Input tax credit received/ receivable or refundable taxes) at sites, construction expenditure, advances made for acquisition of capital assets.

GUJARAT RAFFIA INDUSTRIES LTD.

- F. The expenditure incidental to the expansion/new projects are allocated to fixed assets in the year of the commencement of commercial production.

5) **Depreciation :**

- A. Depreciation is provided on "Straight Line Method" on all assets (except freehold land, where no depreciation is provided) as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto as amended from time to time.
- B. Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- C. Depreciation on additions/disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.
- D. Fixed assets costing Rs. 5000/- or less are fully depreciated in the year of acquisition.

6) **Impairment of Assets:**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually at each Balance Sheet Date or more often if there is an indication of decline in value. If any indication of such impairment exists based on internal/external, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. The impairment loss recognized in prior accounting period is reversed if there has been a change in recoverable amount.

7) **Investments :**

Investments are classified as Long Term and Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

8) **Inventories:**

- A. Raw Materials, Stores and Spare Parts, Packing Materials, Finished Goods and Works-in-Progress are valued at lower of cost and net realizable value after providing for obsolescence, if any.
- B. Cost [Net of Input tax credit availed] of Raw Materials, Stores and Spare Parts, Packing Materials and Finished Goods are determined on FIFO Method.
- C. Cost of Finished Goods and Works-in-Progress is determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads using the absorption costing method and other costs incurred in bringing them to their respective present location and condition.

9) **Employee Benefit :**

(a) **Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

(b) **Long Term**

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) **Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) **Defined Benefit Plans**

Expenses for defined benefit i.e. gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) **Leave Liability:**

The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognized as at the balance sheet date.

(f) **Termination Benefits/Other Long Term Benefits:**

Termination benefits are recognized as and when incurred. Other long term employee benefits are recognized in the same manner as defined benefit plans.

10) **Central Excise Duty:**

- A. Excise duty is accounted gross of Cenvat benefit availed on inputs, fixed assets and eligible services.
- B. Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in stock/bonded warehouses.

11) **Foreign Currency Transactions:**

- A. The transactions in foreign currencies on revenue accounts are stated at the rates of exchange prevailing on the dates of transactions.
- B. Assets and liabilities (monetary items) in foreign currencies outstanding at the close of year are, converted in Indian currency at the appropriate rate of exchange prevailing on the date of the balance sheet. The resultant gain or loss is accounted during the year.
- C. The net gain or loss on account of exchange differences either on settlement or on translation of short term monetary items is recognized in the Profit and Loss Account.
- D. The net gain or loss on account of exchange differences either on settlement or on translation of short term monetary
- E. The net gain or loss on account of exchange differences either on settlement or on translation of long term monetary items including long term forward contracts is recognised under "Foreign Currency Monetary Items Translation Difference Account" [FCMITDA], except in case of foreign currency loans taken for funding of fixed assets, where such difference is adjusted to the cost of respective fixed assets. The FCMITDA is amortized during the tenure of loans but not beyond March 31, 2020.
- F. Investments in foreign subsidiaries are recorded in Indian Currency at the rates of exchange prevailing at the time when the investments were made.
- G. The foreign currency assets and liabilities including forward contracts are restated at the prevailing exchange rates at the year end. The premium in respect of forward contracts is accounted over the period of the contract.

12) **Borrowing Cost:**

- A. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.
- B. All other borrowing costs are charged to Profit and Loss Account in which they are incurred.

GUJARAT RAFFIA INDUSTRIES LTD.

13) Earning per Share:

- A. Basic earnings per share are calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares in issue during the year.
- B. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

14) Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

15) Taxation:

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax

Deferred Tax 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 are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

16) Cash Flow Statement:

- A. The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.
- B. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

GUJARAT RAFFIA INDUSTRIES LIMITED

Registered Office:

Plot No.455, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721. Dist:Gandhinagar.

26th Annual General Meeting
Saturday, the 29th September, 2012 at 2.00 p.m.

ATTENDANCE SLIP

Place : At the Registered Office of the Company at:
Plot No. 455, Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.

Signature of Member/ Proxy attending the meeting _____

Regd. Folio No. _____ No. of Shares held _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

GUJARAT RAFFIA INDUSTRIES LIMITED

Registered Office:

Plot No.455, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721. Dist:Gandhinagar.

FORM OF PROXY

I/We _____

of _____ in the district of _____

being member/s of the above named Company hereby appoint _____

of _____ in the district of _____

or failing him _____

of _____ in the district of _____

as my/our Proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Saturday, the 29th September, 2012 and/or at any adjournment thereof.

Signed the _____ day of _____ 2012.

Signature

Affix
Signature
Revenue
Stamp

N.B. : This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

Book - Post

To

If undelivered, please return to

GUJARAT RAFFIA INDUSTRIES LIMITED

REGISTERED OFFICE:

Plot No.455, Santej-Vadsar Road,

Village:Santej, Taluka:Kalol-382 721.

Dist:Gandhinagar.

Pratiksha Printers, A'bad. 9825262512